

The continuing threat of money laundering is most effectively managed by understanding and addressing the potential money laundering risk associated with customers and their transactions. Based on Wolfsberg AML Principles, directors of **International Association of Investments EVROLIFE** have developed this Policy to assist members, its clients, associates and administrators (together referred to in this Policy as “Holding’s Professionals”, “HP” or “HPs”) to manage money laundering risk.

Investors in many jurisdictions invest in or with assistance of HPs to seek professional management, diversification, and access to investment opportunities that might otherwise not be available.

HPs include unit investment trusts, hedge funds, private equity funds, and funds-of-funds. They vary greatly in the legal forms they take (e.g., corporations, trusts, partnerships, or contract), the investment objectives they pursue, the jurisdictions in which they are organized, the level of regulation to which they are subject, the type of investor they solicit, and the manner in which their shares, units or interests (collectively referred to in this Policy as “Shares”) are distributed.

Given the variety of HPs and the different levels of money laundering risk, HPs should develop and tailor their anti-money laundering (“AML”) policies and procedures to address the particular risks of their business. It should be understood that this Policy is not intended to discourage HPs from engaging in activities that may be perceived to be higher risk. Rather this Policy sets out relevant considerations for HPs to consider in identifying and dealing with situations entailing different levels of money laundering risk. This Policy does not supersede applicable laws and regulations where they are more stringent.

It is the responsibility of the HP’s management (e.g., directors, trustees, or partners) to establish, implement and monitor the operation of an appropriate AML program. Depending on applicable legislation, the AML program, including the customer due diligence (“CDD”) process set forth in Section 4, will be conducted either by the HP or by its designated Service Providers such as transfer agents, investment advisors, registrars, banks, etc. (collectively referred to in this Policy as

“Service Provider”). This Policy does not address the relationship between the HP and any such Service Provider in any detail in respect of AML responsibilities, except to note that where such arrangements are in place, and where applicable legislation does not otherwise regulate this situation, a clear understanding should be reached on the respective roles and responsibilities of the HP and the Service Provider, and the HP should exercise due care to ensure that the Service Provider is capable of carrying out the role agreed.

1. Money Laundering Risk

This Policy is intended to apply to all HPs generally, notwithstanding the variety noted above. However, such variety means that the money laundering risk associated with respect to particular HPs differs. While it is difficult to generalize, many HPs are perceived to entail a lower risk of money laundering for a number of reasons, including the following:

- Assets typically flow into HPs from (and interests in HPs are typically distributed by) other financial institutions which are themselves regulated for AML purposes. This reduces the risk of a HP being involved in money laundering activities;
- Many HPs have measures and controls in place that make them less attractive for money laundering purposes – such as restrictions on cash withdrawals from, or on transactions with, parties other than the investor;
- HPs are commonly used for long term investment purposes (and some may have minimum investment periods and/or weighted fee structures) making high turnover or short term investment unattractive and/or unusual.

However, because of the sheer size of the HP industry, the ready accessibility of HPs to investors, and the ease with which money launderers can simulate the behaviour of legitimate investors, it is possible that HPs will be used by criminals laundering the proceeds of their crimes in a manner that may be extremely difficult (at times impossible) to detect. To mitigate these risks, HP’s should consider how to implement a reasonably designed risk based AML program taking into account the factors mentioned in this Policy.

2. Relationships between HPs and Investors/Customers

Fundamental to an understanding of any HP's AML obligations is a recognition that the overall arrangements by which Shares in HPs are offered to investors and the overall arrangements under which a HP consequently deals with investors will fall into one of two broad categories as described below. One HP may have both categories of relationships, and the relationship used in any particular case depends on a variety of characteristics, including the nature of the HP and the jurisdiction in which such Shares are issued or distributed.

The two categories of relationships between HPs and investors can be summarised as follows:

Direct Relationships

In these cases, the HP has a direct relationship with the investors because the HP processes their applications and/or receives funds directly from the investors. Applications for Shares can be received either by the HP or by a Service Provider to which the HP has delegated the activity of processing the application and/or receiving the funds.

Indirect Relationships

In these cases, the HP does not directly process the application and/or receive the funds directly from the investor. Shares are distributed by or through intermediaries such as banks, broker-dealers, insurance companies/agents, investment advisers, financial planners, or other financial institutions (collectively referred to in these principles as "Intermediaries"). Shares may be held by or through the Intermediaries in so-called "omnibus accounts". In such situations, and subject to the considerations set out in Section 5, the HP's customer is the Intermediary. Accordingly, the HP has no direct relationship with the investors (regardless of whether the investors are the shareholders of record or not).

This Policy, therefore, differentiates between direct and indirect relationships between the HP and the investors – although in all cases, a risk-based approach should be considered in implementing the AML standards described.

3. Customer Due Diligence

3.1. Introduction

Customer Due Diligence includes:

- Identification and verification of the identity of the investor and the beneficial owner;
- Understanding the purpose of the investment (which may be self-evident in the case of certain specific products and services);
- Conducting ongoing due diligence on investors and scrutiny of their transactions.

To establish and perform CDD required in the context of any particular HP, the HP should consider the following factors:

Investor Risk – The type of investors it will deal with e.g. whether the investors will be financial institutions or otherwise regulated or public companies (including publicly traded companies and government entities – but see below on country risk) (all lower risk of money laundering) compared with complex and non-transparent investors e.g. trusts, foundations or other private investment vehicles (higher risk of money laundering). Similarly, given the nature of the investors to which the HP is directed, retirement pension funds will generally undertake simplified CDD on investors;

Country Risk – The breadth of distribution of its Shares (e.g. direct distribution to investors resident in the same jurisdiction as the HP will generally involve a lower risk of money laundering when compared to direct distribution to investors resident in a large number of different countries or even distribution globally);

Condition Risk – The characteristics of the HP itself. Some HPs entail higher risk of money laundering (e.g. funds allowing redemption without limitation of time, amounts, etc.); and Value Risk – The amounts of any investment (which may be affected by any minimum investment requirements) and any restrictions on methods of payment of subscriptions (e.g. a HP receiving comparatively small investments and restricting subscriptions and redemptions to funds transferred to it from (or by it to) accounts with financial institutions held in the name of the

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relevant investor will generally present lower risk of money laundering).

In a direct relationship, the HP should perform risk-based CDD on the customer.

In an indirect relationship, the HP should consider the level of due diligence that should be performed on the Intermediary, as described in Section 5, taking into account the regulatory environment in the relevant jurisdiction, and the Intermediary's responsibilities in respect of AML policies, procedures, and controls. Depending upon the outcome of the HP's due diligence on the Intermediary, (and also depending on the requirements of local law), the HP should determine the level of CDD (if any) that it should undertake on the customer. Where the HP considers it necessary to perform its own CDD measures on the customer, but is unable successfully to do so, the investment should not be accepted by the HP.

Sections 4.2, 4.3, and 4.4 apply to HPs in direct relationships and in indirect relationships in which HPs determine that they should perform a level of CDD on the investor.

3.2. Identification of Customer and Verification of Identity

The HP (or the Intermediary in cases described in Section 5) should take reasonable measures to identify and verify the identity of the investor.

The extent of identification procedures undertaken by the HP should be risk-based, reflecting the nature of the investor/customer, the HP and/or the particular transaction. In lower risk situations, simplified identification procedures may be applied.

The identity of investors must be verified at least in accordance with applicable laws and regulations. Appropriate verification methodologies may include documentary or non-documentary (e.g. electronic database screening) methods and/or include cross-checks to verify information via reporting agencies, public databases, or other reliable sources (e.g. ensuring that tax identification or social security number information is valid and corresponds to the investor/customer). Appropriate verification methodologies may also include checking that funds are received from an account held in the

name of the investor with an appropriately regulated financial institution.

Where they are required to be obtained, identification documents should be current at the time of account opening.

The HP should normally have obtained all required documentary (or non-documentary) evidence of the identity of the investor by the time of account opening. In cases where the documentation is not provided promptly and remains incomplete, then on any redemption request (and subject to applicable law and regulation), the HP should retain the redemption proceeds and should not accept any further transactions as long as the required documentary evidence has not been received. In addition, in such cases, the HP should also consider making a suspicious activity report to the appropriate authorities.

3.3. Beneficial Ownership

A HP should apply a risk based approach (taking into account the factors mentioned at Section 4.1) in determining whether identification of the beneficial owner and/or enhanced due diligence (see Section 4.4) is required on an investor/customer.

The HP should identify the beneficial owner only where this is reasonable and practicable taking into account the particular circumstances of the investment (type of investor, product, transactions etc.) and the HP's overall risk based approach and where it is apparent that the investor is acting on behalf of another party.

3.4. Enhanced Due Diligence

Enhanced due diligence on investors will generally be required only in the context of situations (identified based on the factors outlined at Section 4.1) involving an investor that appears to present a particularly higher risk of exposure to money laundering.

In identifying these situations, a HP should also consider issues of country risk and investor risk (investor risk including particularly situations where investors are "Politically Exposed Persons"). The management of the HP should review investors that present higher risks and are subject to enhanced due diligence.

4. Intermediaries

4.1. Introduction

A variety of Intermediaries may be involved in the conduct of indirect relationships, and the HP should always undertake risk based due diligence on the Intermediary.

Each HP shall define its own policy in this regard, but in all cases, this risk based approach to due diligence on the Intermediary should focus on the level of regulatory supervision to which the Intermediary is subject, on the country in which the Intermediary is based, and the reputation and integrity of the Intermediary to determine whether the Intermediary is:

- Itself subjected to adequate AML regulation in the context of its dealings with its clients and is supervised for compliance with such regulation (an Intermediary meeting the standards described in this bullet point being referred to in this Policy as a "Regulated Intermediary"); or
- Otherwise an Intermediary that the HP reasonably believes employs adequate AML procedures such that the HP concludes that it would be reasonable for the HP not to ascertain the identity of the Intermediary's customers itself (e.g. where the Intermediary is an affiliate of an adequately regulated entity or otherwise as described in Section 5.4) (an Intermediary meeting the standards described in this bullet point being referred to in this Policy as an "Acceptable Intermediary").

Laws and regulations to which HPs are subject frequently refer to the distinction between countries having AML regulation that "effectively implements and meets FATF standards" and those which do not for the purposes of determining whether AML regulation applicable to the Intermediary is adequate.

Due diligence on Intermediaries may be performed by different entities, depending on the circumstances and whether or not a Service Provider is involved.

Any distribution agreement entered into between the HP and an Intermediary will not generally affect the outcome of the due diligence undertaken on the Intermediary but may assist the overall CDD process by creating contractual obligations for the Intermediary to perform certain tasks.

Establishment of relationships with Acceptable Intermediaries should be approved by the management of the HP. As required by the circumstances, periodic due diligence or review of all Intermediaries should also be carried out by the HP.

4.2. Intermediaries in Countries Meeting FATF Standards

4.2.1. Regulated Intermediaries

The HP does not have to perform its own CDD measures on the investors as set out in Section 4. The HP is not required to "drill down" to the regulated Intermediary's customers. In such cases, the HP may allow the Intermediary to open an "omnibus account". It may be opened in the Intermediary's name for all transactions that the Intermediary places with the HP on behalf of the Intermediary's customers and the HP need not obtain any information on the underlying investors.

4.2.2. Unregulated Intermediaries

If the HP does not consider Section 5.4 applicable, the HP has to perform its own CDD measures on the investors as set out in Section 4. The HP is required to "drill down" and perform risk based CDD on the unregulated Intermediary's customers.

In such cases, the HP should either open individual accounts in the name of each investor in its register or open an "omnibus account" in the name of the Intermediary, provided that the HP also receives a complete list of the investors from the Intermediary to allow it to perform its own CDD measures on the investors.

4.3. Intermediaries in Countries Not Meeting FATF Standards

Unless the HP reasonably concludes that Section 5.4 is applicable, the absence of an adequate AML framework in the country in question would

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normally require the HP to "drill down" to perform its own risk based CDD measures on the investor as set out in Section 4.

The HP may still open individual accounts in the name of each investor in its register or open an "omnibus account" in the name of the Intermediary, provided that the HP receives a complete list of the investors from the Intermediary to allow it to perform its own CDD measures on the investors.

4.4. Acceptable Intermediaries

If the Intermediary is an Acceptable Intermediary, then the HP may decide that it need not "drill down" to perform its own CDD measures on the investors.

The HP should review the Intermediary on a regular basis and update its due diligence accordingly to assure itself that it remains appropriate to treat the Intermediary as an Acceptable Intermediary.

5. Monitoring of Unusual and Reporting of Suspicious Activities

Monitoring forms an integral part of AML procedures and should be carried out on transactions, to control adherence to AML policies and procedures, and support the detection and investigation of unusual or suspicious activities. Depending on the type of Shares and type of investors, a HP may decide to monitor the investor's transactions by comparing them with those of a "typical investor".

The HP may decide to what extent fulfillment of these monitoring responsibilities will need to be supported through the use of automated systems or other means.

As required by applicable law, the HP, its Service Provider, or the Intermediary must report suspicious activities to the appropriate local authorities.

6. Record Retention

The HP should establish record retention arrangements for all AML related documents. The documents must be kept for a minimum of eight years after the date the relationship is closed or the transaction record is made.

7. AML Program

The management of the HP retains overall responsibility for the HP's AML program and should therefore approve the HP's AML program on establishment and review its continued effectiveness on a regular basis.

The AML Program should reflect this Policy and will include the identification of a Money Laundering Reporting or Prevention Officer who will support and advise the HP's management of the establishment, implementation and monitoring of the HP's AML Program.

The HP's AML Program will also include training on the prevention, identification and reporting of suspicions, of money laundering for, at a minimum, employees who have investor contact and for compliance personnel. Regular training (on commencement of employment and regularly thereafter) should also give guidance on the HP's own internal procedures and the risks of money laundering to which the HP is exposed and on how to identify unusual or suspicious activities. In addition, employees should be informed about major changes in applicable AML laws and regulations.