



**LOMBARD ODIER**  
INVESTMENT MANAGERS

**Lombard Odier Asset Management (Switzerland) SA**  
**Lombard Odier Asset Management (Europe) Limited**  
**Lombard Odier Funds (Europe) S.A.**  
**Conflicts of Interest Policy**

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## Definitions

Term	Definition
<b>Col</b>	Conflict of Interest
<b>Client(s)</b>	Clients of the LOIM Group which can either be invested in LOIM Funds or be managed / advised by an entity of the LOIM Group through a stand-alone mandate; the definition of LOIM Clients also includes prospects which are considering to invest in LOIM Funds or to enter into an asset management / advisory agreement with one entity of the LOIM Group
<b>Compliance</b>	Compliance department of the Firm
<b>Employee</b>	Any Employee of the Firm at any time, including short-term Employees.
<b>Firm</b>	Lombard Odier Investment Managers [or if company specific the relevant LOIM entity or Funds]
<b>Fund(s)</b>	Investment funds vehicle(s) managed/administered by an entity of the LOIM Group
<b>Investor(s)</b>	Investor(s) in a Fund
<b>LOIM</b>	Lombard Odier Investment Managers
<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. and its branches Each an "LOIM Company" and ultimately owned by LO Holding SA
<b>LO Holding SA</b>	Shareholder of LOIM Group which is structured as a Swiss private holding company and wholly owned by Compagnie Lombard Odier SCmA.
<b>Parent Company</b>	Compagnie Lombard Odier SCmA

## 1. Introduction

The overarching principle is that regulated entities and employees within the Firm are required to take all appropriate steps to identify and to prevent or manage conflicts of interest ('Col') between them and their clients, or between one client of the Firm and another or the Funds.

It is the Firm policy that employees must be free from Conflicts of Interest that could adversely influence their judgment, objectivity or loyalty to the company in conducting the Firm's business activities. 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 Compliance. Failure to adhere to this Policy can be taken to be a breach of an employee's contract.

Compliance will work with line management to identify, prevent, manage and or mitigate Col, record (potential) conflicts of interest and the mitigating action in the Conflicts of Interest Register.

## 2. What is a conflict of interest?

Conflicts of Interest which carry any risk of damage to the interests of a Client may include situations where the Firm or any person directly or indirectly linked to the Firm:

- i. Is likely to make a financial gain or avoid a financial loss at the expense of a Client;
- ii. Has an interest in the outcome of a service provided to the Client or of a transaction carried out on behalf of a Client, which is distinct from the Client's interest in that outcome;
- iii. Has a financial or other incentive to favour the interests of another Client or group of Clients over the interests of the Client;
- iv. Carries on the same business as a Client;
- v. Receives, or will receive, from a person other than a Client an inducement from third parties in relation to the service provided to that Client in the form of monies, goods or services, other than the fee for that service;
- vi. The Firm has handled through a separate policy any potential conflicts of interest which may arise in relation to the remuneration structures of staff; and
- vii. Manages a Fund that is in direct competition with another investment structure within LOIM Group.

## 3. Types of conflicts identified by the firm

Examples of types of conflicts are listed below. A full list is maintained by Compliance in the Conflicts of Interest Register.

- i. Firm (including employees) vs. Client conflicts
  - **Different fee structures** – The Firm acts as investment manager and may receive different rates of remuneration, including investment management/ advisory fees and performance fees from multiple Client accounts. Whilst we may make decisions to buy or sell securities or other investments for one account and not another account, which may affect relative performance and hence the value of our remuneration based thereon, we will at all times have regard to our obligations to each Client, taking into account such Clients' investment restrictions and other relevant factors
  - **Investments choices** – when LOIM Group acts as investment manager, it has to formalize the selection of the investments performed (criteria taken into account in order to invest in the products) and especially when the LOIM Group makes investments in products owned by the Lombard Odier Group
  - **Securities lending activities** - Bank Lombard Odier & Co Ltd acts as securities lending agent for the Swiss dedicated Funds

The Funds use the services of a securities lending agent instead of running their own securities lending programs. Potential conflict of interest may arise in the following situations:

- The securities lending agent may charge a higher price without relevant quality;
- an arrangement, where the risk entailed by the activity of securities lending is borne by the lender (i.e., the Fund) while the revenue arising from such activity is shared between the lender and its agent, could potentially encourage the agent to compromise on the quality of both the collateral and the counterparty; to mitigate such risk, the securities lending agent is required to abide strictly by the securities lending policy put in place by the Management Company and endorsed by the Fund;

- a securities lending transaction where the asset to be lent is part of the respective portfolios of several entities for which the same securities lending agent is involved could lead to favor one entity over another; to mitigate such risk, the securities lending agent undertakes to ensure the equal treatment of all participants to a same securities lending transaction and apply a fair allocation between them.

The Fund prospectus will disclose the name of the securities lending agent and the mitigation actions.

- **Employee personal investments** – employees of the Firm may hold or deal for their personal account in securities of an issuer in which securities or investments are held or dealt in on behalf of a Client. All the employees of the Firm are subject to the Personal Account Dealing Policy
- **Gifts and entertainment** – gifts and entertainment may on occasions be offered to the employees by suppliers or others who provide services to, or receive services from the Firm. All employees are subject to our strict Gifts and Entertainment Policy
- **Board members mandates** – Some employees of the Firm act as Board members of Clients. Conflicts of interests may be avoided in the decision taken by these employees for the Clients and in the remuneration they receive for these mandates. Therefore, employees acting as directors must abstain to vote on subjects which can create a conflict of interest
- **Outside business activities** – employees may conduct business activities outside of their professional responsibilities with the Firm. Conflict of interests between the employee and Clients or between the employee and the Firm may arise when conducting such activity. Any outside business activity must be pre-approved by the line manager and Compliance
- **Personal conflicts of interest** – Some conflicts may arise from the personal situation of the employee, where the employee does not act in the best interests of Clients

ii. Client vs. Client conflicts

- **Aggregation of transactions in investments** – The Firm may aggregate purchase and sale transactions in investments (and associated transaction costs) for applicable Clients

The applicable Clients may have different or similar investment strategies, objectives and restrictions, and they may be structured differently. Accordingly, aggregation may result in different outcomes for certain such Clients, for instance in respect of the holding period for an investment, the size of a Client's exposure to such investment, and the price at which an investment may be acquired or disposed of. Depending on the circumstances, aggregation may be advantageous or disadvantageous to the Client.

- **Allocation of transactions in investments** – aggregated transactions as referred to above, including costs and expenses thereof, are allocated to ensure that our Clients have broadly equal access to a similar quality and quantity of suitable investment transactions, taking into account the factors mentioned above, amongst others. Our policy further requires all allocations to be effected at the same price
- **Transactions between Clients** – The Firm may make decisions for one Client to buy or sell units, shares or other investments in other funds which the Firm is the investment manager. The Firm may potentially charge the management fees where one fund invests in another fund

The Firm may in certain circumstances effect a transaction between Clients whereby one Client buys an asset from another Client for reasons that are beneficial to each Client, on arms' length terms. For example, a transaction between Clients may be appropriate when a Client's Fund has an obligation to meet applicable investment restrictions or investor redemption requirements, and where the Firm determines that the investment continues to represent a valid opportunity to generate added value for one or more other Clients to acquire the investment.

- **Issue of regular portfolio information** – The Firm may from time to time provide investors holding security interests in certain public funds with regular portfolio or other information, comprising detail that is not routinely available to other investors in the same Client fund. To the extent permitted by applicable laws and regulations, we have a policy of providing portfolio information on request to any investor in such public funds

## 4. Managing conflicts of interest

Employees of the Firm are expected to conduct themselves in a way that avoids Col whenever possible. When a Col is identified or where a potential Col may arise, all employees have a duty to ensure the fair treatment of all the parties involved and to make the appropriate disclosures. In some instances, a Col cannot be avoided but, in all such circumstances, such Col must be disclosed to all the parties involved and all the circumstances surrounding such a Col must be reported to Compliance. If conflicts are not properly identified and managed, the Firm (including its employees) could lose revenue, suffer reputational damage and be subject to legal or regulatory action. The Firm has procedures for managing conflicts of interest as set out below:

- **Personal account dealing requirements**

The Firm operates personal account dealing requirements which, among other things, prohibit employees from undertaking dealing in circumstances where such dealing would conflict with duties owed by the Firm to its Clients (both those with segregated mandates and those directly invested into LOIM funds).

- **External business interests**

External business interests of employees of the Firm conflicting with the Firm's interests and the interests of the Firm's Clients are prohibited, unless senior management and Compliance approval has been sought in writing and obtained.

- **Code of Ethics**

The code of Ethics sets out principles which express LOIM fundamental value and which must be complied with in all employees' day-to-day work.

- **Exchange of information**

The Firm puts in place effective procedures to prevent or control the exchange of information between relevant persons engaged in collective portfolio management activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more Clients.

- **Chinese walls**

This is the term used for the established arrangements, which prevent the unauthorised flow of confidential information from one pre-defined part of the Firm, to another pre-defined part of the Firm. These arrangements define the circumstances in which each of the Firm entity can communicate confidential information, either within the entity or to other Firm entities and the procedures which must be followed.

- **"Need To Know" policy**

The Firm operates a "need to know" policy. Commercial and / or price sensitive information should only be passed to other people within the Firm when there is a clear "need to know" on the part of the recipient.

- **Gifts and Entertainment log**

The Firm maintains a gift log registering the solicitation, offer or receipt of gifts/entertainment.

- **Separation of functions**

Proper separation of functions and clear job roles are designed to limit the potential for conflicts of interest. Where appropriate and proportionate, systems and controls exist to prevent employees from undertaking roles where such a conflict may exist. Overall, the Board is responsible for ensuring that the firm's governance arrangements provide for appropriate segregation of duties to prevent conflicts of interest that may arise as result of apportionment of responsibilities within the Firm.

- **Declaration of mandates**

In order to collect and have a global view of all the employees' mandates.

- **Remuneration Policy**

The Firm has adopted a Remuneration Policy in order to avoid any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities.

- **Investment management procedures**

Measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate collective portfolio management activities where such involvement may impair the proper management of conflicts of interest.

- **Voting right Policy**

In order to determine when and how voting rights attached to instruments held in the managed portfolios are to be exercised, to the exclusive benefit of the Clients concerned.

- **Complaints Handling**

The Firm establishes, puts in place and maintains operational, efficient and transparent procedures in order to apply a quick and fairly treatment of complaints.

- **New products and services**

As part of its Product Governance Policy, the Firm assesses any potential or actual conflicts of interest that may arise in relation to the launch of any new products and services. In this regard, the relevant business unit concerned will provide to Compliance the steps that have been taken by the business unit to identify, prevent and manage any potential and actual conflicts of interest that may arise as a result of the proposed new product and service. Compliance may require changes to the proposed new product or service or in the steps proposed by the relevant business units to identify, prevent and manage any potential and actual conflicts of interest that may arise. The Product Governance Committee, responsible for approval of new products and services and where appropriate, the Board, will have regard to the Conflicts of Interest Assessment provided by the business unit and Compliance prior to the approval of any proposed new products or services.

- **Sustainability risks**

Conflicts that may arise between the Firm and a Client or subset of Clients where the firm integrates sustainability risks into its processes, systems and/or internal controls which may result in the Firm benefitting at the expense of Clients.

- **Outsourced Activities**

With regard to the activities of third parties that perform delegated tasks of the Firm, 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.

- **Governance**

- The Firm has robust governance arrangements. Key business decisions are taken by the Board or the LOIM Management Committee and are recorded
- A Remuneration policy has been established to ensure that there is no unnecessary risk taking at the Firm and to encourage responsible business conduct, fair treatment of Clients as well as avoiding conflicts of interest in the relationships with Clients. Compliance reports annually to the Board on the operation of the Firm's Remuneration Policy in the prevention of Conflicts of Interest
- Compliance reports directly to the Authorised management (Conducting Officers for Luxembourg), the Risk and Compliance Committee and the Board. Periodically, and at least annually, Compliance will provide a written report to the Authorised management, the Risk and Compliance Committee and the Board covering:
  - the operation of the Firm's Conflicts of Interest Policy,
  - the identified conflicts recorded in the Firm's Conflicts of Interest Register maintained by Compliance,
  - an assessment of the effectiveness of the organisational and administrative arrangements established to manage conflicts of interest at the Firm
- The Firm has rules laid out in the standard employment terms and conditions, governing employee conduct
- Each employee is required to attest on an annual basis that they have notified their lead manager and Compliance of all conflicts of interest and that they have complied with the Policy

- **Internal training**

It would be impossible to predict all conflicts of interest which could arise as part of commercial operations. Therefore, it is crucial that employees always keep the possibility of a conflict of interest in mind. They are provided with training to heighten their awareness of this issue and ensure that they manage any possible conflicts of interest efficiently.

- **Disclosure**

So far as is possible, the Firm must, in the first instance, take appropriate steps to prevent or manage potential and/or actual conflicts of interest from arising. Where a conflict of interest arises in circumstances where the Firm's administrative and organisational arrangements for preventing and managing conflicts of interest are insufficient to ensure, with reasonable confidence, that the risks of damage to a Client/Investor's interests as per the above conflicts of interest identified by the Firm will be prevented, the Firm must clearly disclose by any appropriate means to the Client/Investor the existence of the conflict

and seek the written permission of interested parties to act, notwithstanding the existence of the conflict. The written disclosure must include sufficient detail to enable a Client/Investor to take an informed decision with respect to granting permission.

In such a case, the Firm will disclose the following to the Client/Investor before undertaking business for the Client/Investor:

- The general nature or sources of conflicts of interest, or both;
- The organizational and administrative arrangements established by the Firm to prevent or manage conflicts of interest that are not sufficient to ensure with reasonable confidence that the risks of damage to the interests of the Client/Investor will be prevented;
- Specific description of the conflicts of interest that arise in the provision of the service;
- Explain the risks to the Client/Investor that arise as a result of the conflicts of interest; and
- The steps taken to mitigate those risks

LOIM Staff members must inform Compliance of all instances requiring such a disclosure to the Client/Investor to be made prior to the disclosure.

## **5. Employee responsibility**

Compliance will conduct periodic (at least annually) reviews of the Firm's conflicts of interest management procedures including the Firm's Conflicts of Interest Policy. It is the responsibility of each employee to actively manage conflicts of interest.

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 clients/investors

## **6. Record keeping and reporting of services and activities giving rise to conflicts of interest**

The Firm will maintain and update its Conflicts of Interest Register of actual and potential conflicts entailing where any risk of damage to the interests of one or more Clients that has arisen or in the case of an ongoing service or activity, may arise and the procedures in place to manage them in accordance with its regulatory obligations.

Compliance is responsible for monitoring effectiveness of the measures and procedures implemented pursuant to this Policy and for updating the Policy as and when deemed necessary and report to the Boards of the respective firm or Funds, at least once a year.

## **7. Further information**

Questions or requests for further information relating to the Firm's Conflicts of Interest Policy should be addressed to Compliance.