
Conflict of Interest Policy

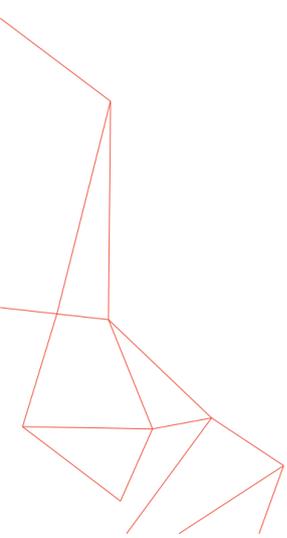


Table of content:

Introduction	3
What is a “conflict of interest”?.....	4
Policies and procedures	4
Identifying conflict of interest.....	4
Management of Conflict of Interest	6
I. Chinese walls.....	6
II. Employee dealing/personal transactions	7
III. Research	8
IV. Gifts.....	9
V. Outsourced Activities.....	9
VI. Outside Business Interests	9
VII. Inducements	9
VIII. Use of disclosure.....	10
Annual Statement.....	11
Appendix 1.	12

Introduction

This document summarizes a policy which N3 Capital Partners have put in place under the Markets in Financial Instruments Directive (“MiFID”) and Croatian Capital Market Act (“Act”) to meet our obligations to maintain and operate effective organizational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflicts of interest.

Additionally, “Conflict of Interest Policy” provides key information designed to enable the understanding of the measures we may take to safeguard our clients’ interests and sets out how we:

- identify circumstances which may give rise to conflicts of interest entailing a material risk of damage to our clients’ interests;
- establish appropriate mechanisms and systems to manage those conflicts;
- maintain systems designed to prevent actual damage to our clients’ interests through any identified conflicts.

What is a “conflict of interest”?

A conflict of interest is a conflict that arises, in any area of our business, in the course of providing our clients with a service which may benefit N3 Capital Partners (or another client for whom we are acting) whilst potentially materially damaging clients’ interests where we owe a duty.

Conflict of interest may arise where N3 Capital Partners (or anyone connected to us including an affiliate):

- are likely to make a financial gain (or avoid a loss) at clients expense;
- are interested in the outcome of the service provided to the client - where N3 Capital Partners interests are distinct from the clients’ interests;
- have a financial or other incentive to favor the interests of one client over another;
- carry on the same business as the client; or
- receive money, goods or services from a third party in relation to services provided to the client other than standard fees or commissions.

Policies and procedures

In order to meet our regulatory obligations in relation to conflicts of interest and to successfully manage potential conflicts arising, we established this Policy with the accompanying procedures which include:

- identification of the circumstances which may give rise to conflicts of interest entailing a material risk of damage to clients' interests;
- establishing appropriate mechanisms and systems to deal with those conflicts; and
- maintaining those systems in order to prevent actual damage to clients' interests through the identified conflicts.

A conflict of interest can arise during the course of business with any of our clients when that business involves the provision of a MiFID and Capital Market Act investment service or activity to a client.

The rules, procedures and concepts of this Policy on preventing and managing conflicts of interest apply regardless of the type of client the service is being provided to, whether retail, professional or eligible counterparty.

Identifying conflict of interest

The conflicts of interest in our business can arise in two distinct situations:

1. A conflict of interest could arise when N3 Capital Partners provides services to its clients. Specifically, this can happen between any relevant person (definition of relevant person could be found in our “Conflict of Interest Policy”) and a client.

2. Additionally, a conflict of interest could arise between two or more current clients to whom N3 Capital Partners provides services.

A **“relevant person”**, in relation to N3 Capital Partners, means any of the following:

- a. a director, partner or equivalent or manager of the firm;
- b. an employee of the firm, as well as any natural person whose services are placed at the disposal and under the control of the firm and who is involved in the provision by the firm of investment services and activities; or
- c. a natural person who is directly involved in the provision of services to the investment firm or to its tied agent under an outsourcing arrangement for the purpose of the provision by the firm of investment services and activities. In this context, the reference to "partner" means a partner of a partnership and does not include joint venture partners. Where a relevant person is our outsourcee, we will ensure that these persons are also compliant with this Policy by making it a condition of the Outsourcing Agreement that the third party must comply with the MiFID and Capital Market Act on preventing and managing conflicts of interest. Also all the outsources are subject to annual risk and compliance control.

Examples of above mentioned conflict of interests may include following situations where N3 Capital Partners or a relevant person:

- is likely to make a financial gain, or avoid a financial loss at the expense of the client;
- has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- has a financial or other incentive to favor the interest of another client or group of clients over the interest of the client;
- carries on the same business as the client;
- receives or will receive from a person other than a client an inducement in relation to a service provided to the client, in the form of money, goods or services, other than the standard or commission or fee for that service.
- additionally: where N3 Capital Partners is likely to gain a benefit from a particular situation, there will not necessarily be a conflict of interest unless the client could also suffer a related disadvantage
- also, where one of N3 Capital Partners clients stands to make a financial gain or avoid a financial loss in a particular situation, there will not necessarily be a conflict of interest unless there is also a related possible financial loss to another client which occurs at the same time.

A conflict of interest may arise in any area of our business and across all departments.

Management of Conflict of Interest

A combination of the following principles is put in place to manage and avoid conflicts of interest:

1. N3 Capital Partners and all the relevant persons are obliged to comply with this Policy and to try to avoid conflict of interest if possible. If that is not possible, one should comply with appropriate procedures
2. We have established procedures (such as Chinese walls, employee dealing etc) to prevent and control the exchange of information between relevant persons engaging in activities with potential of conflict of interest where the exchange of information may harm the interests of one or more clients;
3. We established separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the firm;
4. We removed 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;
5. We established measures to prevent and limit any person from exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary services or activities;
6. We established measures to prevent and control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest;

Our conflict management includes following measures and procedures:

I. Chinese walls

We use Chinese Walls to segregate confidential and material information obtained from clients. Where we use Chinese Walls, we also use management structures that support these restrictions on the flow of information, and we monitor to ensure that the information does not flow from one side of the Chinese Wall to the other unless a member

of staff is formally brought over the wall in accordance with our internal procedures (see “Chinese Wall Policy”)

II. Employee dealing/personal transactions

We operate a Personal Transactions Policy (see “Personal Transaction Policy”) that requires all staff to disclose accounts held with external brokers and for securities placed on “Restricted list” approved prior to trading. This helps to ensure that trading does not occur in securities that are restricted or may conflict with responsibilities to our clients.

A **"personal transaction"** is a trade in a designated investment effected by or on behalf of a relevant person which meets at least one of the following criteria:

- that relevant person is acting outside the scope of the activities he/she carries out in that capacity;
- the trade is carried out for the account of any of the following persons:
 - the relevant person;
 - any person with whom he has a family relationship, or with whom he has close links;
 - a person whose relationship with the relevant person is such that the relevant person has a direct or indirect material interest in the outcome of the trade, other than a fee or commission for the execution of the trade.

Personal transactions policy aims at preventing relevant persons carrying out the activities when:

- they are involved in activities which may give rise to a conflict of interest; or
- they have access to inside information or to other confidential information relating to clients, or transactions with or for clients, by virtue of an activity carried out by that relevant person on behalf of N3 Capital Partners

Additionally to the “Personal Transactions Policy” we established “Market Abuse Policy” which regulates personal transactions and inside information trading.

"Inside information" is an information of a precise nature which has not been made public, relating, directly or indirectly, to one or more issuers of financial instruments or to one or more financial instruments and which, if it were made public, would be likely to have a significant effect on prices of those financial instruments or on the price of related derivative financial instruments.

“Personal transactions Policy” and “Market Abuse Policy” identify the list of prohibited activities which includes:

- 1) entering into a "personal transaction" which meets at least one of the following criteria:

- a. that person is prohibited from entering into it under the EU Market Abuse Directive ("MAD");
 - b. it involves the misuse or improper disclosure of that confidential information;
 - c. it conflicts or is likely to conflict with an obligation under the regulatory system or under MiFID or Capital Market Act
- 2) advising or procuring, other than in the proper course of his employment or contract for services, any other person to enter into a transaction in designated investments which, if a personal transaction of the relevant person, would be covered by above mentioned;
 - 3) without prejudice to the prohibition contained in MAD preventing a person from disclosing inside information to any other person unless such disclosure is made in the normal course of the exercise of his employment, profession or duties, disclosing, other than in the normal course of his employment or contract for services, any information or opinion to any other person if the relevant person knows, or reasonably ought to know, that as a result of that disclosure that other person will or would be likely to take either of the following steps:
 - a. to enter into a transaction in designated investments which, if a personal transaction of the relevant person would be covered by (1) above;
 - b. to advise or procure another person to enter into such a transaction.

The restrictions from above mentioned policies do not apply to:

1. personal transactions carried out under a discretionary portfolio management service where there is no prior communication in connection with the transaction between the portfolio manager and the relevant person or other person for whose account the transaction is executed; and
2. personal transactions in UCITS or units in equivalent collective investment schemes, where the relevant person and any other person for whose account the transactions are carried out are not involved in the management of the scheme.

N3 Capital Partners and its employees are obligated to ensure that:

- each relevant person is aware of the restrictions on personal transactions, and of the internal measures implemented in connection with personal transactions and disclosure;
- it is informed promptly of any personal transaction entered into by a relevant person, either by notification of that transaction or by procedures enabling us to identify such transactions; and
- a record is kept of the personal transaction notified to it or identified by it, including any authorization or prohibition in connection with such a transaction.

III. Research

Our research is only provided to professional and eligible counterparty clients. Clients should review the research disclaimers that appear on our research. We endeavor to ensure that our research is clear, fair and not misleading. We disseminate all research simultaneously to clients and internally to ensure that staff cannot deal either for the firm

or their clients ahead of a general research publication. Personal Account dealing is not permitted for at least an hour after the publication of a general research publication.

Where we produce or disseminate research or other information recommending or suggesting an investment strategy, which does not fall within the definition of "investment research" under MiFID or Capital Market Act, but which relates to one or several financial instruments admitted to trading on regulated markets or for which an application for trading has been made, or in respect of the issuers of such financial instruments, and which is intended for distribution to or likely to be accessible by a large number of persons or the public, these are to be clearly identified as a "marketing communication".

IV. Gifts

We operate a policy with respect to gifts and inducements. All gifts and inducements, must be signed off by the Management Board. In addition, our Compliance Officer maintains a gifts and inducements log.

V. Outsourced Activities

Regarding our outsourced activities, if they fall in the scope of MiFID related investment services, we will ensure that these persons are also compliant with this Policy by making it a condition of the Outsourcing Agreement that the third party must comply with the MiFID and Capital Market Act on preventing and managing conflicts of interest.

VI. Outside Business Interests

Our employees are prohibited from having external business interests that conflict with the firms' interest or the interests of our clients, or both, unless approval is granted by the Management board.

We provide training to staff on conflicts of interest and its procedures for managing conflicts of interest. Where we do not consider that the structural methods of conflict management such as those highlighted are sufficient to manage a conflict, we may choose to disclose specific conflicts to clients and to ask for their informed consent to continue to act notwithstanding the existence of any such conflict.

VII. Inducements

We will only make or receive payment of a fee, commission or non-monetary benefit to a third party, or a person acting on behalf of a third party, in connection with the MiFID investment services and activities.

If a fee, commission, monetary or non-monetary benefits received from third parties constitute as inducement, those payments or benefits can be received and passed onto clients but cannot be received and retained by N3 Capital Partners. Furthermore, clients need to be accurately and, where relevant, periodically informed about all the fees, commissions and benefits the firm has received in connection with the investment services provided.

All fees, commissions or non-monetary benefits by N3 Capital Partners (or any relevant person) to a third party (or a person acting on behalf of a third party) are prohibited unless all three of the following conditions can be met (or the fee, commission or non-monetary benefit falls within mentioned below):

- the existence, nature and amount of the fee, commission or non-monetary benefit, or, where the amount cannot be ascertained, the method of calculating that amount, is clearly disclosed to the client, in a manner that is comprehensive, accurate and understandable, prior to the provision of the service;
- the payment of the fee or commission, or the provision of the non-monetary benefit, is designed to enhance the quality of the service to the client ; and
- it does not impair our duty to act in the client's best interests.

We may disclose the "essential arrangements" relating to the fee, commission or non-monetary benefit in summary form to the client, in which case it must also inform the client that it will provide further detail upon request. Summary disclosure must provide adequate information to enable the client to relate the disclosure to the particular service being provided to him, or to the products to which the service relates, to make an informed decision whether to proceed with the service and whether to ask for fuller information on the fee, commission or non-monetary benefit.

The following "inducements" are also acceptable:

- a fee, commission or non-monetary benefit paid or provided to or by our client, or a person acting on behalf of that client; and
- proper fees which:
 - enable or are necessary for the provision of our investment services, such as custody costs, settlement and exchange fees, regulatory levies or legal fees; and
 - which, by their nature, cannot give rise to conflicts with our duties to act honestly, fairly and professionally in accordance with the best interests of its clients

VIII. Use of disclosure

Where we cannot ensure that conflict of interest can be managed through our procedures, we will disclose it.

Disclosure in this situation must be:

- a clear indication of the general nature and/or sources of conflicts of interest;
- made in a durable medium before undertaking business for the client; and

- including sufficient detail, taking into account the nature of the client, to enable that client to make an informed decision with respect to the service in the context of which the conflict of interest arises.

Durable medium means:

- paper; or
- any instrument which enables the recipient to store information addressed personally to him in a way accessible for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored

Annual Statement

All employees sign an “Annual Statement” at least annually. This disclosure contains a description of any relationships, personal transactions, positions employees hold (volunteer or otherwise), or circumstances that they believe could contribute to a conflict of interest arising (see Appendix 1).

Zagreb, July 4, 2014

N3 Capital Partners d.o.o.
Damir Čukman, President of the Management Board
Maja Bešević Vlajo, Member of the Management Board

Appendix 1.

ANNUAL STATEMENT

Date: _____

Name: _____

Position (employee/volunteer/tied agent): _____

Please describe below any relationships, transactions, positions you hold (volunteer or otherwise), or circumstances that you believe could contribute to a conflict of interest as defined in N3 Capital Partners "Conflict of Interest Policy":

As a N3 Capital Partners employee, I pledge that I have adhered to all standards, policies and manuals set by N3 Capital Partners and did not engage in any conduct that could compromise the reputation or integrity N3 Capital Partners.

Signature: _____