

10. FIDUCIARY DUTIES, DEALING AND MANAGING

The purpose of this section is to explain to Zadig's staff the specific rules surrounding Zadig's fiduciary duties, including rules regarding dealing and managing investments. Employees should familiarise themselves with this section as their everyday activities in the conduct of their work will be regulated by this section.

10.1 General High Standards of Conduct

In order to maintain the reputation of Zadig, both with its clients and the CSSF, all Zadig staff must conduct themselves in accordance with the highest ethical standards. It is imperative that customers are treated fairly, honestly and professionally and that Zadig employees always act in the best interests of the client. This chapter deals with specific issues relating to the conduct of business by Zadig. However, not every matter which may present a risk to Zadig's reputation and regulatory objectives can be dealt with here and Zadig staff should refer any doubts they have about a particular action or course of conduct to the CO. Due regard must always be given to the detailed guidance contained in the CSSF Rules.

Operating Procedures and Compliance Review:

The CO has a continuing duty, along with all principals, advisory representatives, employees and independent contractors of Zadig, to protect the interests of each client (including the Funds) and to place the clients' interest first in each and every situation where a conflict of interest may exist. The CO will determine in its periodic audits of Zadig's operating activities whether Zadig is actually satisfying its fiduciary obligations and not putting its personal interests before those of its clients.

In satisfying Zadig's fiduciary obligations, the CO will analyse particular activities in his review, including:

- Personal trading activities of employees;
- Statements in marketing and advertising materials;
- Posting of articles and columns on websites;
- Fees charged to clients (performance fees in particular);
- Use of soft-dollars or "side-letter" agreements; and
- Selection of brokers for transactions.

10.2 Conflicts of Interest

A **conflict of interest** is a situation in which someone in a position of trust has a competing professional or personal interest. A conflict of interest can prejudice an individual's ability to carry out their duties and responsibilities objectively. Zadig should seek to avoid conflicts of interest, if at all possible.

In compliance with the Code, the Board will identify and manage fairly and effectively, to the best of its ability, any actual, potential or apparent conflicts of interest and ensure appropriate disclosure.

As a consequence, the Board will identify the circumstances which constitute or may give rise to a conflict of interest which may entail a material risk of damage to the interests of investors. It establishes, implements and maintains an effective conflict of interest policy (i) to identify such conflicts of interest and (ii) to provide for procedures to be followed and measures to be adopted in order to prevent them where possible and to manage such conflicts in an independent manner. With this respect, the Board makes all reasonable efforts to resolve conflicts of interest but in cases where a conflict of interest is unavoidable, the Board will seek to address it on an arm's length basis and to disclose it adequately to interested parties. The Board will keep an updated record of the situations where conflicts of interest entailing a material risk of damage to investors may arise, have arisen and how they have been addressed.

Conflicts of interests may arise in a number of different ways and it is therefore not possible to provide a full list of these instances.

However, Zadig staff should take special care in the following instances as they pose a risk of a conflict of interest:

If Zadig, or an employee, partner or any person directly or indirectly linked to Zadig by control, in the course of carrying out their activities:

1. Is likely to make a financial gain, or avoid a financial loss, at the expense of one or more clients or Funds;
2. Has an interest in the outcome of a service provided to a client or a Fund or of a transaction carried out on behalf of a client or a Fund, which is distinct from the client's or the Fund's interest in that outcome;
3. Has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
4. Carries on the same activities for the Funds or for the client; or
5. Receives or will receive from a person other than the client or the Funds an inducement in relation to a service provided to the client or the Funds, in the form of monies, goods or services, other than the standard commission or fee for that service.

However, despite all possible precautions, there may be situations where a conflict of interest becomes inevitable. In a situation where the interests of Zadig's clients (e.g. the Funds) are at stake, the client should always be treated fairly and have priority over the economic interests of the relevant Zadig principal, advisory representative, employee or representative.

Zadig must monitor and keep a record of situations where conflicts of interest arise and it is for the CO to maintain these records. A template register of conflicts can be found in Appendix XV – Conflicts of Interest Register. The CO is in charge of dealing with the conflict of interest that may arise in accordance with the CSSF Rules.

A record of the Conflicts Register will be maintained by the CO and it will contain the nature and form of the evidence obtained (for identification purposes) together with a copy of the evidence. If no evidence is copied and recorded in the Conflicts Register then sufficient details, instructions and general information will be recorded to enable Zadig to obtain a copy of the evidence if necessary and when required.

Any conflict of interest that arises between Zadig and its clients or Funds or between two Funds or clients should be resolved transparently and fairly with respect to the Funds' and clients' interests, which should always take priority. It is strictly forbidden to perform transactions for the sole purpose of generating brokerage commissions or other management fees.

Conflicts of interest may arise in connection with other business activities of the principals of Zadig. These conflicts shall be resolved in a manner that prioritizes the interests of Zadig's clients, including the Funds.

Zadig principals, advisory representatives, employees and independent contractors will be subject to such other restrictions on publishing and/or otherwise communicating with the public via speeches or website postings as the CO may deem appropriate to minimize potential conflicts of interest.

It is the responsibility of all members of staff of Zadig to be aware of the types of conflicts of interest that may arise while conducting their business. Where such conflicts arise, they will be reported to the CO who will record the conflict in the Conflicts Register. In all such cases, the CO will decide what the appropriate action to take is.

Additional policies and procedures relating to Zadig's employees' outside business activities are set forth in this Manual, and are applicable to all principals, advisory representatives, employees and independent contractors of Zadig, including any such persons dually engaged by Zadig or such principals, advisory representatives, employees and independent contractors in connection with outside business activities.

Conflicts should be resolved by treating the interests of the clients concerned in an equitable manner and resolutions should be documented by the CO.

Third party service providers carry out functions such as custody, administration, market analysis, asset management, and other fund related services. Assurances should be obtained verifying that the payment methods and the very nature of their functions do not conflict with the priority interests of the investors.

10.3 Managing conflicts of interest

10.3.1. General principles

Zadig maintains and operates internal organisational and administrative arrangements, taking into account the various services it offers, with a view to taking all reasonable steps to prevent conflicts of interest from constituting or giving rise to a material risk of damage to the interests of its clients.

Zadig's senior management is ultimately responsible for managing potential conflicts of interests.

Zadig is committed to ensuring that under no circumstances will any investor or client be favoured to the detriment of another and in all instances the conflict of interest will be managed fairly. The appropriate action will consist of taking one or more of the following steps:

- a. Disclosing the interest to the relevant investor(s) or client(s) affected;
- b. Relying on a policy of independence. This policy should be recorded and made known to the relevant staff member and investor(s) or client(s);
- c. Declining to act for an investor(s) or client(s) where deemed necessary.

Despite the best efforts of Zadig, should the senior management determine that the arrangements put in place to manage a particular conflict are not sufficient to reasonably avoid such conflict then a notice detailing this fact shall be made available to the relevant investors, to enable the investors to take an informed decision with respect to the service in the context of which the conflict of interest arises. While disclosure of specific conflicts of interest may be required, Zadig will not seek to over rely on disclosure and senior management shall seek to implement such additional measures and procedures so as to avoid such future conflicts arising.

Zadig has separated tasks and responsibilities within its organisation which may be regarded as incompatible with each other or which may potentially generate systematic conflicts of interest.

Specifically, measures have been put in place in order to:

- a. prevent or control the exchange of information between relevant persons engaged in collective or discretionary portfolio management activities and those responsible for the administration, marketing and activities related to the assets of the Funds or clients, where the exchange of information may harm the interests of the Funds or clients;
- b. separate the supervision of relevant persons, whose principal responsibilities include carrying out collective portfolio or discretionary management activities on behalf of, or providing services to, clients or investors, whose interests may conflict, or who otherwise represent different interests that may conflict, including those of Zadig;
- c. remove any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different or relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;
- d. prevent or restrain any person from exercising inappropriate influence over the way in which a relevant person carries out collective portfolio or discretionary management activities;
- e. prevent or control the simultaneous or sequential involvement of a relevant person in separate collective or discretionary investment portfolio management activities, or other activities such as administration, marketing and activities related to the assets of an AIF, and the management of UCITS, where such involvement may impair the proper management of conflicts of interest.

Zadig restricts access to certain files on the server in accordance with each employee's role and responsibilities, protecting confidential or sensitive information.

Reporting lines are separate to prevent or limit any person from exercising inappropriate influence over how others carry out services or activities.

10.3.2. Board implication

a. Board Process

In line with best practice, all Board members provide a full list of their mandates, such list being kept up to date with any changes. The Board will consider the lists and shall be satisfied that no material conflicts of interest exist.

b. Board Meetings

In relation to the Agenda of each Board meeting, directors will at the beginning of the meeting advise the Board of any conflicts of interest that they may have in relation to any items due to be discussed during the meeting. It is best practice to include a standing point on the Agenda to ensure this item is reflected on at the beginning of each meeting. According to the provisions of the Articles and company law, the director(s) involved should not engage in the discussions and voting on these items, and this abstention should be noted in the Board minutes..

In compliance with the Code and the Luxembourg company law, the Articles also require the conflict to be reported to the next shareholders meeting.

c. Follow up of Conflicts of Interest Policy

The Board will ensure that Zadig's conflicts of interest policy is proportional to the size and organisation for Zadig and the Funds. The policy shall be approved by the Board and reviewed on an annual basis. The Board will ensure that the policy and treatment of conflicts are handled with consideration to CSSF Regulation 10-4 which includes the requirements to:

- i. Identify potential conflicts of interest, as defined in section 10.2
- ii. Identify the circumstances which constitute, or may give rise to, a conflict of interest entailing a material risk of damages to the interest of the relevant Fund(s) or investors
- iii. Detail procedures to be followed in order to manage such conflicts as defined in section 10.3.1

The Board will ensure that Zadig and the Funds keep a regularly updated record of the types of collective portfolio management activities in which a conflict of interest entailing a material risk of damage to the interests of the relevant Fund(s) or investors has arisen, or may arise. The Board will ensure that where the arrangements made by the Zadig and/or the Funds for the management of conflicts of interest are not sufficient to ensure that the risks of damage to the relevant Fund(s) or investors will be prevented the senior managers of Zadig and/or the Funds have been informed to ensure that Zadig and/or the Funds acts in the best interest of the relevant Fund(s) or investors, and that any such situations have been appropriately disclosed to investors.

10.4 Client Agreements

Zadig must have in place a document or documents which set out the rights and obligations of Zadig and its clients, and the other terms on which it will provide services to the client. Zadig has in place with all its clients an agreement which sets out the rights and obligations of the parties. In addition to this, Zadig will also supply its clients with other relevant documents related to issues such as client categorisation and information on best execution.

Zadig keeps records of this information in its client files for at least whichever is the longer of (1) five years or (2) the duration of the relationship with the client.

10.5 Confidential Information and Data Protection

It is essential that the clients of Zadig and potential clients know that the confidential information they entrust to Zadig staff will be handled with integrity and discretion. Therefore, the protection of clients' confidential information must be a constant concern.

All sensitive or confidential information received by staff, whatever the source, should only be used to fulfil duties at Zadig. The use of confidential information for any personal purpose or business, including own purchases or sales of securities or other investments, is strictly prohibited.

Zadig encourages staff to be aware of, and sensitive to, handling and treatment of sensitive or confidential information, both when in and outside of Zadig offices. A useful rule of thumb for staff is to avoid discussing sensitive or confidential information, unless it is necessary in order to fulfil responsibilities at Zadig. Staff should not leave or store documents and other information containing sensitive or confidential information in offices and workspaces where a non-Zadig person may inadvertently see them. Sensitive or confidential information should not be discussed in public places, such as elevators, taxis, trains and train stations, airplanes and airports, and hotels and restaurants.

The employment contracts of Zadig's staff members shall include a confidentiality clause consistent with the principles set forth in this section.

Access to information on Zadig's physical and electronic storage is restricted and determined in accordance with the role and responsibilities of the individual and the information they need to have access to for the proper performance of their duties

It is not possible to provide an exhaustive list of the kinds of client information that may be deemed confidential, but the following examples provide guidance:

1. Confidential financial reports or projections;
2. Information about clients' accounts or borrowings;
3. Information about clients' current or proposed transactions, business plans, acquisition targets, customers, suppliers, creditors or investors; and
4. Zadig assessments of the creditworthiness of borrowers or clients should be presumed to be confidential unless the contrary is clear. Even seemingly trivial information may indirectly convey important confidential information.

10.6 Client Orders and Order Processing

The Trade Dealing Policy has been implemented and is described in Appendix XVI – Trade Dealing policy which is used to guarantee fair allocation, including how the volume and price of orders determines allocation and treatment of partial executions. The Trade Dealing Policy also includes a chart, Appendix XVII – Order Routing Chart, which shows the flow of client orders from the moment the investment decision is made to when the trades are settled in.

Zadig has established and implemented procedures and provisions to allow it to promptly, fairly and expeditiously execute orders on behalf of the Funds or clients.

Zadig's order processing policy is based on the principle that the execution of portfolio transactions is to be conducted at the optimal price, greatest speed and with the highest levels of accuracy and certainty of completion. This includes that:

- a. all orders executed on behalf of any Funds or clients are recorded and distributed promptly and accurately;
- b. all comparable orders are executed sequentially and promptly, unless the nature of the order or prevailing market conditions make this impracticable, or the interests of the Funds, investors or clients require otherwise; and
- c. financial instruments and cash amounts received in settlement of executed orders are promptly and correctly transferred to the account of the Funds or client concerned.

Zadig and its staff shall at all times ensure and take such reasonable steps to prevent any information relating to orders passed by Funds or client from being improperly exploited or misused and any negligent or wilful breach of these principles and/or the UCITS guidelines or the 2007 Regulation may result in disciplinary action being taken by Zadig.

10.7 Aggregation and allocation of orders

(10-4 Regulation – Article 31; 2007 Regulation)

AGGREGATION:

Zadig will only aggregate its orders in line with the following criteria:

- It can be reasonably expected that the aggregation of orders will not work overall to the disadvantage of any Fund or client;
- The Best Execution Policy specifies how the volume and price levels determine allocations, as well as the treatment of partial execution;
- In a case of multiple orders, where an order is placed for more than one Fund or client, the related trades must be allocated in line with the Best Execution Policy; and
- In a case where Zadig aggregated the orders for any Fund or client with its own account and the aggregated order is only partially executed, Zadig will give priority to the Fund or client versus the proprietary trading. Nevertheless if Zadig is able to demonstrate that it could not execute the order on such advantageous terms (if at all) without the grouping of the order, it may allocate the transaction for its own account proportionally in accordance with any 'Best Execution Policy'.

ALLOCATION:

The Regulatory Authority imposes on investment advisers an affirmative duty to act in good faith for the benefit of their clients. An investment adviser may not allocate investments in such a way that the adviser's own (or affiliated) account(s) receives more favourable treatment than the adviser's client accounts. An adviser may also not engage in the practice of generally favouring some clients over others.

Zadig must utilize an established methodology for allocating transactions among its represented Funds or clients. Because investment decisions frequently affect more than one account and sometimes more than one type of account, it is inevitable that at times it will be desirable to invest in the same transaction for more than one client account at the same time. Zadig's policy is to equitably allocate transaction investments among clients when feasible and appropriate over time.

To the extent that a portfolio manager seeks to acquire the same investment transaction at the same time for more than one client account, it may not be possible to divide the transaction among several accounts.

Allocation Log

Zadig's Portfolio Manager maintains an Allocation Log whenever there are two or more of the Funds or clients with capital available to invest. It is available for review at Zadig's main office in Luxembourg upon receipt of reasonable advance notice by investors for whom Zadig acts as investment advisor or discretionary portfolio manager in accordance with article 101(3)(a) of the Law (such investors are sometimes referred to herein as "Clients"). The Allocation Log lists all investments approved by Zadig's Investment Committee (which Committee is responsible for all investment decisions of Zadig on behalf of all Clients) and, at a minimum, includes the amount and type of investment, and a brief statement sufficient to identify the rationale for each allocation, i.e., non-compatibility or compatibility of each investment for each Client with capital available to invest during the period.

Criteria for such allocation determination include the analysis of each Client's stated portfolio objectives, diversification goals, investment strategy, tax considerations, cash position, and investment restrictions and guidelines (collectively, "Investment Criteria") with respect to the applicable proposed investment, including investment type, amount and other factors that may impact the performance of the investment, return requirements, timing of investment, and risk assessment. Zadig's policy is to allocate investment opportunities among various Clients in a manner (i) consistent with each Client's Investment Criteria and (ii) which Zadig believes to be fair and equitable to each Client over time. Allocation determinations shall not favor Zadig to the detriment of a Client and shall not take into consideration differences in the compensation paid to Zadig by reason of designating an investment for the portfolio of one Client rather than another Client.

The Allocation Log shall be reviewed periodically, but not less than annually, by the CO to insure compliance of Zadig's investment allocation decisions with this Allocation of Investments Policy.

Allocation Procedures

In the event Zadig seeks to make an investment, the initial determination as to the suitability of such investment for Zadig's Clients based on the Investment Criteria of each Client and the other factors set forth above is made by Zadig's Portfolio Manager(s). Such initial determination is then presented to Zadig's Investment Committee (or a subcommittee thereof charged with overseeing this Allocation Policy) for confirmation and approval or, if appropriate, modification. If the Investment Committee (or such subcommittee) determines that the proposed investment is suitable for more than one Client and the relative degrees of concordance of such investment with the Investment Criteria of such Clients are not readily ascertainable by the Investment Committee (or such subcommittee), then such investment shall be allocated to the Client with funds available to invest that has gone the longest without making an investment. Once an investment is made by a Client, such Client shall automatically rotate to the bottom of a rotation list (i.e. a list that includes all Clients that have funds available to invest that is ordered based on time outstanding since their last investment). If such Client has the right to decline such allocated investment opportunity and does so decline such opportunity, then (i) such Client shall rotate to the bottom of the rotation list as if it had made such investment and (ii) such investment shall be allocated to the second Client on such rotation list.

Modification of Allocation Procedures

Allocation methods may be modified when common sense dictates that strict adherence to the usual allocation is impractical or leads to inefficient or undesirable results. Such modifications will be made only with the full consensus of the Portfolio Manager(s) and the Investment Committee.

Operating Procedures and Compliance Review for Investment and Allocation

1. The portfolio manager(s) are primarily responsible for making investment and allocation decisions in accordance with Zadig's investment and allocation policies.
2. Zadig's Investment and Allocation policies must be fully disclosed to clients in Zadig's advisory agreements, prospectus and/or private placement memoranda for each Fund managed by Zadig or the investment management agreement for each client managed by Zadig.
3. The portfolio manager(s) and the relevant individual advisors will maintain precise books and records for each investment and allocation.
4. The CO will review investments and allocations monthly to determine whether portfolio managers are treating Zadig's clients fairly and equitably. The CO will also, if needed, recommend changes to Zadig's practices. Upon recommendation of the CO, Zadig may amend its investment and allocation policies and procedures in the future.

10.8 Best Execution

Zadig takes all reasonable steps to ensure it acts in accordance with the best interests of its clients and Funds when it places orders for execution and when executing decision to deal on behalf of the Funds or clients. Every time that a transaction is to take place on behalf of Zadig's client(s) or the Funds, the following are considered to determine what constitutes the best possible result:

- price;
- costs;
- speed;
- likelihood of execution and settlement;
- size;
- nature; and
- any other consideration relevant to the execution of an order.

Zadig will determine the relative importance of the execution factors by using its professional experience and judgement and by having regard to the following:

- Characteristics of the client or the Fund including the objective of their investment policy and risks specific to the client or the Fund;
- Characteristics of the order;
- Characteristics of the financial instrument; and
- Characteristics of the execution venue.

The policy details, in respect of each class of instruments, the entities with which the orders are placed with and can be found at Appendix XVIII – Best Execution Policy. This policy is monitored regularly and reviewed annually or whenever a material change occurs that might affect Zadig’s ability to apply its policy.

Zadig has to make sure that the entities it places orders with have best execution policies in place and provide information about Zadig’s policy to Fund investors and clients. This policy is monitored regularly and reports are made to the Board annually to ensure it is efficiently provided and implemented. It is reviewed annually or whenever a material change occurs that might affect Zadig’s ability to apply its policy.

Zadig will be able to demonstrate that it has executed orders on behalf of the portfolio in line with its Best Execution Policy.

10.9 Market Conduct

General market conduct

All Zadig staff should ensure that they observe high standards of market conduct in all their dealings for or on behalf of clients or Zadig.

Zadig staff should also remain vigilant in relation to any potential market abuse as they are obliged to report any suspicious behaviour to the Regulatory Authority.

The following actions amount to market abuse, however staff should note that the list is not exhaustive:

- Insider dealing;
- Improper disclosure;
- Misuse of information;
- Manipulating transactions;
- Manipulating devices;
- Dissemination; and
- Misleading behaviour and distortion.

Zadig staff should ensure they are familiar with the definitions and characteristics of market abuse. A summary of market conduct and insider dealing is set out at the beginning of the Personal Account Dealing Policy found in Appendix III.

Insider dealing and market manipulation are considered criminal offences, whereas breaches of any other provisions of MAR are punishable by high fines and removal of controlled functions. It should also be noted that even if a person did not intend to commit market abuse, engaging in it may still be considered a breach of MAR.

In order to prevent and detect any potential market abuse taking place, Zadig staff should ensure that they complete the Quarterly Report (Appendix VI) each calendar quarter, as well as the Annual Holdings Report for Employees (Appendix IV) each year. Zadig should ensure that these reports are regularly monitored and any suspicious activity is to be reported to the Regulatory Authority immediately.

Any questions or doubts regarding the application of either the market abuse or insider dealing laws must be referred immediately to the CO.

Market soundings (pre-marketing)

A market sounding (Article 11 MAR) is a communication of information, before the announcement of a transaction, in order to gauge the interest of potential investors. Such a sounding may be made by an issuer, a secondary offeror of a financial instrument, or a third party on the 'sell side' acting on behalf of any such issuer or offeror. A market sounding may or may not involve a disclosure of inside information.

'Inside information' is information which:

- relates, directly or indirectly, to particular instrument or issuers;
- is of a precise nature;
- has not been made public; and
- if it were made public, would be likely to have a significant effect on the price of those instruments.

Before conducting a market sounding, certain procedural steps need to be taken and detailed record-keeping requirements put in place. The following procedural steps must be taken if the disclosure of inside information from market soundings is to be lawful (Article 11(3) - (8) MAR):

1. Assess whether the market sounding will involve the disclosure of inside information (and keep a written record of the reasoning and conclusion).
2. Obtain, from each market sounding recipient, their written consent to being made an insider (by receiving the inside information).
3. Inform each recipient that they are:
4. prohibited from carrying out transactions if based on the inside information;
5. prohibited from amending or cancelling any existing positions they hold, based on the inside information; and
6. obliged to keep the information confidential.
7. In respect of each market sounding recipient, make and maintain a record of all information given to that recipient during the market sounding (and be ready to provide this record to the Regulatory Authority upon request).
8. Inform each market recipient when market sounding information ceases to be inside information (and keep records and provide those records to the Regulatory Authority upon request).

10.10 Processing Subscriptions and Redemptions

Zadig must without undue delay record all subscription and redemption orders. The form and content of the records is shown in Appendix XXIV.

10.11 Liquidity Management

Zadig has in place a liquidity management policy, which sets out the procedures followed by Zadig to ensure that it appropriately monitors and manages liquidity risk, taking into account the investment strategy, liquidity profile and redemption policy of each Fund. The liquidity management policy is a separate document and can be obtained from the CO.

The CO reviews the policy annually and reports to the Board on its effectiveness. Any amendments that are required are approved by the Board.

10.12 Reporting to Investors and Clients

The client reporting obligations for the Fund component (i.e. UCITS) of Zadig's activities differ from the obligations for the MiFID component (i.e. discretionary portfolio management) of Zadig's business (of which the latter are more extensive).

Therefore, the Fund (UCITS) and MiFID (discretionary portfolio management) components are split out into two separate sub-sections, labelled (a) and (b) respectively, below.

(a) Reporting obligations for Fund component:

Types of Fund reporting

Depending on the type of service which Zadig provides to a client, Zadig will be required to carry out either "periodic reporting" or "occasional reporting", as follows:

- **periodic reporting** – must be done where Zadig is managing investments on behalf of a client (i.e. managing assets belonging to an investor/client which involves the ability of Zadig to exercise discretion); and
- **occasional reporting** – must be done where Zadig executes orders other than when managing investments on behalf of a client (and other than in respect of Zadig's MiFID business).

Periodic reporting (Fund)

Where Zadig is managing investments on behalf of a client, Zadig must provide the client with a periodic statement in a "durable medium" (at least every six months). A "durable medium" includes paper or any instrument which enables the recipient(s) to store information addressed to them in a way accessible or future reference and which allows the unchanged reproduction of the information stored, e.g. CD-Roms, DVDs and hard drives of personal computers on which electronic mail is stored.

However, Zadig does not have to provide a periodic statement where:

- this duty is undertaken by a third party; or
- where Zadig provides the client with access to an online system, which is in a durable medium and has easy access to:
 - up-to-date valuations of the client's designated investments and client money; and
 - the information that would otherwise be contained in a periodic statement, andZadig can document evidence that the client has accessed a valuation of its designated investments and client money at least once during the previous quarter.

The content of these periodic statements and frequency may be agreed between the parties.

The periodic statements regarding UCITS should at least contain essential information as follows:

- Management company identification;
- Designation of the shareholder, unitholder or client;
- Date and time of the receipt of the order and method of payment;
- Date of execution;
- UCITS identification;
- Order type (subscription or redemption);
- Number of shares or units involved;
- NAV per share/unit;
- Value date;
- Gross value of the order including charges for subscription or net amount after deduction of charges for redemptions;
- Total sum of commission and expenses charged and, if requested by the investor, an itemized breakdown.

The periodic statements regarding AIFs should at least contain essential information as follows:

- The identification of the AIFM;

- The identification of the investor;
- The date and time of receipt of the order;
- The date of execution;
- The identification of the AIF;
- The gross value of the order including charges for subscription or the net amount after charges for redemptions.

Specific details of the duties can be found in the relevant agreements between the parties. Nonetheless, where a client requests to receive information on a transaction-by-transaction basis, Zadig must promptly provide to the client, on execution of the transaction, the essential information concerning that transaction in a durable medium.

Occasional reporting (Fund)

Where Zadig executes orders in the course of its designated investment business which is other than when managing investments and other than its MiFID business, it must promptly provide the client, in durable medium, with the essential information concerning the execution of the order.

In determining what is essential information, Zadig adopts a pragmatic approach and takes into account the key information that a client would typically expect to be informed about in relation to the particular financial instrument(s) to which the order relates. Further, Zadig will consider including the specific information set out in the regulations for transactions in derivatives, the exercise of options and transactions which involve any dividend or capitalisation or other right which has been declared, but which has not been paid, allotted or otherwise become effective in respect of the investment.

Client Charges (Fund)

Zadig ensures that any costs it charges to a Fund are assessed appropriately and are not undue. Zadig takes this requirement into consideration both when establishing a relationship with a Fund as well as on an ongoing basis.

Fund expenses and their impact on fund returns are subject to scrutiny by the Board. The Board will ensure that the expenses charged to the fund are reasonable, fair and appropriate.

Record keeping of client reports (Fund)

For the Fund component of Zadig's activities, Zadig must retain copies of all client reports for a period of three years. Further guidance on record keeping can be found in the Record Keeping chapter.

(b) Reporting obligations for MiFID component:

General MiFID client reporting

Zadig must provide its clients with adequate reports on the services provided in a "durable medium". Zadig ensures that its client reports include:

- periodic communications to the client, taking into account the type and complexity of the financial instruments involved and the nature of the service provided to the client; and
- where applicable, the costs associated with the transaction and services undertaken on behalf of the client.

Types of MiFID reporting

Depending on the type of service which Zadig provides to a client, Zadig will be required to carry out either "periodic reporting" or "occasional reporting", as follows:

- **periodic reporting** – must be done where Zadig provides the service of portfolio management; and
- **occasional reporting** – must be done where Zadig executes orders other than when undertaking portfolio management.

Periodic reporting (MiFID)

Where Zadig provides portfolio management services to its clients, Zadig must provide each client with a periodic statement in a durable medium of the portfolio management activities carried out on behalf that client. However, Zadig does not have to provide a periodic statement where:

- this duty is undertaken by a third party; or
- where Zadig provides the client with access to an online system, which is in a durable medium and where up-to-date valuations of the client's portfolio are easily accessible, and Zadig can document evidence that the client has accessed their portfolio valuation at least once during the relevant quarter.

The periodic statement must provide a fair and balanced review of the portfolio activities and of the performance during the reporting period. The periodic statement must cover the information specified in the regulations, which includes, but is not limited to, a statement of the contents and valuation of the portfolio, the total amount of fees and charges incurred during the reporting period and a comparison of performance during the period covered by the statement with the investment performance benchmark (if any) agreed between Zadig and the client.

Zadig submits a periodic statement to each client once every three months. However, Zadig has different timeline requirements for client reporting in the following cases:

- **Transaction-by-transaction reporting:** Where the client requests to receive information on a transaction-by-transaction basis, Zadig must provide the client with the essential information concerning that transaction no later than the first business day following that execution or, where the confirmation is received by Zadig from a third party, no later than the first business day following receipt of the confirmation from the third party. Further, a periodic statement must be provided to the client once every 12 months;
- **Leveraged portfolios:** Where Zadig has a client agreement for a portfolio management service which authorises a leveraged portfolio, a periodic statement must be provided to the client at least once a month.

In addition, Zadig adheres to the regulators' additional reporting obligations specifically in relation to portfolio management, as follows: Zadig must inform clients when the overall value of the portfolio, evaluated at the start of each reporting period, depreciates by 10% and thereafter at multiples of 10%, no later than end of the business day in which the threshold is exceeded. If the threshold is exceeded on a non-business day, Zadig must inform clients by the close of the next business day.

Periodic reporting is carried out in respect of each of Zadig's Professional Clients and Eligible Counterparties.

Occasional reporting (MiFID)

Where Zadig executes an order on behalf of a client which is outside of Zadig's portfolio management business, Zadig must provide the following two sets of information:

- (i) **Essential information** – Zadig must promptly provide the client with the essential information concerning the execution of that order. In determining what is essential information, Zadig adopts a pragmatic approach and takes into account the key information that a client would typically expect to be informed about in relation to the particular financial instrument(s) to which the order relates. Further, Zadig will consider including the specific information set out in the regulations for transactions in derivatives, the exercise of options and transactions which involve any dividend or capitalisation or other right which has been declared, but which has not been paid, allotted or otherwise become effective in respect of the investment; and
- (ii) **Notice** – Zadig must send a notice to the client in a durable medium confirming execution of the order as soon as possible and no later than the first business day following execution. If the confirmation is received by Zadig from a third party, then the notice must be sent to the client either by:
 - Zadig, no later than the first business day following receipt of the confirmation from the third party; or
 - the third party, which shall promptly dispatch the notice directly to the client.

The notice must cover the information specified in the regulations, which includes, but is not limited to, the type of the order, buy/sell indicator, total consideration and the total sum of the commissions and expenses charged.

Occasional reporting is carried out in respect of Zadig's Professional Clients, and there is no obligation upon Zadig to provide such reporting to Eligible Counterparties.

Record keeping of client reports (MiFID)

For the MiFID component of Zadig's activities, Zadig must retain copies of all client reports for a period of five years. Further guidance on record keeping can be found in the various Record Keeping sections in this Manual.

10.13 Transaction Reporting

Zadig has no formal or direct requirement to report transactions to the regulator in the financial instruments that it deals in for both collective and individual portfolio management.

Nevertheless, due to the extensive reporting obligations under MiFID II that are imposed on other market participants, where a trade is placed on an EU trading venue, such as through direct electronic access or with another EU investment firm, Zadig may be called on to provide transaction data to allow another firm to satisfactorily meet its transaction reporting obligations.

Additionally, the regulator may request to see information regarding a particular trade. For this reason, relevant transaction / client data is retained and stored by Zadig for a minimum of 5 years in respect of every Fund and individual account transaction.

10.14 Post-trade Reporting

Zadig will rely on third parties (its brokers or the regulated market) to make post-trade reports, where applicable. The CO should ensure that such brokers have undertaken to meet this obligation.

10.15 Client Charges

Zadig ensures that any costs it charges to an AIF are assessed appropriately and are not undue. Zadig takes this requirement into consideration both when establishing a relationship with an AIF as well as on an ongoing basis.

10.16 Managed Accounts

Where Zadig manages portfolios of investments in accordance with mandates given by investors on a discretionary, client-by-client basis, Zadig must ensure that it obtains prior general approval from the client before investing all or part of the client's portfolio in units or shares of the Funds it manages.