

(as of December 2020)

Lupus alpha Asset Management AG and Lupus alpha Investment GmbH

1 Fundamentals

The Lupus alpha companies, Lupus alpha Asset Management AG and Lupus alpha Investment GmbH, are subject to the regulatory requirements of the German Securities Trading Act (WpHG) and the German Securities Services Conduct and Organisation Ordinance (Wertpapierdienstleistungs-Verhaltens- und -Organisationsverordnung) with regard to inducements. Compliance with these regulations takes place within the framework of the internal guidelines of the Lupus alpha companies and these principles.

2 Definition of inducements

According to Section 70 (2) Sentence 1 of the German Securities Trading Act (WpHG), the definition of the term “inducement” includes monetary benefits such as commissions, fees and other monetary payments, as well as all non-monetary benefits, such as the provision of services, the provision of IT hardware or software and the provision of training, and is thus very broad.

3 Generally permitted or non-disclosable inducements

Inducements from third parties may only be accepted or granted if they are below the materiality threshold in terms of value and do not lead to a change in professional decisions. The decision is at the discretion of each employee. These inducements are not notifiable to Lupus alpha.

4 Inducements above the materiality threshold or inducements subject to reporting obligations

If the materiality threshold is reached, an enquiry must be made to the Compliance Department before accepting or granting an inducement, stating the reasons for the acceptance/granting thereof. The Compliance Department decides on the basis of the contents and purposes, reasons and amounts and without taking into account the personal interests of the requesting employee (e.g. tax amount). The result is either permission or refusal. Applications submitted late will always be rejected.

If the value of an inducement cannot be determined precisely, an estimate must be made. In the case of inducements to entire departments, the value is to be divided by the number of employees in the department in order to determine the de minimis limit.

The assessment of acceptability shall be made taking into account the facts of “suitability for quality improvement” and “acting in the best interest of the investor / investment fund without detriment”.

5 Materiality thresholds

Gifts, e.g. flowers, books, sweets, may be given per person up to an amount of EUR 100,00 p.a. and per company. The limit of EUR 100,00 p.a. per person receiving a gift from Lupus alpha as a whole applies to the awarding of benefits.

In principle, invitations to **business lunches, training courses, lectures and specialist events** may be accepted and extended. The professional character must outweigh the private character in terms of subject matter and time. This is the case, for example, with free information events, which are accompanied by catering in addition to the professional information.

In the case of invitations to **events with a predominantly leisure/entertainment character**, a copy of the invitation must be enclosed with the acceptance request. Care should be taken to ensure that the event is taxed at a flat rate by the inviting party.

Compliance with these regulations is monitored by the respective senior managers.

6 Application of the inducement principles at Lupus alpha

Allocation of the common types of benefits mentioned by BaFin:

Both Lupus alpha companies affected:

- Portfolio commissions (continuity or sales follow-up commissions)
- Carrying out marketing / information events, training courses, etc.
- Benefits in kind
- Hospitality

No Lupus alpha company affected:

- Reimbursements (kick-backs / retrocessions)
- Acquisition or sales commissions (issue premiums); in principle, issue premiums are permitted for Lupus alpha funds, but Lupus alpha never retains or passes them on. Lupus alpha does not know whether and to what extent custodian banks charge issue premiums.
- Transaction commissions (order flow payment)
- Finder's fees (commission)
- Equity brokerage commissions
- Provision of services
- Provision of IT hardware or software or similar.

a Receipt of inducements

Lupus alpha regularly receives **benefits in kind** in the form of financial analyses or information material on products, financial instruments or markets, as well as on new issues. These are provided to us by brokers without being requested and are used for normal trading/information business operations or also for advertising purposes of the sender. Receipt may be by mail or by way of granting access rights to systems and links behind which the research material and market data are located. There is no systematic distinction in volume or frequency between brokers who are on Lupus alpha's current broker list and those with whom trading is not permitted. These accesses are granted independently of a trade execution. Information events in the form of lectures, as well as so-called give-aways distributed there, may be attended and kept if interested in the topic offered.

Research contracts have been concluded for the special “**research**” service, which is indispensable for the performance of portfolio management business operations and has been implemented in accordance with MiFID II requirements with regard to disclosure, performance and investor information.

Employees from all areas of Lupus alpha may receive invitations as part of their business activities, which are so-called business lunches or where hospitality is offered as part of information events. All of these **forms of hospitality** are within the normal scope, i.e. below a materiality threshold, and the amount and quantity preclude any conflict of interest with regard to the obligation to act in the best interests of the investor.

b Guarantee of inducements

Lupus alpha pays **portfolio commissions** (continuity or follow-up sales commissions), which are regular payments from the management fee, to fund intermediaries for as long as the fund intermediary’s clients hold the Lupus alpha investment fund in their portfolio. These portfolio commissions can also take the form of graduated commissions, which in our view do not lead to any conflicts of interest. Payments of service fees for the use of fund platforms are also made.

Carrying out marketing / information events, training courses, or similar: Lupus alpha’s general and product-related marketing/information events include roadshows and workshops on Lupus alpha and the products, as well as the traditional Lupus alpha Investment Focus. These events serve to publicise Lupus alpha, maintain contacts and do not impair the quality of the services we provide. Within the framework of these events, Lupus alpha grants **non-cash benefits** in the form of newsletters, lectures, sales material and give-aways.

Just as Lupus alpha employees receive hospitality, invitations are also extended to current or potential customers as well as other business partners and third parties. All these **forms of hospitality** are within the ordinary scope, i.e. below the materiality threshold, and do not prevent to act in the interest of the investor.

7 Disclosure

The summary disclosure prior to the provision of the service has been made by this letter. For a detailed fund-related disclosure, please contact us. Your contact person is:

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