

Code of Conduct for Asset Managers and Brokerage Houses

PRELIMINARY DRAFT

Code of Professional Conduct for Asset Managers and Brokerage Houses

Introduction

The Code of Professional Conduct for Asset Managers and Brokerage Houses (the “Code”) outlines the ethical and professional responsibilities of firms that manage assets on behalf of clients. This Code is meant to apply, on a global basis, to firms (“Managers”), who manage client assets as separate accounts or pooled funds (including brokerage houses, collective investment schemes, mutual funds, and fund of funds).

Ethical leadership begins at the highest level of an organization. The Code should, therefore, be adopted by the Manager’s board of directors, senior management, or similar oversight body. Such adoption sends a strong message regarding the importance of ethical behavior at the firm. Rather than creating rules that only apply to certain people or groups, this Code is intended to cover all employees of the firm. Although not every employee is actively involved in conduct covered in the Code, a code that is broadly applied reinforces the need for all employees to understand the ethical issues involved in the asset management business. By adopting and enforcing a code of conduct for their firm, Managers demonstrate their commitment to ethical behavior and the protection of investors’ interests. In doing so, the Managers also protect and enhance the reputation of their firms.

The Code sets forth minimum ethical standards for providing asset management services for clients. It is meant to be general in nature and allow flexibility for asset managers of various sizes and structures to develop the particular policies and procedures necessary to implement the Code. The goal of this Code is to set forth a useful framework for all asset managers to provide services in a fair and professional manner and to fully disclose key elements of these services to clients, regardless of whether individual Managers are required to register or comply with applicable securities laws or regulations.

We recognize that in the highly regulated and complex business of investment management, a code of ethics is not sufficient by itself. To be implemented effectively, the principles and standards embodied in the Code must be supported by appropriate compliance procedures. The specific compliance procedures that translate principle into practice will vary based on a variety of factors, including the specific business of the Manager, the type of clients, the size of the firm (both assets under management and number of employees), the regulatory regime with which the Manager must comply, as well as many other factors.

Managers must adhere to any applicable laws or regulations governing their activities. The provisions of this Code may need to be supplemented with additional provisions to meet the requirements of applicable security regulation in markets around the world. Inevitably, as with any globally oriented work of this kind there will be some markets in which the Code closely reflects or is aligned with existing regulation or accepted best practice. In other markets, the Code will expand on the existing work of regulatory

authorities. In still others, the Code will break new ground. Managers may also operate in different market structures, which may affect the manner in which the code can be applied. Despite these differences, the Code nevertheless provides a universal set of principles and standards relevant to all Asset Managers and Brokerage Houses.

Clients have a responsibility to be aware of, understand, and monitor how their assets are invested. But to fulfill this responsibility, clients must be able to count on full and fair disclosure from their Manager. Providing clients with a Code of Ethics that sets a framework for how the Manager conducts its business is an important step in developing the trust and confidence necessary for a successful investment management relationship.

This code of conduct has been primarily derived from the code set out by the CFA Institute.

Code of Professional Conduct for Asset Managers and Brokerage Houses

A. Loyalty to Clients

MANAGERS MUST:

1. Place client interests before their own
2. Preserve the confidentiality of information communicated by clients within the scope of the Manager-client relationship.
3. Refuse to participate in any business relationship or accept any gift that could reasonably be expected to affect their independence, objectivity, or loyalty to clients.

B. Investment Process and Actions

MANAGERS MUST:

1. Use reasonable care and prudent judgment when managing client assets.
2. Not engage in practices designed to distort prices or artificially inflate trading volume with the intent to mislead market participants.
3. Deal fairly and objectively with all clients when providing investment information, making investment recommendations, or taking investment action.
4. Have a reasonable and adequate basis for investment decisions.
5. When managing a portfolio or pooled fund according to a specific mandate, strategy, or style:
 - a. Only take investment actions that are consistent with the stated objectives and constraints of that portfolio or fund;
 - b. Provide adequate disclosures and information so investors can consider whether any proposed changes in the investment style or strategy meet their investment needs.
6. When managing separate accounts and before providing investment advice or taking investment action on behalf of the client:
 - a. Evaluate and understand the client's investment objectives, tolerance for risk, time horizon, liquidity needs, financial constraints, and any other unique circumstances (including tax considerations, legal or regulatory constraints, etc.), and any other relevant information that would affect investment policy.
 - b. Determine that an investment is suitable to a client's financial situation.

C. Trading

MANAGERS MUST:

1. Not act, or cause others to act, on material nonpublic information that could affect the value of a publicly traded investment.
2. Give priority to investments made on behalf of the client over those that benefit their own interests.
3. Use commissions generated from client trades only to pay for investment-related products or services that directly assist the Manager in its investment decision-making process and not in the management of the firm.
4. Maximize client portfolio value by seeking best execution for all client transactions.
5. Establish policies to ensure fair and equitable trade allocation among client accounts.

D. Compliance and Support

MANAGERS MUST:

1. Develop and maintain policies and procedures to ensure that their activities comply with the provisions of this Code and all applicable legal and regulatory requirements.
2. Appoint a compliance officer responsible for administering the policies and procedures and for investigating complaints regarding the conduct of the Manager or its personnel.
3. Ensure portfolio information provided to clients by the Manager is accurate and complete and arrange for independent third-party confirmation or review of such information.
4. Maintain records for an appropriate period of time in an easily accessible format.
5. Employ qualified staff and sufficient human and technological resources to thoroughly investigate, analyze, implement, and monitor investment decisions and actions.
6. Establish a business-continuity plan to address disaster recovery or periodic disruptions of the financial markets.

E. Performance and Valuation

MANAGERS MUST:

1. Present performance information that is fair, accurate, relevant, timely, and complete. Managers must not misrepresent the performance of individual portfolios or of their firm.
2. Use fair market prices to value client holdings and apply, in good faith, methods to determine the fair value of any securities for which no readily available, independent, third-party market quotation is available.

F. Disclosures

MANAGERS MUST:

1. Communicate with clients on an ongoing and timely basis.
2. Ensure that disclosures are prominent, truthful, accurate, complete, and understandable and are presented in a format that communicates the information effectively.
3. Include any material facts when making disclosures or providing information to clients regarding themselves, their personnel, investments, or the investment process.
4. Disclose the following:
 - a. Conflicts of interests generated by any relationships with brokers or other entities, other client accounts, fee structures, or other matters.
 - b. Regulatory or disciplinary action taken against the Manager or its personnel related to professional conduct.
 - c. The investment process, including information regarding lock-up periods, strategies, risk factors, and use of derivatives and leverage.
 - d. Management fees and other investment costs charged to investors, including what costs are included in the fees and the methodologies for determining fees and costs.
 - e. The amount of any soft or bundled commissions, the goods and/or services received in return, and how those goods and/or services benefit the client.
 - f. The performance of clients' investments on a regular and timely basis.
 - g. Valuation methods used to make investment decisions and value client holdings.
 - h. Shareholder voting policies.
 - i. Trade allocation policies.
 - j. Results of the review or audit of the fund or account.
 - k. Significant personnel or organizational changes that have occurred at the Manager.