



LOMBARD ODIER
INVESTMENT MANAGERS

Conflicts of Interest Policy

Lombard Odier Funds (Europe) S.A.

Policy Document

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Definitions

AIF	means Alternative Investment Fund and includes UCI and SIFs
AIFM	means Alternative Investment Fund Manager. The Management Company should apply for the status of AIFM in the first quarter 2014 and not later than 30 June 2014.
Board of Directors	is a group of individuals that are elected as representatives of the shareholders. The basic responsibility of the board of directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the company and its shareholders.
Board Secretary	is in charge of administering and implementing corporate governance practices to meet the Board's needs and shareholder expectations, manages all Board and Committee meeting logistics, and ensures that the Board members have the proper advice and resources for discharging their fiduciary duties to shareholders under the law.
CSSF	means Commission de Surveillance du Secteur Financier
CSSF Regulation 10/4	means the CSSF Regulation 10-4 transposing Commission Directive 2010/43/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards organizational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company.
CSSF Circular 12/546	means the CSSF Circular 12/546 on authorisation and organisation of Luxembourg management companies subject to Chapter 15 of the Law of 17 December 2010 on undertakings for collective investment.
Compliance	compliance team of the Management Company
Compliance Officer	means the Compliance Officer of the relevant Company
Dirigeants	means the conducting officers of the Management Company
FCP	means Fonds Commun de Placement for which the Management Company acts as management company
Fund	means collective investment scheme (whether in the form of an FCP or in the form of a SICAV) for which the Management Company acts as management company or investment manager as the case may be
Law of 13 February 2007	means the Law of 13 February 2007 as modified by the Law of 26 March 2012 relating to Specialised Investment Funds (SIF)
Law of 17 December 2010	means the Law of 17 December 2010 concerning Undertaking for Collective Investment
LOIM	Lombard Odier Investment Managers
LOIM Group	Consists of the following companies: Lombard Odier Asset Management (Switzerland) SA Lombard Odier Asset Management (Europe) Limited Lombard Odier Asset Management (USA) Corp Lombard Odier Funds (Europe) S.A. Each an "LOIM Company " and ultimately owned by LO Holding SA
LO Group	means Lombard Odier Group and includes Banque Lombard Odier & Cie SA and other subsidiaries of Compagnie Odier SCA.
LOF Europe	Lombard Odier Funds (Europe) S.A.
LO Holding SA	shareholder of LOIM Group which is structured as a Swiss private holding company and wholly owned by Compagnie Lombard Odier SCmA.
Management Company	means Lombard Odier Funds (Europe) S.A. or Lombard Odier Asset Management (Switzerland) SA

Parent Company	Compagnie Lombard Odier SCmA
Policy	a document which sets forth requirements applicable to persons subject to the supervision and control of the LOIM Group. The LOIM Group policies provide a means by which those persons can familiarize themselves with their responsibilities as they relate to laws, rules and regulations that govern the activities of the LOIM Group.
Professional Rules of Conduct	means the professional standards employees are required to apply and to respect as defined in the Code of Ethics/rules of conduct of the Management Company
Shareholder”, “Investors” and “Client”	means holder of fund’s shares/units
SICAV	means Société d’Investissement à Capital Variable for which the Management Company acts as management company or investment manager
SIF	means Specialised Investment Funds following the Law of 13 February 2007
UCITS	means undertakings for collective investment on transferable securities following the Part I of the the Law of 17 December 2010
UCI	means undertakings for collective investment following the Part II of the the Law of 17 December 2010

1. Purpose

The purpose of this Conflicts of Interest Policy is:

- a) to identify by reference to the specific services and activities carried out by (or on behalf of) the Management Company potential and existing conflicts of interest entailing a risk of damage to the interests of a Fund or its shareholders; and
- b) to specify procedures to be followed and measures to be adopted in order to manage such conflicts in an independent manner, and
- c) to communicate this information to all employees in the Management Company.

2. Regulatory background

2.1. UCITS

In accordance with the articles 109 (1) b) and 111 d) of the Law of 17 December 2010 concerning Undertaking for Collective Investment, a Management Company shall be required to be structured and organised in such a way as to minimise the risk of UCITS or clients’ interests being prejudiced by conflicts of interest.

The Management Company shall try to avoid conflicts of interests and, when they cannot be avoided, ensure that the UCITS it manages are fairly treated.

Moreover, the CSSF Regulation 10-4 specifies in its Chapter III, from article 18 to article 23, the measures which the Management Companies are required to take in order to comply with the conflicts of interest safeguards defined in the above articles 109 (1) b) and 111 d).

Ultimately, the CSSF Circular 12/546 in its section 5.2.6. introduces effective clarifications on the implementation of:

- a Conflicts of Interest Policy
- a strategy for the exercise of voting rights

2.2. SIF/AIF

In accordance with the article 42bis (2) of the law of 13 February 2007 as modified by the Law of 26 March 2012, Specialised Investment Funds (SIF) shall be structured and organised in such a way as to minimise the risks of the investors’ interests being prejudiced by conflicts of interest between the SIF and, as the case may be, any person contributing to the activities of the SIF or any person linked directly or indirectly to the SIF. In case of potential conflicts of interest, the SIF shall ensure that the interests of investors are safeguarded.

In accordance with the article 13 of the law of 12 July 2013, AIFM must take all reasonable steps to identify conflicts of interest, including maintain and apply an effective organisational and administrative arrangements.

In case of the use of a Prime Broker, AIFM must exercise due skill, care and diligence in their selection and in the writing of the contract.

3. Scope of the policy

The Management Company applies the duty to reduce conflicts of interest of UCITS and UCI as well as SIFs

4. Independence in the management of conflicts of interest

The Management Company has appointed a Compliance Officer, who is responsible as an independent position for active management of conflicts of interest. Compliance assist in the process of management but it is each employees responsibility to manage conflicts.

Active management of conflicts of interest is understood to mean in particular the following tasks:

- Identification of actual and potential conflicts of interest
- Mitigating conflicts of interest
- Resolution of conflicts of interest
- Maintenance of a conflicts of interest register ("Register")
- Initiating the disclosure of unresolved conflicts of interest
- Monitoring of conflicts of interests for outsourced activities
- Regular reporting to the Board of Directors
- Disclosure to investors

5. Summary of the requirements

5.1. Identifying Conflicts

The article 109 (1) b) of the Law of 17 December 2010 concerning Undertakings for Collective Investment and the article 13(1) of the law of 12 July 2013 on AIFM require a Management Company to take all reasonable steps to identify conflicts of interest between:

- the Management Company (including its managers, employees or any person directly or indirectly linked to the Management Company by way of control) and its clients,
- between two of its clients,
- between one of its clients and a Fund,
- between two Funds or
- between any of the above entities

that arise or may arise in the course of providing any services.

5.2. Types of Conflicts

The article 19, paragraph 1 of CSSF Regulation 10-4 requires that Management Company takes all reasonable steps to identify conflicts of interest that may arise in the course of providing services and activities and whose existence may damage the interests of a Fund. The Management Company shall take into account, by way of minimum criteria, the question of whether the Management Company or a relevant person, or a person directly or indirectly linked to the Management Company by way of control, is in any of the following situations due to a conflict of interest:

- a) the Management Company or that person is likely to make a financial gain, or avoid a financial loss, at the expense of the Fund;
- b) the Management Company or that person has an interest in the outcome of a service or an activity provided to the UCITS or another client or of a transaction carried out on behalf of the UCITS or another client, which is distinct from the Fund interest in that outcome;
- c) the Management Company or that person has a financial or other incentive to favour the interests of another client or group of clients over the interests of the Fund;
- d) the Management Company or that person carries on the same activities for the Fund and for another client or clients which are not Funds;
- e) the Management Company or that person receives or will receive from a person other than the Fund an inducement in relation to collective portfolio management activities provided to the Fund, in the form of monies, goods or services, other than the standard commission or fee for that service.

If the Compliance Officer determines that one or more of the abovementioned criteria apply, the conflict of interest thus identified is documented in writing in a conflicts of interest register and included in the active management of conflicts of interest.

5.3. Segregation of functions

The Management Company is required to segregate the duties of the senior management so as to avoid conflicts of interests as required by the article 21 of CSSF Regulation 10-4.

5.4. *As Member of a Group*

In compliance with article 20 paragraph 1 of CSSF Regulation 10-4, as member of the Lombard Odier Group, the Management Company policy shall also take into account any circumstances of which the company is or should be aware which may give rise to a conflict of interest resulting from the structure and business activities of other members of the group.

The conflicts of interest policy established in accordance shall include the identification, with reference to the collective portfolio management activities carried out by or on behalf of the management company, of the circumstances which constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of the Funds or one or more other clients;

5.5. *Conflicts of Interest in the case of outsourced activities*

With regard to the activities of third parties that perform delegated tasks of the Management Company, the adherence to the principles of this conflicts of interest policy are checked and documented in the context of the due diligence audits and outsourcing controls.

5.6. *Disclosure of conflicts to clients*

Article 22, paragraph 3 of CSSF Regulation 10-4 and Section 5.2.6.1 of the CSSF Circular 12/546 requires that where the arrangements made by the Management Company are not sufficient to ensure with reasonable confidence that the risk of damage to the interests of the Fund or its shareholders will be prevented, the Management Company:

- a) must clearly disclose, in a durable medium, the general nature and source of the conflict of interest to the client before undertaking business for the client; and
- b) must provide sufficient detail to enable that particular client to take an informed decision in relation to the service offered

5.7. *Responsibilities of staff*

It is the responsibility of all employees to familiarise themselves with this Policy and to report conflicts of interest to their line manager who will in turn report them to the Compliance Officer. Failure to adhere to this policy can be taken to be a breach of an employee's contract.

Overall responsibility for Conflicts of Interest lies with the Board of Directors. The Compliance Officer is responsible for the day-to-day administration of the Policy.

The Compliance Officer will work with line management to identify Conflicts of Interest, record conflicts and the mitigating action in the Conflicts Register and report the situation to the Board of Directors for consideration.

The Board of Directors via the Compliance Officer has responsibility for ensuring that staff are aware of the aspects of the Policy relevant to them.

All employees have a responsibility for carrying out aspects of the policy that are relevant to them.

6. Situations in which conflicts of interest could arise

The purpose of this section is to set out typical situations in which conflicts of interest arise and are managed in the course of the Management Company's day-to-day business so that employees are better equipped to identify, report and assist in eliminating or managing conflicts.

Set out under the suggested headings below the circumstances in the business of the Management Company which give rise to the possible conflict of interest and the procedures and measures adopted to manage the conflict. Use the entries on the conflicts of interest Register to provide the subject headings, statement of risk and the procedures and measures adopted.

Suggested Headings:

- a) Potential misuse of information
- b) Remuneration Policy/Performance Related Fees
- c) Disparity between performance fees for different funds
- d) Personal Account Dealing
- e) Personal Interest in Funds
- f) Staff on notice to leave
- g) Inducements/Gift/Entertainment
- h) Cross Trading between funds
- i) Trade and Initial Public Offering allocations
- j) Ineffective use of ownership right
- k) Excessive trading (churning)
- l) Multiple mandates

- m) Outside business activities
- n) Family/friend/related persons/ inside interest
- o) Political contributions
- p) Valuation policy
- q) Late trading
- r) Market timing
- s) Use of affiliated intermediaries (e.g. in security lending)
- t) Support of securities underwritten by affiliates

7. Arrangements for managing conflicts

7.1. Governance

- a) The Management Company has robust governance arrangements. Key business decisions are taken by the Board of Directors and are recorded.
- b) The Compliance Officer reports directly to the Board
- c) The Management Company has rules laid out in the standard employment terms and conditions, governing employee conduct, including Personal Account Dealing (refers to the Code of Ethics, section Personal Trading Policy) which control and mitigate conflicts of interest. The Management Company also maintains a Conflicts of Interest Register (see Appendix I).

7.2. Reporting Lines

The Management Company has defined clear reporting lines. An organisational chart is maintained in the application for CSSF Licence.

7.3. Segregation of functions

Segregation of functions are met by segregating duties as appropriate to avoid conflicts of interest wherever possible. These duties are set out via job descriptions, procedure manuals and organisation charts. Ensuring these duties remain segregated is the responsibility of line managers as advised by the Compliance Officer.

7.4. Remuneration/Compensation Arrangements

- a) Potential conflicts arising and arrangements for controlling/mitigating them are identified in the Conflicts of Interest Register. (Appendix I)
- b) The Management Company has a Compensation Policy in line with CSSF circular 10/437.

7.5. Disclosure of Conflicts

Employees, Dirigeants and Directors are required to disclose conflicts of interest. Employees will disclose any conflicts of interest to their line manager who in turn will inform the Compliance Officer. Dirigeants and Directors will disclose any conflicts directly to the Compliance Officer. The Compliance Officer will record in the appropriate register and inform the Board of Directors of any action taken.

The conflicts register contains information on:

- the sequence number of the conflict,
- a designation of the type of the conflict,
- a description of the conflict,
- the parties which interests are in conflict,
- the conflict rating (High, Medium, Low),
- a description of the measures taken to mitigate the conflict of interest,
- the net rating (High, Medium, Low), i.e. the rating of the conflict taking into account the mitigating measures,
- the indication of disclosure on a durable medium (only in case on net rating is high or medium).

7.6. Disclosure to Clients

If arrangements to manage a conflict of interest are not sufficient to ensure with reasonable confidence that the risk of damage to that client's interests is prevented, the client will be informed in a durable medium, of the general nature and/or source of the conflict in such a way that an informed decision can be made by that client before business is undertaken. The durable medium is described in the conflicts of interest Register.

7.7. Recruitment

In recruiting individuals their fitness and propriety is considered by the Compliance Officer as well as technical and managerial ability. Suitable background checks are made and references are taken up.

7.8. Training

Compliance training relevant to conflicts of interest forms part of the annual training needs analysis. The Compliance Officer ensures that appropriate training is devised and delivered.

7.9. Compliance and Procedures Manuals

Systems and controls are documented in the procedures manuals which are reviewed at least once a year to ensure they are fit for purpose.

In addition to this Policy, the Management Company has

- a Remuneration Policy,
- a Voting Right Policy,
- a Best Execution policy (included in the Rules of Conduct Procedure) and
- a Personal Account Dealing Policy (included in the Code of Ethics).

7.10. Management Information

Management information relevant to identifying conflicts is reviewed by the Compliance Officer.

7.11. Verifying Compliance

The principal means of verifying that these policies have been complied with will be an annual compliance review undertaken by the Compliance Officer. The Compliance Officer will have the responsibility of considering compliance with the policy on a regular basis and will report formally to the Board of Directors.

7.12. Escalation

The Board of Directors is informed on an ad hoc basis on the occurrence of (potential) conflicts of interest.

7.13. Approval

This Policy will be reviewed by the LOIM Policy & Documentation Committee and approved by the Board.

7.14. Availability

This current up-to-date Policy can be obtained by investors free-of-charge on request to the Management Company.

Appendix I : Conflicts of Interest Register

Conflicts of Interest Register (if net rating is High (H) or Medium (M) – the conflict is disclosed)							
Conflict Type	Conflict Description	Parties involved in the Conflict	Conflict rating (High, Medium, Low)	Measures to mitigate the conflict	Net rating (High, Medium, Low)	Disclose Conflict Y/N & Medium	
1. Personal Account Dealing	To ensure personal transactions of employee do not conflict the funds and investors' interests	Employee	High	Personal Account Dealing Policy in place	L	N	
2. Employee Remuneration	To ensure staff remuneration do not conflict the funds and investors' interests	Employee	High	Compensation Policy in place	L	N	
3. External Activities	To ensure external activities of employees do not conflict with their job.	Employee	High	Employment contracts designed to prohibit external professional activities except under certain conditions.	L	N	
4. Political contributions	To ensure political contributions of employee do not conflict with the funds and investors' interests	Employee	High	Political Contribution policy in place	L	N	
5. Multi-functions	To ensure employees having multi- functions within entities of the Lombard Odier Group and in the governing bodies of the funds do not conflict with the funds and investors' interests	Employee	High	Annual Training on conflicts of interest.	M	Y Multi- functions conflicts are disclosed in the fund prospectus.	
6. Inducements /Gifts	To ensure that gift or inducement will not influence the Employee's duties	Employee	High	Gift Policy in place, as well an annual self-certification. Gifts are required to be pre-approved by the Compliance Officer.	L	N	
7. Investment Management	To ensure there is no excessive churning	Investment Manager	Medium	Risk department monitors the portfolio turnover.	L	N	

Conflicts of Interest Register
(if net rating is High (H) or Medium (M) – the conflict is disclosed)

Conflict Type	Conflict Description	Parties involved in the Conflict	Conflict rating (High, Medium, Low)	Measures to mitigate the conflict	Net rating (High, Medium, Low)	Disclose Conflict Y/N & Medium
8. Investment Management	To ensure that no personal or proprietary trades have been undertaken by the Investment Manager in conflict with the orders for the Sub-Fund	Investment Manager	High	For external managers, quarterly compliance declaration are requested For group internal managers, group policies are in place and no proprietary trade exists.	L	N
9. Investment Management	To ensure that no gifts or inducements have been received by the Investment Manager which could create a conflict (or potential conflict) with its fiduciary duty to the Sub- Fund	Investment Manager	High	For external managers, quarterly compliance declaration are requested. For group internal managers, group policies are in place.	M	Y E.g.: Reception of soft commissions by investment managers are disclosed in the annual report of the fund
10. Investment Management	To ensure that Investment Manager internal securities transactions (cross-trading), i.e. purchase or sale of securities between the Sub-Fund and other accounts managed by the Investment Manager do not conflict with the funds and investors' interests	Investment Manager	High	Cross trades are allowed under certain requirements. For external managers, quarterly compliance declaration are requested. Cross trades policy in place for group internal managers.	L	N
11. Investment Management	To ensure the Investment Manager has always insured that no security trade has been done while in possession of material, non- public information or in a way that could constitute market abuse following any relevant law.	Investment Manager	High	For external managers, quarterly compliance declaration are requested For group internal managers, group policies are in place.	L	N

Conflicts of Interest Register
(if net rating is High (H) or Medium (M) – the conflict is disclosed)

Conflict Type	Conflict Description	Parties involved in the Conflict	Conflict rating (High, Medium, Low)	Measures to mitigate the conflict	Net rating (High, Medium, Low)	Disclose Conflict Y/N & Medium
12. Investment Management	To ensure the manager an effective and fair use of ownership right	Investment Manager	Medium	Proxy Voting Policy in place	L	N
13. Investment Management	To ensure a fair allocation	Investment Manager	Medium	Allocation Process in place	L	N
14. Security Valuation	To ensure the valuation of securities do not conflict with the funds and investors' interests	Investment Manager	High	Valuation Committee and valuation policy in place	L	N
15. Affiliates	To ensure the use of affiliated entities do not conflict with the funds and investors' interests (e.g. affiliate counterparty for security lending)	Investment Manager	High	Best execution policy in place	L	N
16. Late trading	To ensure late trading may not take place in order to favour certain investors	Investors	High	Procedures of the transfer agent to avoid late trading in place	L	N
17. Market Timing	To ensure market timing may not take place to favour certain investors	Investors	High	Procedure of subscriptions in the prospectus prevents market timing practices.	L	N