



LOMBARD ODIER
INVESTMENT MANAGERS

Lombard Odier Asset Management (Switzerland) SA

Lombard Odier Asset Management (Europe) Limited

Lombard Odier Funds (Europe) SA

Best Execution Policy

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Definitions

Term	Definition
Best Execution	Duty of the Firm to take all sufficient steps to execute orders on terms most favourable to the client taking into consideration price, costs, speed, likelihood of execution and settlement, size, nature or any other relevant consideration.
Broker Onboarding Process	Process by which Portfolio Managers submit a request to LOIM Operational Risks in order to include a new broker into the list of authorised counterparties
Clients	Discretionary clients for which LOIM Group is executing orders on an agency basis with external brokers / counterparties.
Firm	Lombard Odier Asset Management (Europe) Limited Lombard Odier Asset Management (Switzerland) SA Lombard Odier Funds (Europe) S.A. & its branches
LOC	Bank Lombard Odier & Co Ltd , an affiliated company of the Firm
LOIM Group	Consists of the following companies: Lombard Odier Asset Management (Switzerland) SA Lombard Odier Asset Management (Europe) Limited , Lombard Odier Funds (Europe) S.A. and its branches Lombard Odier Asset Management (USA) Corp Each an “LOIM Company” and ultimately owned by LO Holding SA
LOIM Credit Risk Committee	Separate committee within LOIM Group responsible for the approval of trading / clearing counterparties and the monitoring of associated risks
LOIM Trading Desk	The LOIM Trading Desk consists of traders based in New York, London, Geneva and Hong Kong who shall execute orders received from Portfolio Managers
Management Company	Lombard Odier Asset Management (Switzerland) SA, Lombard Odier Funds (Europe) SA and its branches
Portfolio Managers	Investment professionals in charge of the day-to-day portfolio management activities within the Firm
TCA	Trading Cost Analysis

1. Purpose of the Policy

The Firm has a fiduciary duty to take all sufficient steps to obtain best execution when executing transactions for its Clients. The Firm seeks to fulfil this obligation by taking into account such factors as price, commission, size of order, timing of execution, and settlement considerations. Best Execution involves both quantitative and qualitative judgments. Best price, giving effect to commissions and other transaction costs, is an important factor but the selection of brokers / counterparties also involves the quality of brokerage services, factoring in such criteria as execution capability, creditworthiness, financial stability, clearance and settlement capability and research. As a result, while the Firm generally seeks the best price available under the circumstances, each transaction may not necessarily reflect the best price or the lowest commission rate.

2. Selection and Use of Brokers

2.1. Broker Onboarding Process

The Firm has adopted procedures relating to its dealings with counterparties with which it transacts. Before adding a broker-dealer to its approved list of counterparties, LOIM Counterparty Risk Committee conducts a due diligence of the broker-dealer. It is the responsibility of the LOIM Trading Desk to ensure that each counterparty with which the Firm trades has been approved. The LOIM Counterparty Risk team drives the Broker Onboarding Process on behalf of the Firm and works with the LOIM Counterparty Risk Committee to obtain formal approval for all new brokers.

2.2. Affiliated Brokers

The Firm may execute transactions for certain Clients with affiliated brokers, namely Bank Lombard Odier & Co Ltd. Affiliated brokers will execute all transactions in full accordance with this Policy.

3. Selection of Execution Venues & Brokers

When determining whether a broker is qualified to provide services to its Clients the Firm considers, among others, the following relevant factors (see Appendix II for the priority of execution factors by asset class):

- Confidentiality of trading activity;
- Reputation – financial strength and stability of the broker;
- Broker's ability to commit capital;
- Likelihood of execution – accuracy, clearance and error/dispute resolution;
- The quality and efficiency of the settlement process post-execution;
- Broker's ability to handle large or difficult trades;
- Block trading and block positioning capabilities;
- Access to deal flow;
- Quality of fixed income and derivatives offerings;
- Market intelligence regarding trading activity;
- Capacity to execute at the best price;
- Overall costs of trades including commissions, mark-ups, mark-downs and/or spreads;
- Speed of execution; and
- Nature & size of deals.

In selecting an execution venue the Firm will consider price, cost of executing, liquidity available for the instruments being traded, the speed of execution, reliability, likelihood of execution and settlement, continuity of trading, creditworthiness of the venue and quality of any related clearing and settlement facilities. The selected execution venues and any alternatives available will be assessed on a regular basis.

The venues on which the Firm places significant reliance and which it believes offer the best prospects for the Firm to obtain Best Execution for Clients on a consistent basis are:

- Regulated markets;
- Other exchanges;
- Multilateral trading facilities;
- Organised trading facilities;
- Systematic internalisers; and
- Bilateral counterparties.

4. Execution Policy across Asset Classes

4.1. *Timely Execution*

Orders must be executed by LOIM Trading Desk in a timely manner and in the chronological order received except where client specific issues require trades to be sent to market at a different time. Examples that may require one or more accounts to trade at a different time include but are not limited to the following:

- Cash flow requirements, cash availability and client instructions to raise or invest cash;
- When it is impracticable to aggregate trades for a particular type of account with those of other clients;
- Client requirement to attain specific trade approval prior to execution;
- Different operational set-up;
- Specific instructions from Portfolio Managers or Clients to execute order at a specific time.

4.2. *Client Instructions*

Where a client gives a specific instruction for the execution of an order then the order will be executed in accordance with those instructions. The Clients should be aware that providing such instructions may prevent LOIM Trading Desk from obtaining best execution for such orders.

4.3. *Execution Quality: Equity*

The trade by trade process by which the decision as to the appropriate venue on which to execute any transaction will depend on the reason for the trade (e.g. cash flow or change in analyst view), the number of securities involved, the percentage of average daily volume that the trade represents, the available liquidity in the stock at the time, or any other ground deemed relevant by traders. While price will generally be the most important factor, for larger orders other factors such as execution certainty, market impact reduction and execution speed may have greater importance. If LOIM Trading Desk transmits the order to a broker for execution, it will select a broker which has a track record of achieving the best result for orders of a similar nature.

4.4. *Execution Quality: Fixed Income (including Convertible Bonds)*

The traders take into account a range of factors in deciding where and how to execute an order to obtain the best possible result for the client. Consistent liquidity and price are normally the most important factors in this decision. Next in order of preference are: competitiveness of spreads, promptness of execution, past history in executing orders. When orders are executed through multilateral trading facilities either manually or through automated order routing solutions, there will be a request for competitive quotations; where orders are placed directly with an external counterparty, LOIM Trading Desk generally seek to obtain at least three quotes.

When trading listed derivatives, particular consideration will be given to: costs, speed and likelihood of execution. Where relevant, brokers will be selected on their pricing, liquidity capability, clearance and settlement capabilities, quality of service, access to markets, credit worthiness and financial stability.

4.5. *Execution Quality: Money Market Instruments*

Due to the specific nature of settlement in money markets instruments, particular importance is placed on the effectiveness of settlement and clearing when selecting a venue. However, as with the other assets - price, costs, speed of execution, likelihood of execution, speed of settlement, likelihood of settlement, size of order and nature of order are also factors when considering how and where to execute. The key criteria in selecting a broker for money markets instruments will generally be the following:

- Ability to source products;
- Ability to settle the trade;
- Timely trading;
- Rating;
- Length of relationship with the Firm; and
- Ability to deal in very large volumes.

4.6. *Execution Quality: Foreign Exchange*

Depending on the size of an order, LOIM Trading Desk will generally obtain several simultaneous quotations from multiple counterparties, with the predominant factor being best price at the time of execution. For very large orders, a single counterparty may be approached depending on the execution strategy at the time of the order. In such case, venue selection will take into consideration factors such as previous execution performance, clearance and settlement capability, credit worthiness and financial stability, timely trading and ability to trade in large volumes. For both spot and forward FX transactions the predominant factor is best price at the time of execution. On occasions LOIM Group will use algorithms from multiple counterparties to execute orders. Each algorithm is designed to achieve a desired outcome, and will generally operate by executing a parent order through multiple individual child orders. Execution quality is monitored against target benchmarks (e.g. TWAP, VWAP % of Volume, Implementation Shortfall,) depending on algorithm selected.

4.7. *Execution Quality: OTC Derivatives*

Dealing in OTC derivatives will be limited to pre-authorised counterparties with whom ISDA agreements are in place and in such cases the perceived Best Execution Policy

operational efficiency of such counterparties will be relevant. The selection of execution venues will tend to depend on, amongst others, the size of transaction, liquidity, counterparty risk, credit risk and perceived settlement capabilities.

4.8. *Execution Quality: Securities Lending*

Bank Lombard Odier Co & Ltd is the Securities Lending Agent for the Funds. When executing securities loan transactions, LOIM Group shall monitor that the Securities Lending Agent takes sufficient steps to obtain the best possible result for the funds on a consistent basis across lending portfolios and achieves optimal income throughout the term of the securities loan. LOIM Group may benchmark the services of and remuneration paid to the Securities Lending Agent against available market information and professionals to achieve best balance in the best interest of the Funds.

4.9. *Prohibited Practices*

With respect to the selection of broker / counterparties, the following practices are prohibited:

- Trades may not be directed in return for error corrections by a broker;
- Trades may not be directed in return for gifts and/or entertainment;
- Traders and Portfolio Managers must take care not to be influenced by any personal conflicts of interest, such as family relationship with an employee or owner of a brokerage firm. The existence of any such conflicts must be disclosed to LOIM Compliance and the head of LOIM Trading Desk.

5. **Governance**

The Firm has established a Trading Oversight Committee and a Best Execution Committee in order to review, on a regular basis, the trading activities of the Firm. The governance, composition and main responsibilities of the Trading Oversight Committee are defined in specific Terms of References.

1. **Best Execution Monitoring**

5.1. *External Portfolio Management*

The Management Company performs portfolio management activities and executes orders or transmits for execution. The Management Company may, in addition, delegate Portfolio Management to various Portfolio Managers in accordance with the prospectus of the Funds it manages. However, the Management Company remains responsible for the overall Investment Management function, and shall monitor that proper arrangements are in place for obtaining possible results for funds when executing orders in financial instruments.

The Management Company shall ensure that the Portfolio Managers provide the relevant requested documents and information in order to allow for a proper monitoring of the Best Execution arrangements on an ongoing basis. Portfolio Managers shall issue reports on a periodic basis in order to demonstrate that they have executed orders on behalf of the Funds in line with the Best Execution Policy.

When performing its controls over the delegates Portfolio Managers, the Management Company shall take into consideration the Portfolio Manager's relation within the Group, therefore differentiating between the controls in place for Group Portfolio Managers and external Portfolio Managers, but will endeavour, overall, to have a unitary control framework.

For Portfolio Managers within the group, the Management Company shall contractually enforce the responsibility in accordance with this Policy.

External Portfolio Managers shall be required to have their own Best Execution policy prior to any appointment. The Management Company shall ensure that the Best Execution policy of the External Portfolio Managers complies with the main principles as described in this policy, which is compliant with MiFID requirements and local market practices, and that no provision within such policy is unacceptable for the Management Company.

If the External Portfolio Managers do not dispose of an own Best Execution policy, the Portfolio Managers will be required to follow this policy in relation to any execution, handling and transmission of orders in financial instruments of the funds.

5.2. *Monitoring*

LOIM Group monitors the effectiveness of this policy in various ways. Multiple parties including Traders, Portfolio Managers, Risk Managers and Compliance all participate in a process designed to monitor execution quality. A range of data is used to monitor execution quality on an ongoing basis and regular reporting is provided to competent committees.

The Firm regularly monitors its relationships with brokers, including ensuring that applicable counterparty exposure limits are adhered to; reviewing the reputational risk of approved brokers on an ongoing basis; and periodically reviewing financial statements and interim financial reports as needed.

The Management Company monitors that the Portfolio Managers of the funds have established and maintain a Best Execution policy and reviews, on a regular basis, the effectiveness of their arrangements and execution of their policy.

5.3. *Equities*

Broker reviews (focusing on the quality of the broker's execution capabilities) are conducted as required to deliver feedback with representatives of LOIM Trading Desk and Portfolio Managers. Such reviews also consider the negotiation of broker execution rates, taking into account the aggregate level of business and available market rates.

Moreover, LOIM Compliance uses transaction cost analysis and exception-based rules to identify trades that are outliers compared to the parameters predefined by Compliance. Any exceptions are investigated and raised with the relevant desk.

5.4. *Fixed Income and OTC derivatives*

For Bonds and OTC derivatives, alongside transaction cost analysis and exception-based rules, LOIM Compliance reviews competing quotes to determine any apparent breaches of this Policy.

If any of the exceptions are flagged, LOIM Compliance will revert to LOIM Trading Desk for explanation or clarification.

5.5. *Money Market*

The Firm reviews brokers periodically. The criteria used to measure brokers' performance includes, but is not limited to, pricing, sales coverage, standard of settlement process, liquidity and quality of research.

5.6. *Foreign Exchange*

For accounts that are managed through Bloomberg AIM, LOIM Compliance uses TCA exception reporting to identify trades that are outliers compared to the benchmark parameters predefined by LOIM Compliance. Any exceptions are investigated and raised with LOIM Trading Desk. For trades executed through liquidity platforms (FX All, FX Go, Bloomberg RFQ) the Platform is designed to automatically select the best price. For this process LOIM Compliance will periodically sample the trades.

2. **Best Execution Reporting**

The Firm is required to make public on an annual basis, for each class of financial instruments, the top five Execution Venues in terms of trading volumes where client orders were executed in the preceding year and information on the quality of execution obtained. Links to this data will be published on the Firm's website.

LOIM Group must also publish a summary of the analysis and conclusions drawn from its detailed monitoring of the quality of execution obtained on the Execution Venues where client orders were executed over the previous year.

The summary will include the following information:

- (a) An explanation of the relative importance given to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;
 - (b) A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;
 - (c) A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;
 - (d) An explanation of the factors that led to a change in the list of execution venues in the execution policy, if a change occurred;
 - (e) An explanation of how order execution differs according to client categorisation, where the Firm treats categories of clients differently and where it may affect the order execution arrangements;
 - (f) An explanation of how the Firm has used any data or tools relating to the quality of execution, including any execution data published under MiFID II;
 - (g) If applicable, explanation of how the Firm has used output of a MIFID II Consolidated Tape Provider. The consolidated tape is acting as a single price comparison tool consolidating data across the EU, assisting market participants in analysing market liquidity and increasing investors' capacity to evaluate the quality of execution of their orders.
- (e) The Firm is required to demonstrate upon request, that it has executed orders in accordance with its Policy.

6. **Review of Best Execution Policy**

The Firm reviews this Policy at least annually, as well as whenever a material change occurs that affects its ability to continue to obtain Best Execution on a consistent basis.

The Firm intends to publish material amendment to the Policy or its execution venues on its website:

<https://www.lombardodier.com/home/asset-management-regulatory-disc.html>

Appendix I – Execution Venues Used

The Firm may use execution venues, brokers and counterparties as defined under section 3 when seeking best execution. The list, which is available on the Firm's website using the links below, may be subject to change and may be revised from time to time.

<https://www.lombardodier.com/home/asset-management-regulatory-disc.html>

In exceptional circumstances, the Firm may use brokers not on the Approved List (for example, using a broker on a provisional basis or where the instrument to which the order relates is particularly unusual) and remove any brokers from the Approved List.

In addition, the Firm will add and remove brokers to and from the Approved List in accordance with its regular practices as described in this Execution Policy.

Appendix II –General factors considered for different classes of financial instruments

The Firm will generally take into account the following factors in seeking best execution. Although these factors will generally be considered as listed below, the Firm reserves the right to modify the order of importance on a trade by trade basis when particular conditions require it.

Asset Class	Liquid Market	Less Liquid Market	Other
Equities and equity like listed derivatives	<p>1&2.Price & Cost</p> <p>Due to the high availability of liquidity across a number of different venues, we place the highest importance on price.</p> <p>3. Speed</p> <p>Relevance of speed as an execution factor will depend on the investment strategy. It will generally be of second importance.</p> <p>4. Size</p> <p>5. Likelihood of execution</p> <p>6. Other considerations</p> <p>Other factors are less relevant when trading very liquid, listed instruments</p>	<p>1&2. Size & Likelihood of execution</p> <p>In illiquid markets, size is a key consideration. Capacity to execute large orders will generally be prioritised over price.</p> <p>3. Price</p> <p>4. Speed</p> <p>5. Cost</p> <p>6. Other consideration</p> <p>Other factors are less relevant in illiquid markets</p>	<p>Portfolio's strategy and Portfolio Managers' instructions (e.g. price limit orders, end of day order or FX fixing series orders) will have a significant influence on order handling and execution.</p>
Fixed income including money market and convertible bonds	<p>1&2. Price & Cost</p> <p>Price is the key consideration. Cost is important and will vary depending on trades.</p> <p>3. Likelihood of execution</p> <p>4. Speed</p> <p>Importance of speed will vary according to the instrument (e.g. for volatile products speed will become more important)</p> <p>5. Size</p> <p>6. Other considerations</p> <p>Other factors are less relevant when trading very liquid instruments</p>	<p>1. Price</p> <p>In less liquid markets, price remains generally the main factor taken into consideration</p> <p>2. Size & Likelihood of execution</p> <p>In illiquid market, the capacity to execute large orders is a key consideration which will come second in line after the price.</p> <p>4. Speed</p> <p>5. Cost</p> <p>6. Other considerations</p> <p>Other factors are less relevant when trading less liquid instruments</p>	

Asset Class	Liquid Market	Less Liquid Market	Other
FX	<p>1&2. Price & Cost</p> <p>Price is the key consideration. Cost is important and will vary depending on trades.</p> <p>3. Speed</p> <p>Importance of speed will vary according to the instrument (e.g. for volatile products speed become more important)</p> <p>4. Size</p> <p>5. Likelihood of execution</p> <p>6. Other considerations</p> <p>Other factors are less relevant when trading very liquid instruments</p>	<p>1. Price</p> <p>In less liquid markets, price remains the main factor taken into consideration</p> <p>2. Likelihood of execution</p> <p>In illiquid markets, the capacity to execute an order is a key consideration which will come second after the price</p> <p>3. Cost</p> <p>4. Size</p> <p>5. Speed</p> <p>6. Other considerations</p>	
OTC derivatives	<p>1. Price</p> <p>Price is the key consideration.</p> <p>2. Likelihood of execution</p> <p>For equivalent price, the capacity to execute an order is a key consideration.</p> <p>3. Cost</p> <p>4. Size</p> <p>5. Likelihood of settlement</p> <p>6. Other considerations</p>	<p>1. Likelihood of execution</p> <p>In illiquid markets the capacity to execute the order will generally be prioritised over price</p> <p>2. Price</p> <p>In less liquid markets price remains a key consideration</p> <p>3. Cost</p> <p>4. Size</p> <p>5. Likelihood of settlement</p> <p>6. Other considerations</p>	