

**Code of Conduct**  
of  
Lyxor Funds Solutions S.A.

22, Boulevard Royal  
L-2449 Luxembourg

## Responsibilities:

Responsible for this Document	LFS Compliance	Martin Rausch
Overall Responsibility	LFS Compliance	
Functional Responsibility	LFS Compliance	
Approval of current version	LFS Board of Directors	CR 14 October 2019
Next review	LFS Compliance	May 2020

## 1. Introduction

The purpose of the code of Conduct is to provide the Board of Directors of Lyxor Funds Solutions S.A. (hereinafter the “LFS”) as well as the board of directors of each managed investment schemes with a framework of high-level principles and best practice recommendations of the Association of the Luxembourg Fund Industry (ALFI) for the governance of Luxembourg investment schemes as well as for their management companies taking into account, in particular, the increased focus on the management and internal controls which have been major features of new regulations and development in practice over the last years.

## 2. Definitions

“Board”	meaning the Board of Directors of LFS as well as the body responsible by law for managing, administering and supervising the relevant fund.
“Fund”	all types of Luxembourg undertakings for collective investment, whether UCITS or non-UCITS (including SIFs) and other investment vehicles as appropriate.

## 3. Principles

- 3.1. The Board shall ensure that high standards of corporate governance are applied at all times.
- a.) The Board is accountable to the investors for good governance.
  - b.) The Board shall ensure that sound management is in place.
  - c.) The Board shall discharge its functions soundly, honestly and professionally.
  - d.) The Board shall place emphasis on promoting transparency, good practices and conduct of business rules and efficiently manage conflicts of interest.
  - e.) The Board shall provide independent review and oversight, including effective oversight of delegated functions.

- f.) The Board shall demonstrate leadership, integrity, ethical behavior and expertise.
- 3.2. The Board shall have good professional standing and appropriate experience and use best efforts to ensure that it is collectively competent to fulfill its responsibilities.
- a.) The composition of the Board shall be balanced and diverse so it can make well-informed decisions. Members of Board should therefore have appropriate experience, with complementary knowledge and skills, relative to size, complexity and activities of the funds managed by LFS.
  - b.) Consideration should be given to the inclusion in the board of one or more members that are, in the opinion of the Board, independent.
  - c.) The Chairperson, whether appointed on a permanent, ad hoc or rotating basis, should demonstrate leadership during as well as outside meetings. The Chairperson's duties should include setting the agenda, managing the meeting, steering the discussions and ensuring that effective and fair conclusions are reached.
  - d.) The Board shall ensure that it keeps abreast of relevant laws and regulations and that it remains vigilant about evolving risks and market developments.
  - e.) The Board may call upon expert assistance and/or create Board committees for the proper fulfillment of its duties. The establishment of Board committees should not affect the collective responsibility of the Board.
  - f.) The members of the Board are expected to understand the activities of the funds managed by LFS and devote sufficient time to their role.
  - g.) The Board should conduct a periodic review of its performance and activities.
- 3.3. The Board shall act fairly and independently in the best interest of the investors.
- a.) The Board should at all times put the interests of the investors first.
  - b.) The Board is expected to act fairly and independently irrespective of any Board member's affiliation.
  - c.) The Board should arrive at decisions taking into consideration, where possible, any broader potential impact of such decision on market integrity and on the wider community.
  - d.) Fund expenses and their impact on fund returns should be subject to scrutiny by the Board. The Board should ensure that the expenses charged to the fund are reasonable, fair and appropriate.
- 3.4. The Board shall act with due care and diligence in the performance of its duties
- a.) Board members should regularly attend and participate actively at Board meetings.
  - b.) The Board should meet as often as required in order to oversee effectively the fund's activities and all Board meetings should be formally minuted.
  - c.) The Board is responsible for approving the fund's strategy and for ensuring that the fund consistently follows its stated investment objectives.
  - d.) The Board is responsible for the appointment of delegated parties and should oversee their activities and performance.

- e.) The Board should ensure it acts on a fully informed basis.
- f.) Where required, the Board should seek external professional advice or information to assist it in its duties.

3.5. The Board should ensure compliance with applicable laws and regulations and with the fund's constitutional documents

- a.) The Board should verify that adequate organization, procedures and safeguards are established to ensure compliance with all relevant laws and regulations and with the fund's constitutional documents.
- b.) The Board should verify that regular monitoring of such compliance is in place and that it receives regular reports to that effect.

3.6 The Board should ensure that investors are properly informed, are fairly and equitably treated, and receive the benefits and services to which they are entitled

- a.) The Board should ensure that the information provided to investors about the fund particularly with regard to the fund's investment objectives, risks and costs, is true, fair, timely and not misleading.
- b.) The Board should ensure that investors are kept informed of matters relevant to their investment in a form and language that is clear and easy to understand.
- c.) The Board should ensure that information relating to the fund's financial situation and performance be prepared and disclosed in accordance with the relevant accounting standards (e.g. Lux GAAP, IFRS) and applicable legal and regulatory requirements.
- d.) The Board should take into account the interest of all investors, in particular where Board decisions may affect investor groups differently.
- e.) The Board should ensure each investor complaint is reviewed and, if it is upheld, that redress is provided within a reasonable time.
- f.) The Board should ensure that investors receive the benefits and level of services to which they are entitled as defined by law, contractual arrangements and the fund's constitutional documents.
- g.) The Board should ensure that there is adequate disclosure to investors of the fund's policies on complaint handling, proxy voting, best execution and conflicts of interest.

3.7 The Board should ensure that an effective risk management process and appropriate internal controls are in place.

A.) Risk management

- a.) The Board should ensure that an adequate and documented risk management policy is established, implemented and maintained which identifies the risks to which the fund is exposed and how such risks are managed.
- b.) The Board should ensure that the permanent risk management function is adequately staffed, or properly managed when provided on any outsourced basis and that it is independent of the investment and operational processes.

c.) The Board should ensure that it understands the impact of any complex financial products or strategies on the risk profile of the portfolio and the aggregate exposure of the fund to these products.

B.) Internal controls

d.) The Board should seek assurance that delegated parties comply with relevant and adequate Compliance and Internal Audit obligations.

e.) The Board should ensure that Compliance and Internal Audit functions are independent of the investment and operational processes.

f.) The Board should require direct and timely reporting of any material internal control and compliance issues, and ensure that they are appropriately addressed.

g.) The Board should ensure that appropriate business continuity plans are in place, including for delegated parties.

3.8 The Board should identify and manage fairly and effectively, to the best of its ability, any actual, potential or apparent conflict of interest and ensure appropriate disclosure

a.) The Board should identify the circumstances which constitute or may give rise to a conflict of interest which may entail a material risk of damage to the interest of investors.

b.) The Board should establish, implement and maintain an effective conflict of interest policy (i) to identify such conflicts of interest and (ii) to provide for procedures to be followed and measures to be adopted in order to prevent them where possible and to manage such conflicts in an independent manner.

c.) The Board should make all reasonable efforts to resolve conflicts of interest but in cases where a conflict of interest is unavoidable, the Board should seek to address it on an arm's length basis and to disclose it adequately to interested parties.

d.) The Board should keep an updated record of the situations where conflicts of interest entailing a material risk of damage to investors may arise, have arisen and how they have been addressed.

3.9 The Board should ensure that shareholders rights are exercised in a considered way and in the best interests of the fund

a.) The Board should ensure that a policy on proxy voting is in place and adequately disclosed.

b.) The Board should ensure that clear guidelines for monitoring investee companies are in place to determine if it is necessary to intervene with an investee company's board or management.

c.) The Board should exercise the fund's voting rights in a considered and transparent way.

d.) Summary information on the exercise of voting rights should be made available to investors with detailed disclosure upon request.

3.10 The Board should ensure that the remuneration of Board members is reasonable and fair and adequately disclosed

- a.) The Board should ensure that where appropriate a policy on remuneration of Board Members, is in place and is adequately disclosed.
- b.) The remuneration of Board members should reflect the responsibilities of the Board, the experience of the Board as a whole and be fair and appropriate given the size, complexity and investment objectives of the fund.
- c.) The remuneration of Board members charged to the fund should be separately disclosed in the annual financial statements either individually or collectively.