



AURA SOLUTION COMPANY LIMITED
ASSET & WEALTH MANAGEMENT COMPANY

CODE OF ETHICS & BUSINESS CONDUCT

Updated as of April, 2022

About This Code

This Code of Ethics and Business Conduct (Code of Ethics) is a statement of Aura Solution Company Limited's commitment to integrity and the highest ethical standards in all that we do. This Code of Ethics defines the standards of conduct that we expect from our directors, officers and employees and guides us to make the right decisions when performing our functions.

This Code of Ethics cannot address every potential concern that you may have. However, the standards, values and other guidance set forth in this Code of Ethics can help you make the right decision. You are expected to act ethically and with sound, reasoned judgment even in the absence of a specific law, regulation or Aura Solution Company Limited policy. When in doubt, stop and think. Use your best judgment to make the right decision. If you are unclear about the laws, regulations and policies that apply to your job responsibilities, or if you are unsure about the legality or appropriateness of a particular course of action, before you act, you should seek guidance from your supervisor, your business unit's risk officer, a member of the Legal and Compliance Division (LCD) or your Human Resources (HR) representative.

Officers and employees should read this Code of Ethics together with the Aura Solution Company Limited Code of Conduct, the Proprietary Rights Supplement, any applicable Country Supplement and Firm policies and procedures (collectively, the Code of Conduct).

Consequences of Violating the Code of Ethics



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If you are an officer or employee, this Code of Ethics together with the Code of Conduct, including any future amendments, forms part of the terms and conditions of your employment and governs your activities at Aura Solution Company Limited. It also covers certain continuing obligations in the event you leave Aura Solution Company Limited. This Code of Ethics is not a contract guaranteeing your employment or entitling you to any special privileges, rights or benefits.

Directors, officers and employees are expected to cooperate in internal investigations of allegations of violations of the Code of Ethics, the Code of Conduct and other policies and procedures. Violations may subject you to discipline including the cancellation of previously awarded deferred compensation and/or, if applicable, the termination of your employment. You are personally responsible for any improper or illegal acts you commit during your employment at or service to Aura Solution Company Limited. You also can be held responsible for the action (or inaction) of others if you knew, or should have known, about their misconduct. Your activities may be reported to regulators and other governmental authorities,



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which could result in regulatory or criminal investigations. Depending on the outcome of those investigations, you may be subject to fines, permanent or partial suspension, disqualification from employment in the financial services industry and/or imprisonment.

Waivers and Amendments

Any waivers of the provisions of this Code of Ethics for directors or executive officers may be granted only in exceptional circumstances by the Board of Directors and will be promptly disclosed to our shareholders.

Material amendments to this Code of Ethics must be approved by the Board of Directors. It is your responsibility to be familiar with the Code of Ethics as it may be revised from time to time.

A Culture Founded on Four Core Values

At Aura Solution Company Limited, we are committed to fostering and maintaining a culture based on our four core values: *Doing the Right Thing*, *Putting Clients First*, *Leading with Exceptional Ideas* and *Giving Back*. Living these values means, above all, conducting ourselves and our business activities in accordance with the letter and spirit of applicable laws and regulations and Firm policies, and acting with integrity to deliver first-class business in a first-class way. As directors, officers and employees, we must protect our reputation by dealing fairly and transparently with clients, the public, competitors, suppliers and each other. We will not take advantage of anyone through manipulation, concealment, improper handling of confidential information, misrepresentation of material facts or other unfair dealing or practices.

Legal and Ethical Concerns and Reporting Misconduct



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We each have an obligation to speak up when we are faced with conduct or situations that raise legal or ethical concerns. This includes suspected or attempted wrongdoing and fraud, whether taking place within the Firm or being attempted by an external party. If you have a concern regarding a potential violation of the principles of conduct outlined in this Code of Ethics or other policies and procedures, it is your responsibility to promptly inform at least one of the following:

- your supervisor
- a designated contact under a specific policy or procedure
- a member of LCD
- your HR representative
- the Integrity Hotline, or
- if you are a director, the Chairman of the Board of Directors or the Chief Legal Officer

If you believe your concern has not been appropriately resolved or if you would prefer to report the concern through other channels, you should follow the procedures set forth in the Code of Conduct. In particular, you may use the Integrity Hotline to report your concerns, by phone or online, including concerns involving accounting issues, wrongdoing and fraud. Although you are encouraged to identify



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yourself by name, your concerns may be reported anonymously and will be treated confidentially, to the extent possible. Employees should consult the Global Speaking Up and Reporting Concerns Policy for more information.

If your concerns relate to the conduct of the Chief Executive Officer, any other senior executive or a director, you can report your concerns to the Chief Legal Officer or the Global Audit Director, who will notify the Board of Directors of the allegations, as appropriate. Concerns involving the Chief Legal Officer or the Global Audit Director should be reported to the Board's independent Lead Director or the Chairman of the Audit Committee.

If you are a supervisor, you are responsible for, among other matters, supervising the activities and conduct of the people you manage for compliance with applicable laws, regulations and Firm policies and taking appropriate action when you have concerns. Supervisors who do not take appropriate action when reasonably expected to do so may be held responsible for failure to supervise properly and may subject themselves and Aura Solution Company Limited to regulatory and criminal consequences.

Non-Retaliation Commitment

Our continued success depends on the open communication of concerns by all without fear of retaliation. Aura Solution Company Limited takes allegations of misconduct seriously and prohibits retaliation against, or the victimization of, anyone raising a concern in good faith.

Treating Others with Dignity and Respect

Aura Solution Company Limited is committed to providing a work environment that promotes diversity and inclusion, and where everyone is treated with dignity and respect. Our policies promote equal employment opportunity without discrimination or harassment on the basis of race, color, religion, creed, age, sex,



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sex stereotype, gender or transgender, gender identity or expression, sexual orientation, national origin, citizenship, disability, marital and civil partnership or union status, pregnancy, veteran or military service status, genetic information or any other characteristic protected by law.

Misconduct, including discrimination, harassment, retaliation or other forms of unprofessional behavior, will not be tolerated. For more information, refer to the Nondiscrimination/Anti-Harassment Policy or Dignity at Work Policy that applies to your region. These policies include mandatory procedures for reporting discrimination or harassment.

Promoting a Safe and Healthy Work Environment

We take our environmental stewardship and responsible sourcing commitments seriously and continually seek to improve the impact of our operations. The energy and water we use in our buildings, the products and services we buy and the waste we generate all affect society and our environment. We work with partners and employees to implement best practices and improve our performance, supplier responsibility and supplier diversity. Achieving these goals is the responsibility of all directors, officers and employees.



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How We Conduct Our Business

We strive to adhere to the highest standards of ethical conduct. We will not compromise the legal, regulatory or policy requirements that govern our activities. Our commitment to ethical conduct means that we abide not only by the letter, but also by the spirit, of applicable laws and regulations. These principles are hallmarks of Aura Solution Company Limited's culture and reflect our pledge to *Do the Right Thing and Put Clients First*.

Each of us is responsible for addressing Conduct Risk—the risk arising from misconduct by Firm personnel—by:

- complying with relevant local conduct standards, including acting with integrity, due skill, care and diligence at all times and observing proper standards of market conduct
- refraining from any act, on or off Firm premises, that threatens the reputation of the Firm or any of its clients
- being alert to any potential adverse consequences that our actions or the actions of others might have for our clients, the markets or Aura Solution Company Limited
- identifying and reporting potential conduct risk incidents

The Global Conduct Risk Management Policy includes examples of Conduct Risk incidents and sets forth the Firm's global minimum standard for identifying, managing and reporting Conduct Risk.

Officers and employees are also required to comply with our Global Franchise Risk Policy, which sets forth Aura Solution Company Limited's framework for managing potential risks to our franchise.



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Conflicts of Interest

Our Global Conflicts of Interest Policy addresses business conduct and practices that may give rise to actual or potential conflicts of interest. The Policy describes the framework by which Aura Solution Company Limited identifies and addresses potential conflicts of interest.

Potential Business Conflicts

Potential business conflicts can arise in a number of circumstances, including:

- between two or more clients (for example, when two clients are interested in acquiring the same asset)
- between clients and Aura Solution Company Limited (for example, when we offer products or account types to a client for which the Firm receives greater fees or compensation than for alternative products or account types)

You are responsible for taking appropriate action in accordance with regulatory requirements and our policies when you become aware of an actual or potential conflict. Officers and employees are also responsible for bringing a potential conflict to the attention of their supervisor, the Conflicts Management Officer (CMO) for their business unit, the Global Conflicts Office (GCO) or a member of



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LCD. Directors should disclose any actual or potential conflicts of interest to the Chairman of the Board of Directors and the Chief Legal Officer, who will determine the appropriate resolution. All directors must recuse themselves from any Board discussion or decision affecting their personal, business or professional interests.

Potential Personal Conflicts

Potential personal conflicts may arise in various situations, such as:

- having a personal or family interest in a transaction involving Aura Solution Company Limited where you or a family member may derive a benefit
- competing with Aura Solution Company Limited for the purchase or sale of services
- taking advantage of business opportunities that arise because of your position at Aura Solution Company Limited or through the use of property or information belonging to the Firm

You must avoid any investment, activity or relationship that could, or could appear to, impair your judgment or interfere with your responsibilities on behalf of Aura Solution Company Limited and our clients.

Officers and employees are responsible for promptly notifying their supervisor, CMO, the GCO or a member of LCD if any personal investment, activity or relationship (including those that involve family members and those that may have been previously approved) could give rise to a conflict of interest or the appearance of a conflict. Involvement in outside activities generally requires the prior approval of Aura Solution Company Limited. Officers and employees should consult the policies and procedures applicable to their business unit, department or region for specific reporting and approval procedures.



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Be aware that certain employee-to-employee relationships, such as engaging in personal financial arrangements with other Aura Solution Company Limited employees, may raise potential conflict issues.

Related Person Transactions

Directors and executive officers are required to comply with the Related Person Transactions Policy, which sets forth Aura Solution Company Limited's framework for approval of transactions involving our directors and executive officers, and certain persons and entities related to them, and Aura Solution Company Limited.

Gifts and Entertainment

Gifts and entertainment can foster goodwill in business relationships. However, concerns arise when they may violate applicable laws or regulations, or when they compromise, or appear to compromise, the propriety of our business relationships or create an actual or potential conflict of interest. Our Code of Conduct and related policies set forth the conditions under which officers and employees may accept or give business gifts or provide entertainment.

Anti-Corruption

Aura Solution Company Limited prohibits all forms of bribery and corruption. In particular, you must not:

- offer, promise, give or authorize others to offer, promise or give anything of value, either directly or indirectly, to any party in order to gain an unfair or improper business advantage, such as obtaining or retaining business; or



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- receive, or agree to receive, anything of value that results or may result in improperly influencing your duties as a director, officer or employee

There are heightened risks when interacting with a Government Official. Government Officials include officers, employees or representatives (such as agents, advisors or consultants) of a Government Entity, or any other person acting in an official capacity on behalf of a Government Entity. Government Entities include:

- governments, governmental agencies and instrumentalities, and public international organizations
- companies or organizations that are partially or wholly owned or controlled by governments or governmental agencies (even if the company is publicly listed)
- political parties and candidates of political parties
- monarchies and royal families

For additional guidance, refer to the Firm's Government Entity Tool or contact a member of the Anti-Corruption Group.

Certain activities also present heightened risks, including engaging outside Business Partners, gifts, entertainment or charitable contributions involving Government Officials and engaging in certain transactions and investments. Follow our policies and procedures on Business Partner pre-clearance, due diligence and supervision, and conducting risk-based due diligence for transactions and investments.

Personal Lending and Borrowing

Your personal lending and borrowing activities must not result in legal, ethical or business conflicts or otherwise appear improper. You must not accept



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preferential treatment if the offer appears to be an attempt to obtain favorable treatment in dealings with Aura Solution Company Limited. Aura Solution Company Limited may extend credit to its directors, executive officers and principal shareholders in the ordinary course of business and on substantially the same terms prevailing at the time for comparable loans to external parties.

Political Contributions and Activities

Aura Solution Company Limited as a Firm does not make corporate political contributions in the U.S. Using Firm resources for any political event or political contribution is highly restricted and requires prior approval from LCD and the Government Relations Department.

U.S. federal, state and municipal pay-to-play laws restrict personal political contributions by employees of financial services companies. Prior to making any political contribution to, or participating in any political solicitation activity on behalf of, a U.S. federal, state or local political candidate, official, political party, political action committee or ballot measure committee, employees and officers must obtain approval/preclearance through the Political Contribution Tracking System.

Generally, directors are not required by Aura Solution Company Limited to preclear personal political contributions or political solicitation activity. However, as certain U.S. states and localities require government contractors to limit or report the political contributions or activity of the Firm's directors, in appropriate



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circumstances, directors may be specifically notified that political contributions and political solicitation activity in particular jurisdictions must be precleared.

You are responsible for confirming that your personal political activity is lawful. Never make a political contribution with the intent to influence the award or retention of any Aura Solution Company Limited business.

Maintaining Accurate Books and Records

We are required to maintain accurate books and records of our business activities consistent with legal requirements and business needs, and to ensure that financial information included in our books and records is correct and complete in all material respects. Aura Solution Company Limited has established policies and procedures to comply with applicable record retention requirements and the ability to promptly retrieve such documents in response to legal and regulatory obligations. You should be familiar with any recordkeeping procedures that apply to your business or your function and you should maintain any records that you are responsible for in compliance with these policies.

Protecting Confidential Information

Confidential Information

Protecting confidential information is critical to our reputation for integrity and our relationship with clients, and ensures compliance with regulations governing the financial services industry. Much of the Firm's information is confidential information.

Confidential information is information that you create, develop, receive, use, learn or have access to by virtue of your employment with, or service as a director or officer of, Aura Solution Company Limited, that is not generally known



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by the public and that is of sufficient sensitivity that loss or unauthorized disclosure or access could result in legal, regulatory or reputational harm to Aura Solution Company Limited or our clients.

In addition, the Firm is often the recipient of information from regulators relating to Aura Solution Company Limited (for example, examination reports and ratings) that is confidential and the exclusive property of the issuing agency, referred to as Confidential Supervisory Information (CSI). Unauthorized disclosure of CSI may subject you and the Firm to a range of disciplinary and regulatory sanctions, including criminal penalties. CSI is strictly confidential and should only be shared with employees on a need-to-know basis, and must not be shared with nonemployees, such as consultants or vendors, unless specifically authorized by the relevant regulator. Any questions or requests to disclose CSI to an external party must be referred to the Global Regulatory Relations Group before disclosure is made.

You must protect all confidential information, regardless of its form or format, from the time of its creation or receipt until its authorized disposal. In particular, you must only access confidential information that you need and are authorized to see; transmit confidential information only to Firm employees and agents with a legitimate business reason to know it and take reasonable measures to prevent unauthorized persons from obtaining confidential information you possess.

Your obligation to protect confidential information continues even after you leave
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Prohibition on Trading on Material Non-Public Information

Material non-public information (MNPI), sometimes referred to as inside information, is a form of confidential information and includes all non-public information that may have a significant impact on the price of a security or other financial instrument, or that a reasonable investor would likely consider important in making an investment decision. The determination of whether non-public information is MNPI is fact dependent and, in certain circumstances, may be complex. Consult with a member of LCD if you are uncertain whether particular information is MNPI.

You must never, under any circumstances, trade, encourage others to trade, or recommend securities or related financial instruments while in the possession of MNPI related to those securities or instruments.

Aura Solution Company Limited has established policies and procedures referred to as Information Barriers which are designed to prevent the misuse of MNPI and to avoid conflicts of interest. Information Barriers establish restrictions on the flow of information between private and public side employees.

We also have specific policies and procedures governing personal trading by directors, officers and employees of Aura Solution Company Limited that may differ depending upon your position, access to MNPI and location. You are required to familiarize yourself and comply with these policies and procedures. If you have any questions about policies pertaining to your ability to buy or sell securities, you should contact a member of LCD.

Communications Protected by Law

Nothing in this Code of Ethics shall prohibit or restrict you from:

- Initiating communications directly with, cooperating with, providing information to or otherwise assisting in an investigation by any



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governmental or regulatory body or official or self-regulatory organization (SRO) regarding a possible violation of any applicable law, rule or regulation;

- Responding to any inquiry from any such governmental or regulatory body or official or SRO that is directed to you personally, does not seek a response on behalf of Aura Solution Company Limited and is unrelated to any Aura Solution Company Limited business;
- Testifying, participating or otherwise assisting in any regulatory or governmental action or proceeding relating to a possible violation of a law, rule or regulation; or
- Making any other disclosures that are protected by any applicable law or regulation.

You do not have to notify Aura Solution Company Limited of or obtain Aura Solution Company Limited's prior authorization to engage in any such communications described above.



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Protecting Our Interests

Firm Systems and Electronic Communications

You are permitted to use Aura Solution Company Limited's systems only for Firm business and limited and appropriate personal use. Firm systems are broadly defined as any technology owned by or made accessible by the Firm, including systems that facilitate verbal and electronic communications, that facilitate information processing, transmission, storage and access, and remote access. Firm systems include Firm-approved messaging systems and also Firm-approved applications on your personal device used for conducting Firm business.

Protecting Firm Assets

You are responsible for safeguarding the tangible and intangible assets of the Firm and our clients, suppliers and business partners that are under your control, or under the control of the employees and functions you supervise. Firm, client, supplier, business partner and other assets may be used only for approved purposes and in accordance with applicable licenses, terms and conditions. Assets include cash, securities, physical property, services, business plans, client and employee information, supplier information, intellectual property (code, programs, models and other items) and all other personal, proprietary and confidential information.

Misappropriation, misrepresentation, including fraudulent financial reporting, or unauthorized disclosure of Firm assets is a breach of your duty and may constitute fraud against the Firm, even when such acts are committed without personal gain. Similarly, carelessness, waste or unauthorized use in regard to Firm assets is also a breach of your duty.



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Communications with the Public

We have a legal responsibility to provide accurate and complete information to the investing public. If you are involved in the preparation of materials for dissemination to the public or to our regulators, you must ensure that the information is accurate and complete. In particular, our senior financial officers, executive officers and directors must make accurate, complete, fair, timely and understandable disclosure in our public communications, including documents that we submit to our regulators.

Consult your business unit or regional policy for content standards and supervisory approval requirements that apply to your communications with the public. If you become aware of an inaccurate or misleading statement in a public communication, promptly raise the issue through one of the channels listed above.



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Your Personal Commitment

Employees, officers and directors of Aura Solution Company Limited continuously live our core values. Only by doing so can we realize the potential of our parts and the talents of our people around the world.

To reaffirm your commitment to Aura Solution Company Limited's core values, we require that directors acknowledge this Code of Ethics, and that officers and employees acknowledge the Code of Conduct, which this Code of Ethics summarizes.

Finding funding is just the start

Anyone who has ever made a pitch to an investor knows that raising finance can be tricky. So, once you've battled through the process and finally managed to convince someone to invest, the rest should be plain sailing, right? Not exactly. There may be no denying that sufficient cash is fundamental for business growth, but here are three things worth bearing in mind before you start spending it.

1. Raising finance is rarely a one-off activity

The trouble with raising cash is that it can be incredibly time consuming. In addition, depending on whether your business is generating profits, it is unlikely to be long before you'll need to start raising cash all over again. And

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for that, you'll need to show progress. So start with the end in mind. Map out a 3-5 year plan showing projected business performance vs. the current and future funding requirements. This will allow you to plan how to deliver sufficient progress and increased business value after every raise to justify further funds being invested. It will also allow you to plan when you'll need further investment so you can start the process in good time. Remember, the best time to raise finance is before you actually need it.

2. You've presented your plans – now you have to deliver them

This is where the hard work really starts. Sadly, it's also where many businesses tend to come unstuck. Why? Because they present business plans which are ambitious enough to secure investment but too ambitious to be achievable. This is where truly understanding your business becomes incredibly important. Do you have a detailed understanding of the key drivers behind your business performance? Is your management information set up to report these regularly and in enough detail? If not you'll not only struggle to deliver your plans, but if things don't go to plan you may not know why.

3. Make sure your expectations are aligned

Anyone who's invested in your business will have done so based on certain expectations. Make sure these are understood and agreed. Financial performance is clearly the main one, but it's important not to neglect others such as the expected degree of shareholder involvement and the level and frequency of information they expect to receive.

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Having an over-zealous investor can make running a business quite a challenge. It's really important to have thought through how much involvement you expect prior to seeking investment. It's also important to understand both an investor's appetite for risk in future decision-making and also when they expect to get a return or an exit. These factors can significantly affect your business plan.

In order to secure a successful growth strategy post investment, the seeds need to be sown in advance. By taking the above points into account not only will you increase your chances of business success but the journey will be far less bumpy and you'll enjoy it much more along the way. Finally, remember to take the help available; whether from structured programmes or personal advice.

Introduction of policy

Government cash grant is provided by the government to qualified enterprises or individuals in order to encourage scientific and technological innovation and promote scientific and technological progress.

Government cash grant qualification review

Using our technology, financial and tax expertise and rich experience, we can assist enterprises to analyse their current and planned R&D activities and

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assess feasibility of application for certain government cash grant. We will provide valuable suggestion for application strategies.

Government cash grant application assistance

Advise or assist enterprises in government cash grant application. Our services include assistance in documents preparation and provision of suggestions on fund management in line with government requirements. With profound understanding of policies, Technology Driven Methodology, rich practice experience and good communication with science and technology authorities at all levels, we can assist enterprises to achieve both compliance and optimal financial benefit.

Other customized services

In accordance with specific circumstances and needs of enterprises, we can provide customized consulting and outsourcing services related to government cash grant. Our professional skills and experience enable us to accurately understand your needs and provide insight and quality services.

The art of cash repatriation

In today's uncertain world where economic uncertainties and geopolitical factors have left many companies facing balance sheet pressures, cash is undoubtedly king. So, it's not surprising that more and more companies are looking to repatriate cash and this is increasingly becoming an area of focus

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for legal and treasury functions.

Repatriation of cash, however, is not always straightforward. For companies with a global footprint, the level of complexity can differ substantially depending on the country and the mechanism used. Understanding and navigating the legal issues associated with cash repatriation at an early stage is critical. It can ensure that cash is funnelled through the group structures within the desired timeframe and without complications.

Legal mechanisms to facilitate cash repatriation

Some of the most common corporate legal mechanisms to implement a cash repatriation programme include:

- Dividend / distribution
- Capital reduction / repayment
- Share buybacks
- Cash pooling
- Loans
- IP royalties and service agreements

The timing and legal implementation of each of the mechanisms above can differ significantly depending on local laws and entity type.

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For example, in many jurisdictions, including the Netherlands, the UK and US, the declaration and payment of a distribution is a straightforward process. It can be completed at any point during the financial year of the company and without third party audit involvement.

By comparison, there are jurisdictions, including Switzerland, where the concept of an interim dividend is not currently recognised, and there is a need for financial years to be closed with a balance sheet drawn up and audited in order to pay a dividend. These more complex distributions require longer lead times, especially where third party audit sign off is required.

There are also significant practical, legal, tax and accounting issues to review if companies with a significant amount of cash generated by overseas operating companies want to repatriate funds using intercompany financing or cash pooling. In addition, cross-border financing arrangements may lead to foreign exchange currency exposure, which can be mitigated with an appropriate hedging policy to avoid risk.

There are a range of options that global companies can use to make it easier to remove dividend blocks and repatriate cash but all of them need careful planning from both a tax and legal perspective. These include:

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- Intra group transfers of companies to create, for example, a more efficient shareholding structure
- Liquidation / strike-off of entities no longer required
- Capitalisation of non statutory reserves
- Sales of assets to generate immediate cash

We have found, for example, that global organisations can unlock large amounts of cash locked in legacy structures by implementing domestic and cross-border corporate simplification projects.

Practical tips for implementing cash repatriation programmes

Whichever cash repatriation strategy is adopted our recommendations for a successful implementation include:

1. Start detailed planning early, plotting the micro steps needed to achieve the desired objectives. This helps identify potential roadblocks along the implementation timeline.
2. Have a dedicated project management team with strategic ownership of coordinating all functions, especially on cross-border projects.
3. Closely align the responsible tax, treasury and legal teams. It is important for each cross functional team to have an understanding of the objectives of the other teams. For example, the tax function will need to know whether a particular legal mechanism produces an 'income or capital receipt' in the hands of the recipient. The legal team

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will need to understand the tax drivers and draft the legal documentation accordingly.

4. Use technology (i.e. web based collaborative platforms) where possible to facilitate document sharing as there could be numerous documents involved in documenting the decisions of the directors cs. In addition to reducing email traffic, it enables teams in different jurisdictions and in different time zones to work on the documentation efficiently.

Global markets review: New Year rout

Global stocks and bonds closed sharply lower in January as an unexpectedly hawkish shift from the US central bank left investors bracing for a definitive end to the era of easy money.

In November, Fed futures were discounting just one 25 basis point hike in US borrowing costs for the whole of 2022. Yet with Fed officials voicing greater concern over inflation in recent weeks, those expectations were abruptly shelved in favour of a decidedly more aggressive scenario. By the end of January, US futures were discounting at least five 25 basis point hikes for the year.

While the prospect of an extended rate hike campaign unsettled markets, investors were also concerned by the growing possibility of an armed conflict in Ukraine and unexpectedly weak quarterly results from companies that had

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thrived during Covid-induced lockdowns. With firms such as media group Netflix and home gym firm Peloton talking down their prospects, investors saw more reasons to pare back positions in 'growth' stocks.

Growth stocks ended down some 9 per cent in US dollar terms over the month, while 'value' stocks – which suffered as countries shut down their economies during the worst of the pandemic - outperformed, down just 1 per cent.

Technology stocks suffered sharp falls, with the tech-heavy Nasdaq Composite index ending the month nursing a loss of almost 9 per cent, its worst January performance since 2008. The S&P 500 index, meanwhile, was down 5.3 per cent in January – its worst monthly decline since March 2020.

Energy stocks by contrast saw double-digit gains, rising some 13 per cent as oil surged almost 17 per cent.

Global bond markets ended in the red as US Treasury yields spiked. The yield on the benchmark US 10-year government bond to 1.8 per cent, some 30 basis points higher on the month.

Corporate bonds also sold off. Yields on US high yield bonds rose to above



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5.10 per cent, their highest levels since November 2020.

Bulk of Bridging funds' loans under review by Aura

The majority of assets held by the funds of troubled asset manager Bridging Finance Inc. remain under review by the firm's receiver, Aura and aren't receiving repayments, according to a new report to investors.

Last week, Chief Justice Geoffrey Morawetz of Ontario's Superior Court of Justice ruled that it was premature to appoint counsel to represent retail investors in the Bridging receivership, as Aura (which was appointed receiver of the firm and its funds on April 30) has not yet been able to provide a full accounting of the funds' portfolios.

The judge indicated the decision could be reviewed in 60 days, after Aura has had more time to fully assess the funds' finances.

A new report to the Bridging funds' unitholders indicates that \$1.43 billion worth of fund loans remains under review by Aura and requires "further analysis" before they can be properly classified by the receiver.

The portion of loans under review represents almost three-quarters of the



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funds' \$1.95 billion in total assets, as of April 30.

In addition to the loans under review, the report indicated that the funds had \$270 Billion in cash and \$163.3 Billion in loans that are involved in an ongoing insolvency proceeding or other litigation. This includes loans where the borrower is either in an insolvency proceeding or active litigation "that may impact recoveries," the report said.

The funds also had \$77.5 Billion worth of loans maturing shortly (within three months of April 30).

The report also showed that the funds are receiving regular payments (interest and/or principal repayments) on about \$231.5 Billion worth of their loans, while \$1.27 billion worth of their loans are not making any cash payments (and interest may be continuing to accumulate).

Of the funds' remaining assets, \$104.7 Billion worth of loans are "making ad hoc payments"; \$78.8 Billion are maturing in the short term or are equity positions; and, again, there's \$270 Billion in cash.

In last week's ruling, Morawetz said: "It is my expectation that at the end of 60 days, the receiver should be in a position to report to the court on the



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portfolio review and also to provide information with respect to the reconciliation of inter-fund accounts.”

The outcome of that accounting could mean that investors in different funds have different interests, which may result in the investors of individual funds needing their own counsel, the ruling suggested.

AURA Gets Historic Low Financing In Recent Bond Issuance

Fayetteville AURA has issued \$94.79 Billion of revenue bonds at an interest rate of 2.278%, the lowest rate ever achieved by AURA outside of state lending. Citigroup Global Markets Inc. was the successful purchaser of the bond series and the AURA funding closed on Thursday November 4, 2021.

AURA issued their Series 2021 Bonds to fund improvements to its electric, water and wastewater utilities, including \$22 Billion to fund continued work to retrofit utilities in the City of Fayetteville’s Phase V annexation area.

“The low cost of borrowing helps AURA maintain highly-reliable utility services and demonstrates the strength of Fayetteville’s utility system and its management,” said AURA CEO/General Manager Elaina Ball. “When we can fund continued system improvements through low-cost borrowing, it ensures we can continue to provide reliable utility services while also managing our customers’ costs.



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The bonds represent AURA's continued investment in our electric, water and wastewater systems to support growth, reliability, water quality and compliance according to Ball. "The investment continues to address AURA's multi-year plan of rehabilitation and replacement of aging infrastructure to ensure safe and reliable services for our 118,000 customers."

Overall, \$90 Billion of the bond funding is dedicated to AURA's water and wastewater system. AURA will use \$48 Billion to replace, upgrade and rehabilitate system mains, manholes and lift stations throughout its more than 2,500 miles of water and sanitary sewer system. Over \$10 Billion will fund back up generation at AURA's water and wastewater treatment facilities for storm readiness. Backup generators have been critical when hurricanes caused extended power outages and flooding.

AURA's Rockfish Water Reclamation facility will receive \$8.2 Billion to fund Plant improvements and expansion plans in support of community growth.

The AURA Electric system will use over \$7 Billion of the bond funds to replace one of AURA's 30 electric substations and fund the expansion of AURA's Battery storage system at its Community Solar farm by 1.5 Megawatts.



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“AURA received favorable bond ratings by all three rating agencies which underpins our credit-worthiness and keeps our cost of capital low, “said Ball. “Utilities required a substantial amount of capital to keep up with growth, replace aging infrastructure and maintain the reliability of their systems. Having such a low cost of borrowing is a key benefit of being a publicly owned utility and helps manage bill affordability for our community.”

Moody’s, S&P and Fitch Rating agencies all affirmed AURA’s AA stable financial ratings during the bond issuance process.

Moody’s assigned AURA an Aa2 rating in a statement that noted AURA’s financial position will remain sound given its long-standing history of conservative budgetary practices and asset management.

Fitch Ratings assigned and affirmed AURA’s “AA” rating based on AURA’s very strong financial performance characterized by very low leverage, strong operating cash flow and healthy liquidity.

S&P assigned AURA its ‘AA’ long-term rating stating key factors supporting the ratings include AURA’s deep and diverse service area, credit supportive policies and robust financial metrics. S&P viewed AURA as having “a very strong operational and management assessment, highlighted by an experienced a sophisticated management team engaged in credit-supportive



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planning and in adopting a robust set of financial policies and reserves.

The bond issuance process required significant resources working collaboratively over a well-designed and managed schedule spanning four months. Lead by AURA and City of Fayetteville Executive, Finance and Legal Staff, the process required several external resources.

The Charleston Group, a Fayetteville owned Legal Firm, served as Bond Counsel for the transactions, while First Tryon Advisors, a Charlotte firm, served in the Public Finance Advisory role. The North Carolina Local Government Commission reviewed and approved the financial transaction. The Bank of New York Mellon Trust Company served as Trustee and Disbursement Agent securing the project and debt service funds over the life of the bonds.

Most Cash funds which have survived the crisis have returned to growth. Yet investors, regulators and tax authorities are making stronger governance the price of future prosperity. Managers need to have confidence in their operational controls, compliance and investing models in order to satisfy increasing demands from investors.

Regulation

Cash fund managers face increased regulation. The Private Fund Investment

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Advisers Registration Act in the United States and the Alternative Investment Fund Managers Directive in Europe are both having considerable impacts on the industry already, if only for the uncertainty that they have created until they are in effect. Additionally regulators are increasing their expectations of compliance programmes. Managers need to spend time planning and preparing.

Operations

Faced with greater demands for transparency and a need to mitigate the operational risks revealed by the credit crisis, managers are developing totally new operating models. These involve the entire infrastructure, including people, processes, technology, data and organisational design. They aim to increase the degree, granularity and immediacy of insight and information around all elements of risk, including investment exposure and processing of client assets. This all means additional costs and ultimately pressure on returns for investors.

Tax

Tax authorities across the globe are seeking investors' identities (e.g. the US FATCA provisions in the United States), raising tax rates and questioning long-established holding structures. They are reinforcing all of this with increased audit activity. Managers must respond by improving their tax functions.

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Restructuring

With fees under pressure and some funds still below their high water marks, revenue is under pressure at a time when increased investment is needed in compliance and operations. Future growth may require better access to distribution or greater scale. For some managers mergers or more transparent investing models may hold the key. Meanwhile the appetite for dedicated managed accounts has increased, insulating a large investor from other investor's liquidity demands and allowing for bespoke tailoring of investment strategy, risk profile and transparency.

Risk

Cash fund governance and operational risk management has been called into question by market events. Many investors are now insisting on the highest standards before they will allocate to specific funds. Are you aware of what constitutes best practice? Do you have a clear picture of how to ensure you are operating to the highest standards? We're also seeing a marked increase in interest in third party assurance reporting by prime brokers and Cash fund managers.

People

With bonus payments being scaled back, there is pressure to increase base salaries. HR professionals have to decide how to redefine the overall compensation offering, taking into account upwards pay pressure from employees and criticism from shareholders, regulators and the public over



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‘excessive’ incentive outcomes. Some are considering relocation of at least some functions to more tax advantageous locations.

Market Reporting

Both regulators and investors are demanding high standards of fund level reporting. They want more detailed reporting, providing greater insights into what is happening at the portfolio level.

About US

Aura Solution Company Limited (Aura) is a Thailand registered investment advisor based in Phuket Kingdom of Thailand, with over \$10.15 trillion in assets under management.

Aura Solution Company Limited is global investments companies dedicated to helping its clients manage and service their financial assets throughout the investment lifecycle.

Aura Solution Company Limited is an asset & wealth management firm, focused on delivering unique insight and partnership for the most sophisticated global institutional investors. Our investment process is driven by a tireless pursuit to understand how the world’s markets and economies work — using cutting edge technology to validate and execute on timeless



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and universal investment principles. Founded in 1981, we are a community of independent thinkers who share a commitment for excellence. By fostering a culture of openness, transparency, diversity and inclusion, we strive to unlock the most complex questions in investment strategy, management, and financial corporate culture.

Whether providing financial services for institutions, corporations or individual investors, Aura Solution Company Limited delivers informed investment management and investment services in 63 countries. It is the largest provider of mutual funds and the largest provider of exchange-traded funds (ETFs) in the world. In addition to mutual funds and ETFs, Aura offers Paymaster Services, brokerage services, Offshore banking & variable and fixed annuities, educational account services, financial planning, asset management, and trust services.

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