



**LOMBARD ODIER**  
INVESTMENT MANAGERS

# Proxy Voting Policy

## Lombard Odier Funds (Europe) S.A.

### Policy Document

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## 1. Purpose

To set out the policy for the exercising of voting rights in respect of companies in which Lombard Odier Funds (Europe) S.A.(the “Company”) invest on behalf of Funds.

## 2. Definitions

<b>AGM</b>	means Annual General Meeting
<b>Board of Directors</b>	means the board of directors of LO Funds (Europe) S.A.
<b>CSSF Regulation 10-4</b>	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
<b>Dirigeants</b>	means the conducting officers of LO Funds (Europe) S.A.
<b>EGM</b>	means Extraordinary General meeting
<b>Fund</b>	means investment collective scheme subject to December 2010 Law (Part I and Part II) administered by the Firm, as well as Specialized Investment Fund
<b>Law of 17 December 2010</b>	means the Law of 17 December 2010 concerning Undertaking for Collective Investment
<b>Law of 13 February 2007</b>	means the Law of 13 February 2007 as modified by the Law of 26 March 2012 relating to Specialised Investment Funds (SIF)
<b>LOIM Group</b>	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
<b>Management Company</b>	means LO Funds (Europe) S.A.
<b>Shareholder”, Investors” and “Client</b>	means holder of fund’s shares/units
<b>SIF</b>	means Specialised Investment Funds following the Law of 13 February 2007
<b>UCITS</b>	means undertakings for collective investment on transferable securities following the Part I of the the Law of 17 December 2010
<b>UCI</b>	means undertakings for collective investment following the Part II of the the Law of 17 December 2010

## 3. Summary

The Company acts as the Management Company or the Manager of Funds. As such, the Company delegates asset management responsibility to a nominated Investment Manager, either of the LOIM Group or external Managers.

In accordance with article 23 of the CSSF Regulation 10-4, the Company has adopted the policies and procedures set out below regarding the voting of proxies on securities held in Fund accounts (“Policy”). These policies and procedures are designed to ensure that where the Company has the authority to vote proxies, the Company complies with its legal, fiduciary and contractual obligations. In particular, the company must develop adequate and effective strategies for determining when and how voting rights attached to instruments held in the Funds’ portfolios are to be exercised, to the exclusive benefit of the UCITS concerned.

## 4. Guiding principles

Proxy voting and the analysis of corporate governance issues in general are important elements of the portfolio management services we provide to the Funds who have authorised us to address these matters on our behalf. Our guiding principles in performing proxy voting are to make decisions that (i) favour proposals that in the Company's view tend to maximise Fund's shareholder value, (ii) are not influenced by conflicts of interest and (iii) factor the cost to the Funds (e.g., ballot charges or shareblocking). These principals reflect the Company's belief that sound corporate governance will create a framework within which a company can be managed in the interests of its shareholders.

Moreover, the Management Company ensures that the exercise of voting rights are in accordance with the investment objectives of the Funds.

The Company seeks to fulfil its proxy voting obligations through the implementation of this policy. In this connection, the Company has retained a third-party voting service ("Proxy Service") (currently Institutional Shareholder Services) to assist in the implementation of certain proxy voting related functions. Among its responsibilities, the Proxy Service prepares a written analysis and recommendation (a "recommendation") of each proxy vote.

## 5. Use of a proxy service

As discussed above, the Company utilizes a Proxy voting service to assist in the implementation and administration of the Company proxy voting function. The proxy voting service assists the Company in the proxy voting service by providing operational, record-keeping and reporting services.

The Company conducts periodic due diligence meetings with the proxy voting service which include but are not limited to, a review of the proxy services, general organisational structure, new developments with respect to research & technology, work flow improvement and internal due diligence with respect to conflicts of interest.

The Company may hire other service providers to replace or supplement the proxy service with respect to any of the services the Company currently receives from the proxy service. In addition, individual Portfolio Management Teams may supplement the information and analysis the proxy service provides from other sources.

## 6. Applicable policy

Currently the rules of engagement are as follows:

- Funds of Funds have a "no vote" policy.
- Voting only takes place on positions being free from securities lending and representing more than USD 1 million or 1% of the portfolio's net asset value. The Company may recall a lent security upon request of the investment manager. A determination of whether to seek a recall will be based on whether the applicable Portfolio Management Team determines that the benefit of voting outweighs the costs, lost revenue, and/or other detriments of retrieving the securities, recognising that the handling of such recall requests is beyond the Company's control and may not be satisfied in time for the Company to vote the shares in question.
- In case of voting, a systematic vote will take place on 100% of the position, except for the equities issued by a country with shareblocking requirements (see Appendix A: Global Market Matrix) for which the following will apply:
  - Long only funds – systematic voting on 70% of the position
  - Swiss funds – systematic voting on 70% of the position
- Voting will be in accordance with ISS' guidelines with the exception of "material events", i.e. mergers, IPOs, liquidations, spin-off, etc) which require the input from the investment manager on any decision to be taken (before a cut-off time given by ISS, otherwise the automatic vote following ISS's recommendations will be generated).
- The Company must inform ISS of any launch, liquidation, merger, change of name, etc of any funds covered by this policy.

## 7. Procedure

The procedure for implementing voting is based on the following principles:

- The relevant Custodian and Prime Brokers will provide a daily statement of holdings (via SWIFT) to ISS.
- The Company will provide on a monthly basis a list of positions to vote in accordance with policy described above.
- ISS will undertake an analysis of the holdings and where a corporate action is taking place and depending whether it is a material event or normal day to day business, will vote on behalf of the Company.
- Voting will follow the abovementioned rules of engagement.
- Where a material event is taking place, ISS will notify the Company by e-mail, the event, its recommendation and the vote cut-off time. The Company will liaise with the Investment Manager of the relevant fund impacted for his approval or voting decision. In case of a different vote communicated by the Investment Manager, the Company will input a new vote via the Platform ISS (before cut-off time, as specified by e-mail). Otherwise ISS will vote according to its recommendations.
- In case the Investment Manager would like to attend physically the AGM or EGM, ISS shall be informed of this early enough before the cut-off time, so that they can require the Custodian Bank to issue a certificate of holding mentioning among other details the personal references of the person who will attend the AGM or EGM.

On occasions (as special situations may demand), ISS, at the request of the Company, may refrain from voting on a proportion of the relevant portfolio so as not to adversely affect the management of a fund.

If a security has been lent and the investment manager wishes to exercise the voting on that particular security, the Company or ISS will inform the LO Group's Securities Lending Section or the relevant Prime Broker, as applicable, to recall the relevant security.

See Appendix B for a more detailed flowchart of the procedure.

## 8. Conflicts of interest

In case the Investment Manager decides not to follow an ISS recommendation, a committee will be convened by Lombard Odier Funds (Europe) S.A. in order to resolve the issue. This committee will be made up of the Investment Manager of the fund which is concerned by the decision to be taken, one director of Lombard Odier Funds (Europe) S.A., the Compliance Officer and one Employee of the Department "Reporting, Domicile and Taxes". The decision taken by this committee will be actioned by the Department "Reporting, Domicile and Taxes" and reported for information by Lombard Odier Funds (Europe) S.A. to the Board at the next Board meeting.

To ensure the use of affiliated entities do not conflict with the funds and investors' interests, ISS will not provide recommendation for affiliated companies of ISS.

## 9. Reporting

- ISS will maintain a summary register of the votes exercised and the Dirigeants will prepare a report for the Board of Directors detailing voting undertaken for the funds.
- A description of the proxy voting strategy adopted by Lombard Odier and the details of the actions taken on the basis of this strategy may be obtained free of charge, upon request of the shareholders, from Lombard Odier Funds (Europe) S.A.
- According to article 23 (3) of the CSSF Regulation 10-4, this Policy is made available to investors via the website [www.loim.com](http://www.loim.com)
- In accordance with the same article, any investors may request free of charge the details of the voting actions taken.

## 10. Reference documents

[1] List of Funds under ISS Services

Lombard Odier Funds (Europe) SA

## Appendix A

### Global Market Matrix



Appendix A  
Market Matrix

### Share-blocking Requirements

Country	Share-blocking Start Period	Share-blocking End Period	Impact of Second Calls
Argentina	Generally 3-7 business days prior to meeting date.	1 business day following successful conclusion of the meeting.	If a meeting goes to 2nd call, shareholder must re-submit instructions.
Belgium <sup>1</sup>	Varies by issuer.	1 business day following successful conclusion of the meeting.	If a meeting goes to 2nd call, shareholder must re-submit instructions.
Egypt	Generally 3 business days prior to meeting date.	1 business day following successful conclusion of the meeting.	Not applicable.
Iceland	Varies by Sub-custodian	1 business day following record date.	
Kazakhstan <sup>2</sup>	Varies by Issuer.	1 business day following successful conclusion of the meeting.	Not applicable.
Lebanon <sup>3</sup>	Varies by Issuer.	1 business day following successful conclusion of the meeting.	Not applicable.
Luxembourg <sup>4</sup>	Varies by issuer.	1 business day following successful conclusion of the meeting.	If a meeting goes to 2nd call, shareholders may need to re-submit instructions.
Mauritius	Varies by issuer.	1 business day following successful conclusion of the meeting.	Not applicable.
Morocco	Generally 1 business day prior to meeting date.	1 business day following successful conclusion of the meeting.	Not applicable.
Netherlands Antilles <sup>5</sup>	Varies by Issuer.	1 business day following successful conclusion of the meeting.	Not applicable.
Netherlands <sup>6</sup>	Varies by issuer.	1 business day following successful conclusion of the meeting.	Not applicable.
Norway <sup>7</sup>	Varies by Sub-custodian	1 business day following successful conclusion of the meeting.	Not applicable.
Slovakia <sup>8</sup>	Varies by issuer.	1 business day following successful conclusion of the meeting.	Not applicable.
Switzerland <sup>9</sup>	Varies by issuer.	1 business day following successful conclusion of the meeting.	Not applicable.
Turkey	Generally 7 business days prior to meeting date.	1 business day following successful conclusion of the meeting.	Not applicable.

#### Notes:

1 Share-blocking has been abolished, however, blocking may still apply to some issuers as they incorporate these changes into their articles of association.

2 Kazakhstan is not a share-blocking market, however share-blocking practices may vary depending on the underlying country of issue.

3 Lebanon is not a share-blocking market, however share-blocking practices may vary depending on the underlying country of issue.

4 Blocking varies from meeting to meeting, therefore shares may be unblocked as re-vote may be required. The EU Shareholder Rights Directive came into effect on Jul. 1, 2011 and the abolishment of share-blocking for companies whose shares are listed on a regulated market is under review.

5 Netherlands Antilles is not a share-blocking market, however share-blocking practices may vary depending on the underlying country of issue.

6 Share-blocking is no longer in effect for listed companies. Un-listed companies are not required to comply with the EU Directive and therefore, share-blocking may still apply to those issuers.

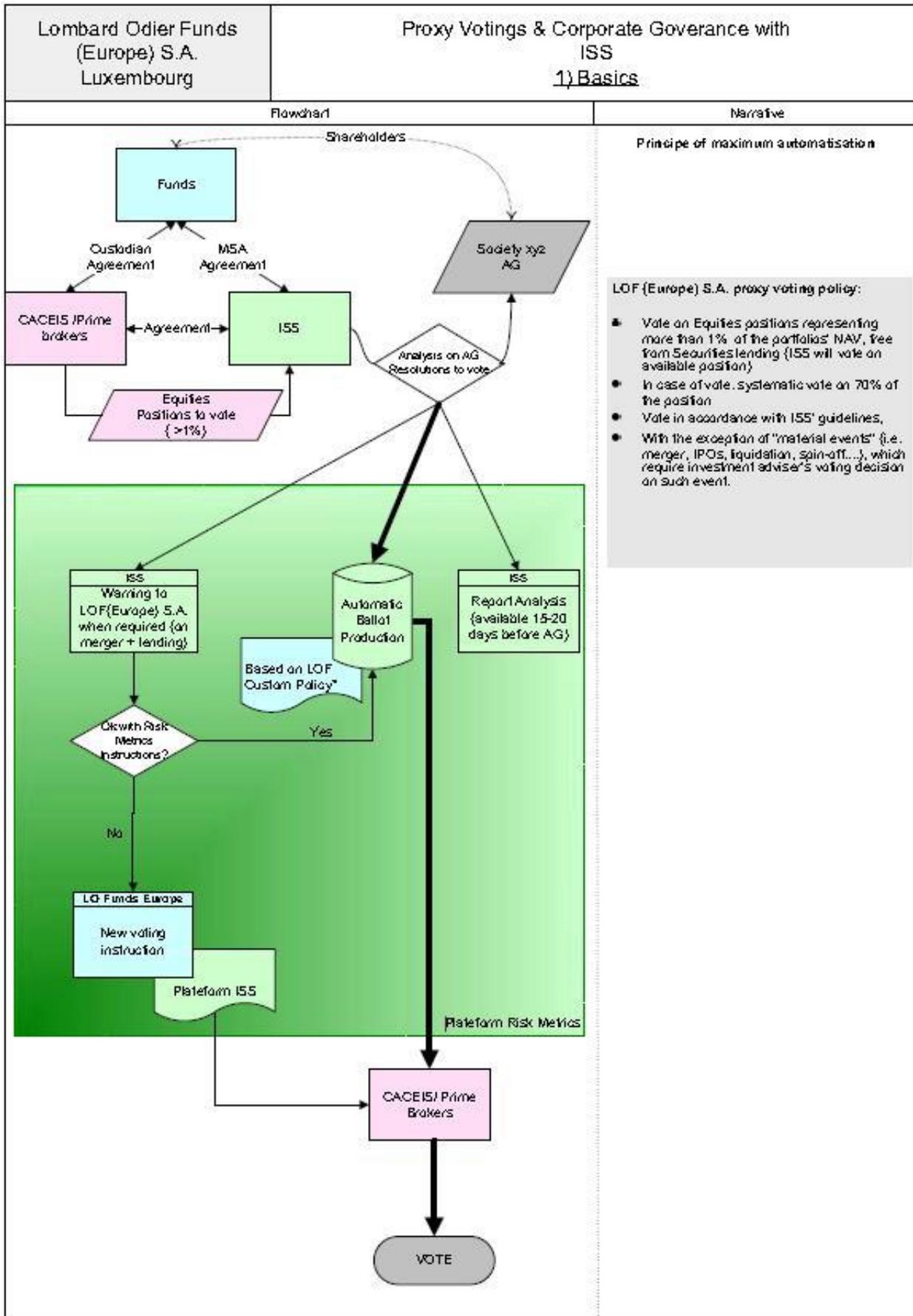
7 Norway is not de facto a non-share blocking market. However, some custodians / sub-custodians freeze shares as part of the share re-registration process.

8 While the EU Directive has come into effect, its provisions only apply to shares traded on the regulated markets, therefore share-blocking may still apply for some issuers.

9 Generally speaking, only bearer-type shares are subject to blocking. However, some local sub-custodians block all types of shares while others do not block any types of shares.

# 11. Appendix B

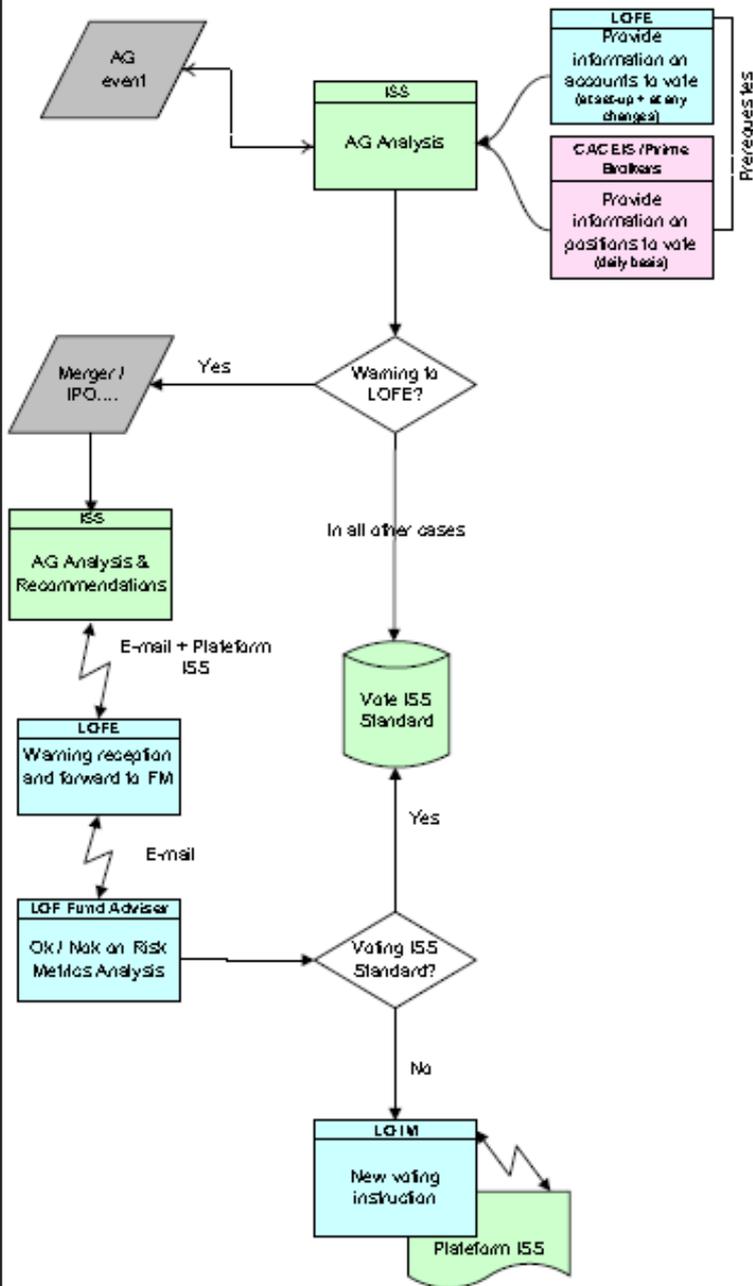
## Procedure Flowchart



2) Warning system

Flowchart

Narrative



1- Prerequisites

- Setup Implementation. LOF (Europe) have to provide ISS on list of accounts to vote and list of users of the platform
- At any changes in the list of accounts to vote (launch, merger, liquidation, change name), LOF(Europe) will have to inform Risk Metrics by e-mail ISS
- List of positions to vote. CACEIS (via OLIS) and CITCO (via Aexeo) will provide on bi-monthly basis list of position to vote + the portion of position in lending. LOFE will filter positions representing more than 1% of sub-funds portfolio free from securities lending. This document will be sent to ISS for implementation in their system.

2- Warning on AG material events

Risk Metrics, via the Platforms + e-mail to LOFE will alert on a special event in a AG, as decided by LOFE policy. merger, IPO... in order to check if LOF related sub-funds adviser agrees with ISS Recommendations. (checking of relevant sub-fund and related adviser with the li fichier des positions filtrées )

ISS warning e-mail should compile the following information.

- event
- position
- related portfolio (still to be implemented...)
- ISS voting recommendation
- cut-off deadline

LOFE has to forward the information to the related Fund Manager, who should confirm or not ISS voting decision before the cut-off. (otherwise ISS will automatically vote based on their Standard)

3- In all other cases, ISS will automatically votes according to their standards