

---

# LYXOR

## Asset Management

### SOCIETE GENERALE GROUP

**Lyxor Asset Management Inc.**

**Investment Adviser Information**

Form ADV Part 2A: The Brochure

This brochure provides information about the qualifications and business practices of Lyxor Asset Management Inc. If you have any questions about the contents of this brochure, please contact us at (212) 205-4100 and/or at [us-lyxor-compliance@lyxor.com](mailto:us-lyxor-compliance@lyxor.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Lyxor Asset Management Inc. is also publicly available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Lyxor Asset Management Inc. is registered as an investment adviser with the SEC. Registration does not imply a certain level of skill or training.

Lyxor Asset Management Inc.  
1251 Avenue of the Americas, 46<sup>th</sup> Floor  
New York, New York 10020  
(212) 205-4100  
Updated: March 30, 2020

---

**Item 2. Material Changes**

Lyxor Asset Management Inc.'s last annual update to Part 2A of Form ADV was made in March 2019. This update contains the following material changes from the annual update to Part 2A of Form ADV made in March 2019. The terms "Lyxor US Funds", "we" and "our", as used in this Item, have the respective definitions ascribed to them in Item 4 of this Part 2A.

- Item 5: we disclosed the existence of our Expense Allocation Committee which oversees the allocation of expenses amongst the Lyxor US Funds.
- Item 8: we added a risk factor addressing the potential effect of pandemics and epidemics upon our advisory business.

---

**Item 3. Table of Contents**

Item 2. Material Changes .....	2
Item 3. Table of Contents .....	3
Item 4. Advisory Business .....	4
Item 5. Fees and Compensation .....	6
Item 6. Performance-Based Fees and Side-by-Side Management .....	8
Item 7. Types of Clients .....	8
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss .....	9
Item 9. Disciplinary Information .....	20
Item 10. Other Financial Industry Activities and Affiliations .....	21
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ...	23
Item 12. Brokerage Practices .....	25
Item 13. Review of Accounts .....	29
Item 14. Client Referrals and Other Compensation .....	30
Item 15. Custody .....	30
Item 16. Investment Discretion .....	30
Item 17. Voting Client Securities .....	30
Item 18. Financial Information .....	31

---

## Item 4. Advisory Business

Below are certain key definitions used in this brochure.

<u>Term</u>	<u>Definition</u>
"Lyxor US," "Firm," "we," "us" or "our"	Lyxor Asset Management Inc.
"Lyxor S.A.S."	Lyxor Asset Management S.A.S.
"Lyxor US Fund"	A private investment fund which is managed, and/or sponsored by Lyxor US.
"Lyxor S.A.S. Fund"	A private investment fund which is advised, managed, sub-managed and/or sponsored by Lyxor S.A.S.
"Lyxor Funds"	Includes the Lyxor US Funds and the Lyxor S.A.S. Funds.
"External Fund Managers"	Unaffiliated third-party investment managers who advise External Funds, special purpose vehicles or other investment opportunities.
"External Funds"	Investment funds recommended by Lyxor US to Clients (as defined on page 4) which are not managed by Lyxor US or Lyxor S.A.S. but are advised by unaffiliated third-party investment managers.
"Funds"	Includes the Lyxor Funds and External Funds.
"Trading Advisors"	Unaffiliated third-party investment managers who sub-advise Lyxor US Funds or Lyxor S.A.S. Funds subject to a trading advisory agreement between such managers, respectively, and either Lyxor US or Lyxor S.A.S.

Lyxor US, a Delaware corporation, was formed on September 7, 1999 under the name "SG Cowen Asset Management, Inc." We changed our name to "SG Asset Management Inc." on May 23, 2002 and registered with the SEC as an investment adviser on August 2, 2002. Effective September 1, 2009, due to an internal reorganization within the Société Générale group, we became an indirect wholly-owned subsidiary of Lyxor S.A.S. (previously named Lyxor Asset Management S.A.), a French portfolio management company, and changed our name to Lyxor Asset Management Inc. Lyxor S.A.S. wholly-owns Lyxor Asset Management Holding Corporation, a Delaware corporation that wholly-owns Lyxor US. Lyxor S.A.S. is a wholly-owned subsidiary of Société Générale S.A., a French banking organization formed in 1864. Shares of Société Générale S.A. are publicly traded on Euronext Paris.

Our investment advisory services primarily focus on providing advice regarding, and access to, alternative strategies. These services may include advice on asset allocation for a portfolio of alternative investments, and often include helping to define one or more of investment objectives, guidelines, and/or risk parameters. The form in which we offer these services may include acting as investment adviser on a discretionary or non-discretionary basis to portfolios of direct fund investment into External Funds, or through separately managed accounts, or otherwise acting as manager, sponsor or in a similar capacity for Lyxor US Funds. Such separately managed accounts and the Lyxor US Funds may be sub-advised by one or more Trading Advisors. These accounts and Funds are our advisory clients and are collectively referred to herein as “**Clients**” and each, a “**Client**.” We describe more fully the services we provide to each type of Client below.

### Lyxor US Funds

As noted above, we serve as the “Manager” or “Sponsor” of the Lyxor US Funds. A Lyxor US Fund may be dedicated to multiple investors or to a single investor. We have discretionary authority for each Lyxor US Fund and, for each such fund, we have either (i) retained trading authority, (ii) delegated such authority to a Trading Advisor, and/or (iii) allowed investors to opt-in/opt-out of specific investment opportunities. In all cases, we retain management and certain other responsibilities for the Lyxor US Funds. These retained responsibilities typically include cash management (as described in Item 16 below) and risk oversight.

Lyxor US Funds for which we retain discretionary authority may invest in External Funds or co-investment opportunities advised by External Fund Managers. When we delegate trading authority over a particular Lyxor US Fund to a Trading Advisor, the Trading Advisor will often have broad investment authority over it, subject to certain rights of Lyxor US. Typically, a Trading Advisor is tasked with implementing an alternative investment strategy for a Lyxor US Fund which is similar to strategies used by such Trading Advisor for one or more other accounts or Funds already managed by it. Despite this delegation of trading authority to the Trading Advisor, the Lyxor US Fund will be modified by investment or risk guidelines or restrictions that we have imposed for such Fund. The strategies implemented, and the instruments used, by a Trading Advisor for a particular Lyxor US Fund are more robustly described in the Fund’s offering documentation. For more information, please see Item 8 below.

### Assets Under Management

As of December 31, 2019, Lyxor US’ regulatory assets under management (“**RAUM**”) was \$47,737,284,317, all of which was managed on a discretionary basis. RAUM refers to the gross amount of assets under management without subtracting out any liabilities. If liabilities would be subtracted, \$13,176,581,109 of these assets was managed on a discretionary basis as of December 31, 2019.

---

## Item 5. Fees and Compensation

We have not implemented a basic fee schedule that uniformly applies to our investment products or Clients. Instead, fees are negotiable depending on the nature of the particular investment product or program to be undertaken on behalf of each Client.

Below we provide certain additional details about our fees. The fees and compensation payable to the Firm are described in its advisory contracts with its Clients. All Clients are “qualified purchasers” (as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended).

Clients (other than the Lyxor US Funds) may be charged a management fee or a consulting fee calculated as a percentage of assets under management or as a flat fee or on another negotiated basis, and/or a performance fee (“**Performance Fee**”), generally calculated as a percentage of any new capital appreciation on assets. For these Clients, fees are negotiated on a case-by-case basis and depend upon the range of services provided. These fees are generally payable quarterly in arrears.

All fees charged to such Clients generally will be invoiced and not deducted from the respective Client’s account.

### *Lyxor US Funds:*

Certain Lyxor US Funds are subject to different fee arrangements which may include management and performance fees payable to Lyxor US that are deducted from such funds. These fees, if applicable, are generally payable in arrears.

In addition, the Lyxor US Funds that are sub-advised by Trading Advisors are charged advisory fees (calculated as a percentage of assets) and, if applicable, performance/incentive fees (generally calculated as a percentage of any new capital appreciation on assets) which are payable in full to the Lyxor US Funds’ respective Trading Advisors. Fees charged with respect to an investment in each respective Lyxor US Fund will be set forth in more detail in such fund’s offering documents, which should be reviewed carefully by investors in such Funds.

### *Fees Paid to Underlying Funds:*

When we recommend to Clients investments in External Funds or investment opportunities advised by External Fund Managers, such Clients may be subject to the management fees and/or, performance/incentive fees charged by such unaffiliated third-party investment managers in addition to our fees charged at the Client level. Any such performance/incentive fees are generally payable to such third-party investment managers (i) upon the Client’s withdrawal of its investment from a private fund with respect to the withdrawn amount, and (ii) at the end of a performance period (either quarterly or annually, depending upon the private fund), with respect to the performance of the Client’s investment during such performance period. These performance fees generally will be calculated based on the net asset value of the relevant External Fund or investment opportunities and will be based on unrealized as well as realized appreciation of assets.

---

*Fees Paid to Lyxor S.A.S. Funds:*

When we recommend that a Client invest in a Lyxor S.A.S. Fund it may be subject to the (x) management fees and (y) performance fees charged by the Lyxor S.A.S. Fund, in the event that such fees are not otherwise rebated to such Client by the Firm or Lyxor S.A.S. If not rebated, any such fees payable to Lyxor S.A.S. will be specifically disclosed to applicable Clients.

Expenses

Information regarding expenses charged to Clients will be provided in the relevant advisory contracts for each Client.

*Expenses Charged to Lyxor US Funds:*

Each Lyxor US Fund is generally subject to, and charged, expenses related to the organization and operation of such fund, including, but not limited to, legal, auditing, accounting, and other professional expenses; administration fees and expenses; research expenses; directors' and officers' liability insurance; brokerage and trading expenses; custodial fees; bank and wire service transaction fees; applicable regulatory reporting costs; fees and expenses of the fund's directors (if any); costs and expenses associated with the issuance of shares or interests in the fund; and other expenses and legal fees related to the purchase, sale, and maintenance of assets of the fund. Such fees and expenses will be discussed in more detail in the offering document for the relevant Lyxor US Fund, and Clients are urged to read such offering documents carefully.

*Allocations of Expenses:*

Expenses, to the extent allocable, are generally allocated, to all or certain Lyxor US Funds on a basis that is fair and equitable to such funds in accordance with the Firm's expense allocation policy which is overseen and implemented by the Firm's Expense Allocation Committee. The Firm will not allocate an expense to a particular Lyxor US Fund in the event that such fund's governing documentation or any other agreement to which the Firm is subject prohibits this. Additional information relating to the fees and expenses the Firm charges Clients other than Lyxor US Funds will be provided in the respective advisory contracts for such Clients.

*Expenses Charged Regarding Investments in External Funds:*

In addition to fees and expenses charged by Lyxor US in relation to Lyxor US Funds, Clients are also subject to expenses charged to the External Funds related to the operation of such funds or vehicles in which they invest. Such expenses may include various brokerage and custodial fees, as well as other operating expenses, including, without limitation, legal, auditing, accounting and other professional expenses, administration expenses, research-related expenses and director's expenses (if any).

---

### *Distribution Fees and Expenses:*

Certain of our employees are also employees of SG Americas Securities, LLC, an affiliate which is registered with the SEC as a broker-dealer (“**SGAS**”). In their capacity as employees of SGAS, such employees solicit investors to invest in private funds managed or advised by the Firm or Lyxor S.A.S. As of the date of this brochure, while Lyxor S.A.S. may provide compensation for expenses to SGAS in connection with services provided to Lyxor S.A.S., such employees do not receive transaction-based compensation relating to any recommendations of such private funds to investors.

### **Item 6. Performance-Based Fees and Side-by-Side Management**

As stated in the “Fees and Compensation” section above, we may charge Performance Fees to Clients depending upon the terms and conditions of our advisory agreement with such Client. In the event that we receive any such Performance Fees, the fact that we are compensated based on trading profits creates an incentive for us to recommend private funds or investment opportunities that are riskier or more speculative than would be the case in the absence of such compensation. In addition, the Performance Fees we receive are based primarily on realized and unrealized gains and losses. As a result, the Performance Fees we earn could be based on unrealized gains that Clients may never realize. In addition, we have an incentive to recommend private funds or other investment opportunities to the Performance Fee paying Clients over other Clients who do not pay Performance Fees to Lyxor US. Lyxor US has developed policies regarding allocations between its Clients to address such conflicts of interest. See Item 12 below for additional information.

We may in the future accept new Client accounts that pay less in fees than some or all Clients. Although we have an incentive to allocate investment opportunities to higher fee paying Clients, we owe fiduciary duties to each of our Clients to act for the benefit of such Client and will in all of our dealings take these fiduciary duties into account.

### **Item 7. Types of Clients**

We seek to provide investment advice to institutional clients typically through the Lyxor US Funds, separately managed accounts or by providing advice with respect to a Client’s portfolio of External Fund investments. For more information, please see Item 4.

#### Requirements for Opening or Maintaining Accounts

We do not impose minimum initial investments for an institutional investor account. However, we reserve the right to reject any institutional investor accounts.

The offering documents for each specific Lyxor US Fund contain detailed information concerning the relevant minimum initial and additional investment requirements. Subscriptions will be accepted only from persons who qualify as eligible investors within the meaning of applicable U.S. federal and state securities regulations and as described in the relevant offering documents.



---

## **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

### Investment Strategies and Methods of Analysis

With respect to Clients where we utilize a “customized portfolio” approach, we recommend investments in Lyxor Funds and/or External Funds or investment opportunities depending upon on the Client’s particular investment objectives. When advising such Clients as to portfolio construction, we rely upon a proprietary risk allocation model which is designed to guide our investment recommendations. The model is designed to establish a framework as different investments present varying risk/return profiles. One dollar invested, for example, in a high-risk fund is not the same as one dollar invested in a lower-risk fund. In addition, our investment team incorporates top-down macroeconomic considerations and investment convictions and bottom-up manager-level analysis subject to limitations imposed by the specific Client.

Our advisory services seek to identify both (i) potential Trading Advisors to sub-advise Lyxor US Funds or separately managed accounts and/or (ii) potential External Funds or other co-investment opportunities to recommend to Clients through our staff’s professional networks, as well as through various industry channels, including, without limitation, vendor databases, attendance at capital introduction conferences, Bloomberg lists, hedge fund alerts and discussions with industry participants. Our methods of analysis in selecting Trading Advisors and External Funds and investment opportunities for recommendation to Clients include quantitative and qualitative analysis. In addition, we evaluate prospective External Funds, co-investments and Trading Advisors by considering, to the extent such information is available, a variety of different factors, including, without limitation: education, experience and background of key personnel, firm infrastructure, legal and compliance infrastructure, information technology, strategies employed and risks inherent in such strategies, risk management techniques employed, operational capabilities, risk/reward attributes of each strategy, portfolio composition (to the extent provided or otherwise reasonably available), information obtained through personal interviews and literature, as well as political, market and economic factors.

#### *Lyxor US Funds:*

As noted above, we serve as the “Manager” or “Sponsor” for Lyxor US Funds for which we have either (i) retained discretionary authority or (ii) delegated discretionary investment authority to a Trading Advisor. We retain management and certain other responsibilities including, among other things, cash management (as more fully described in Item 16, below) and risk oversight, with respect to the Lyxor US Funds. The Trading Advisors will often have broad investment authority over the Lyxor US Funds (subject to certain rights of Lyxor US) for which we have delegated trading authority, and are typically tasked with implementing a strategy for such Lyxor US Fund which is similar to one or more other accounts or funds already managed by such Trading Advisor, as modified by the investment and risk guidelines and restrictions imposed by Lyxor US. The Trading Advisors, with respect to the Lyxor US Funds, typically utilize one or more alternative investment strategies. Such strategies include, without limitation: long/short equities, long/short credit, distressed securities, market neutral, commodities trading, managed futures, event driven and global macro. The Trading Advisors implement their investment

---

strategies through a variety of methods, including, without limitation, by investing in securities, commodities, derivatives and other instruments.

### General Risks

Investing in securities involves risk of loss and other risks that Clients should be prepared to bear. Below we describe some of these risks, however, no risk discussion can explain all of the risks involved in any investment and, therefore, Clients are likely to be subject to other risks not described below.

#### *Clients:*

Clients should be aware that any investment in (a) any portfolio recommended or managed by Lyxor US and/or (b) any Lyxor US Fund or External Fund or co-investment is subject to significant risks, including total loss of capital. Clients should consider the following risk factors with respect to Lyxor US' recommendations when making their investment decisions:

- **No Guarantee that Investment Objectives Will Be Achieved; No Guarantee against Loss.** No assurance can be given that a Client will achieve its overall investment objectives. There can be no assurance that Lyxor US will be able to recommend investments to the Client account in a manner that is profitable, and there is no guarantee against loss of the account assets. Any Client may lose some or all of its investment.
- **Reliance on Lyxor US and the Trading Advisors and/or the External Funds.** The success of the Client accounts is dependent on the judgment and abilities of Lyxor US in selecting and monitoring the performance of Trading Advisors and/or External Funds and co-investment opportunities and on their ability to generate positive performance. Clients usually do not have the opportunity to evaluate fully the relevant economic, financial, and other information regarding their account's investments. Clients are dependent on the judgment and abilities of Lyxor US and the Trading Advisors and External Fund Managers and co-investment opportunities it recommends. There is no assurance that Lyxor US, the Trading Advisors or the External Fund Managers and co-investment opportunities will be successful.

Although our officers, key employees, consultants and principals will devote as much of their time to the Clients as they agree to, they will not devote substantially all of their time to any one Client as they must devote a portion of their time to other Clients and investments. Our officers, key employees, consultants and principals may or may not have employment or consulting agreements. The loss of the services of one or more of these employees, principals or consultants may have a material adverse effect on our ability to provide certain services to the Clients.

- **Past Performance Not Indicative of Future Performance.** The past performance of Lyxor US or any funds managed by Lyxor US or its affiliates, or of

---

Trading Advisors or External Fund Managers, is not necessarily indicative of future results of a Client's investment.

- **Lack of Diversification.** A Client's account might not be diversified. The account may have periods where it is invested in none, one, or only a few Funds or investment strategies. In addition, the Funds in which the Client's account is invested might themselves not be diversified and, instead, may be concentrated in one or a small number of markets, sectors, strategies, currencies, instruments, jurisdictions or issuers. Concentration of risk generally makes an account more susceptible to fluctuations in value resulting from adverse economic or business conditions affecting that particular market, sector, currency, instrument, jurisdiction or issuer, and could expose the account to losses disproportionate to those that it might have incurred if the account maintained a greater level of diversification.

- **Monitoring Trading Advisors and External Fund Managers.** Lyxor US must ultimately rely on each Trading Advisor and External Fund Manager to operate in accordance with the investment strategy and guidelines laid out by such adviser or manager's investment vehicle, or, in respect of Lyxor US Funds, as agreed to with such Trading Advisor. If a Trading Advisor or External Fund Manager or manager of a co-investment opportunity does not operate in accordance with its investment strategy or guidelines, the Client's account may sustain losses with respect to some or all of its investments despite Lyxor US's attempt to monitor the investment. The Trading Advisors, External Fund Managers and co-investment managers will not coordinate their investment strategies with each other and at times may take positions which are the same as, or opposite from, positions taken by other such advisers and managers. Doing so may cause concentration of investments for a Client, cancelling out of positions between Funds in which a Client is invested, and/or additional fees and expenses to be borne by a Client without any marginal benefit.

- **Investments in Funds.** Investments in Funds managed by Lyxor US, Trading Advisors and External Fund Managers are highly speculative and may be highly volatile. There are significant restrictions on transferability and redemption of shares/interests in such Funds. Some of the Funds may have limited or no trading and operating history. Lyxor US, Trading Advisors and External Fund Managers may use investment strategies and financial instruments that, while affording the opportunity to generate positive returns, also provide the opportunity for increased volatility and significant risk of loss.

- **Disaster Recovery and Data Security.** Lyxor US, its affiliates, Trading Advisors and External Fund Managers all rely heavily on information technology and data management systems, which can fail or be subject to interruption or destruction caused by natural or man-made occurrences such as extreme weather, fires, earthquakes, power loss, telecommunications failures, terrorist attacks, hacking, break-ins, sabotage, intentional acts of destruction, vandalism, or similar events or misconduct. Any failure, interruption, or destruction of information technology systems or data could have a material adverse impact on operations and on Client accounts.

---

In addition, a breach in the security of information technology and data management systems could result in the theft, disclosure, or loss of Client, proprietary, and other sensitive information. In such event, Lyxor US, its affiliates, Lyxor US Funds, Trading Advisors and/or External Fund Managers may incur substantial costs, including those associated with: forensic analysis of the origin and scope of the breach; increased and upgraded cybersecurity; investment losses from sabotaged trading systems; identity theft; unauthorized use of proprietary information; litigation; adverse investor reaction; the dissemination of confidential and proprietary information; and reputational damage. Any such breach could expose Lyxor US, its affiliates, Lyxor US Funds, Trading Advisors and/or External Fund Managers to civil liability as well as regulatory inquiry and/or action.

Lyxor US and its affiliates have in place, and Lyxor US performs due diligence on Trading Advisors and External Fund Managers regarding, information security, incident response, backup, and disaster recovery procedures intended to prevent or mitigate damage if such an event occurs. However, a breach could nevertheless occur, and such procedures could fail or be insufficient to avoid or remedy the breach, or to mitigate any harm from the breach. Moreover, the ever-changing methods and technologies used to obtain unauthorized access to systems through means such as third-party acts, computer error, malicious code, employee error, or malfeasance often are not known until used against a potential target. There is no assurance that we can anticipate the destructive or invasive methods and technologies that could be used against its systems or to implement adequate protections.

- **Limitation of Effectiveness of Due Diligence.** Lyxor US' investment selection process cannot ensure that selected Funds, External Fund Managers or co-investment opportunities will perform as desired and Lyxor US will have no control over the day-to-day operations supporting any of the Trading Advisors or External Funds or co-investment opportunities recommended to Clients. There can be no assurance that Trading Advisors or External Fund Managers or managers of co-investment opportunities will conform their conduct to the desired standards. There is a risk that Trading Advisors or External Fund Managers or managers of co-investment opportunities will suffer a complete failure as a result of poor performance, failure to raise assets, regulatory violations and enforcement actions, fraud or other factors, which in any case could result in some or a complete loss of a Client's investment with such adviser or manager.

- **Epidemics and Pandemics.** Many countries have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu and, currently, COVID-19. The epidemic or pandemic outbreak of an infectious disease in a country or region of the world or globally, together with any resulting restrictions on travel, transportation or production of goods or quarantines imposed, could have a negative impact on the national, regional or global economy and business activity in any of the geographic regions in which a Client's investments have exposure and thereby adversely affect the performance of such Client's investments. While the economic impact of the ongoing global outbreak

---

of the COVID-19 is presently uncertain, such outbreak and any future outbreak of an infectious disease or any other serious public health concern in a country, region or globally could materially harm a Client's investments. In addition, COVID-19 has led to significant volatility in the securities markets and COVID-19 and any future outbreak of an infectious disease or any other serious public health concern may lead to additional volatility and/or illiquidity of a Client's investments. Furthermore, in response to the recent COVID-19 outbreak, the Firm, Trading Advisors and Clients' other services providers implemented business continuity plans. While operating under such contingency plans, interruptions in normal business activity of the Firm, Trading Advisors and a Client's other service providers could negatively affect the performance of such Client's investments. In particular, the imposition of travel restrictions during this time can impact the ability of the Firm's personnel to travel in connection with due diligence of existing or potential Trading Advisors, and may similar impact the ability of the Trading Advisors' personnel to travel to conduct research and diligence on existing or prospective investments, which could negatively impact the ability of the Trading Advisors to effectively identify, monitor, operate and dispose of investments. Future outbreaks of other infectious diseases or any other serious public health concerns may lead to similar disruptions.

Clients should consult their legal and tax advisers before making an investment decision. We encourage Clients to contact us with any questions they may have regarding an investment we recommend.

*Lyxor US Funds:*

In addition to the foregoing risks applicable to all Clients, the risks set forth below are with respect to the investment strategies of one or more Lyxor US Funds. Such risks are not a complete explanation of all the risks involved in investments in a Lyxor US Fund. In addition, an investment in one Lyxor US Fund does not necessarily entail exposure to all of the risks listed below. We urge investors (and prospective investors) in the Lyxor US Funds to carefully review the offering documents for any Lyxor US Fund into which they wish to invest for a description of the strategy, business and other general risks specific to such Lyxor US Fund.

- **Equities.** A Lyxor US Fund may invest a portion of its assets in equity securities. While the Trading Advisor or External Fund Manager may believe investing in equity securities provides attractive trading opportunities, many factors could adversely impact the value of such equity securities and cause the Lyxor US Fund to suffer losses. Among the factors that may affect the value of equity securities are: developments with respect to a particular issuer; changes within a particular industry or geographic region; social, economic and political uncertainty; terrorism and related geopolitical events and other circumstances that are out of the control of the Lyxor US Fund. Different types of equity securities may be impacted differently by the occurrence of such events. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. These events may cause both short-term market volatility and long-term effects on markets generally.



---

- **Futures and Options Trading.** A Lyxor US Fund may engage in futures and options trading. Futures and options trading is risky and may be volatile. Such volatility may lead to substantial risks which may be larger than in the case of equity or fixed-income investments. In addition, price movements for futures are influenced by, among other things: changing supply and demand relationships; weather; agricultural, trade, fiscal, monetary, and exchange control programs and policies of governments; macro political and economic events and policies; changes in national and international interest rates and rates of inflation; currency devaluations and revaluations; and emotions of other market participants. None of these factors can be controlled by Lyxor US, the Trading Advisor or the Lyxor US Fund and no assurance can be given that the Trading Advisor's advice will result in profitable trades for the fund or that the fund will not incur substantial losses.

- **Forward Trading.** A Lyxor US Fund may enter into a forward contract. A forward contract is a contractual obligation to buy or sell a specified quantity of a commodity at or before a specified date in the future at a specified price and, therefore is similar to a futures contract, but generally is unregulated. Forward contracts and options thereon, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. There is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. In addition, because forward contracts are not traded on an exchange, the fund's account will be subject to the risk of counterparty and systemic defaults.

- **Use of Leverage.** A Lyxor US Fund may use leverage as a part of its strategy. Leverage may involve borrowing assets to increase investment exposure. In addition, the fund may invest in derivatives which are inherently leveraged. Leverage increases the exposure that the Lyxor US Fund has to a specific instrument or instruments and, should the value of that instrument move in a direction adverse to the fund, will result in greater losses than would otherwise have been the case had the Lyxor US Fund not used leverage. In addition, the Lyxor US Fund will pay for any leverage it uses and, therefore, if the investment fails to earn a return that equals or exceeds the fund's cost of leverage, the relevant position will result in a loss to the fund.

- **Distressed Securities.** A Lyxor US Fund may invest in distressed securities, including loans, bonds and notes of companies that are in financial distress and/or that are in, or about to enter, bankruptcy as well as distressed sovereign debt obligations. Many distressed securities are not publicly traded and may involve a substantial degree of risk. In certain periods, there may be little or no liquidity in the markets for these securities or instruments. In addition, the prices of such securities may be subject to periods of abrupt and erratic market movements and

---

above-average price volatility. It may be more difficult to value such securities and the spread between the bid and asked prices of such securities may be greater than normally expected and may be greater than those for traditional equity or fixed income investments. If the Trading Advisor's or External Fund Manager's evaluation of the risks and anticipated outcome of an investment in a distressed security should prove incorrect, the Lyxor US Fund may lose a substantial portion or all of its investment or it may be required to accept cash or securities with a value less than the original investment.

- **Sovereign Debt.** A Lyxor US Fund may invest in "distressed" sovereign debt obligations. There are additional, particular risks related to the investment and trading of these instruments. These risks include the uncertainties involved in enforcing and collecting debt obligations against sovereign nations. The ability to enforce and collect obligations against foreign sovereigns may be affected by world events, changes in U.S. foreign policy, and other factors outside the control of the Lyxor US Fund.

- **Special Situations.** A Lyxor US Fund may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction or situation either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Lyxor US Fund of the security or other financial instrument in respect of which such distribution is received. In any such case, the Lyxor US Fund may be required to sell its investment at a loss or otherwise incur a loss. Because there is substantial uncertainty concerning the outcome of such special situations, there is a potential risk of loss by the fund of its entire investment in such companies.

- **Short Selling.** A Lyxor US Fund may engage in short selling. Short selling involves selling securities that may or may not be owned by the seller and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in the value of a security. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Securities may be sold short in a long/short strategy to hedge a long position, to enable the investor to express a view as to the relative value between the long and short positions, or as part of an outright short position. There is no assurance that the objectives of these strategies will be achieved, or specifically that the long position will not decrease in value and the securities underlying the short position will not increase in value, causing losses on both components of the transaction, or that the securities underlying an

---

outright short position will not increase in value. If the underlying securities increase in value, the short decreases in value and the investor has a loss. In addition, if a Lyxor US Fund effects a short sale, it may be obligated to leave the proceeds thereof with the broker and also deposit with the broker an amount of cash or other securities (subject to requirements of applicable law) that is sufficient under any applicable margin or similar regulations to collateralize its obligation to replace the borrowed securities that have been sold.

- **Relative Value Strategy Risk.** A Lyxor US Fund may pursue relative value strategies by taking long positions in securities believed by the Trading Advisor or External Fund Manager to be undervalued and short positions in securities believed by the Trading Advisor or External Fund Manager to be overvalued. In the event that the perceived timings and/or mispricings underlying the fund's trading positions were incorrect, the fund may incur a loss.

- **Investments in Emerging Markets.** A Lyxor US Fund may invest primarily in non-U.S. markets. Investing in the instruments of issuers from certain non-U.S. jurisdictions involves considerations not usually associated with investing in instruments of U.S. issuers, including political and economic considerations, such as greater risks of expropriation and nationalization of assets or confiscatory taxation, the potential difficulty of repatriating funds and general social, political and economic uncertainty and/or instability.

- **Arbitrage Transaction Risks.** Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. Examples of arbitrage strategies include event-driven arbitrage, merger arbitrage, capital structure arbitrage, convertible arbitrage, fixed income or interest rate arbitrage, statistical arbitrage, debt spread arbitrage and index arbitrage. A Trading Advisor or External Fund Manager may employ any one or more of these arbitrage strategies. If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected elements, events or price movements intervene, losses can occur which can be magnified to the extent a Lyxor US Fund is employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable "spreads," which can also be identified, reduced or eliminated by other market participants.

- **Non-U.S. Securities.** Investing in securities of non-U.S. governments and companies and utilization of options and other derivatives on non-U.S. securities involves risks which may be greater than those involved when investing in securities of the United States government (or state or local governments in the United States) or United States companies. These risks may include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.



---

- **Trading on Exchanges Outside of the United States.** A Lyxor US Fund may trade futures interests and other financial instruments on exchanges located outside of the United States, where the protections of the U.S. securities and derivatives regulations do not apply. For example, some non-U.S. exchanges are “principals’ markets” in which performance with respect to a transaction is the responsibility only of the individual member with whom the trader has entered into the contract and not of the exchange or clearinghouse. Accordingly, the Lyxor US Funds are subject to the risk of the inability of or refusal by its counterparties to perform certain obligations with respect to their contracts with the fund. The Lyxor US Fund may also not have the same access to certain trades as do various other participants in non-U.S. markets.

- **Interest Rate Risk.** A Lyxor US Fund may be subject to interest rate risk. Generally, the value of fixed income instruments will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income instruments tends to decrease. Conversely, as interest rates fall, the market value of fixed income instruments tends to increase. This risk will be greater for long-term securities than for short-term securities. The Lyxor US Fund may (depending on the investment objectives and restrictions applicable to the fund) attempt to minimize the exposure of the portfolios to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that they will do so or that the Trading Advisor will be successful in fully mitigating the impact of interest rate changes on the portfolios.

- **Derivative Instruments.** A Lyxor US Fund may make use of swaps, futures, options, forwards (each as described above) and other forms of derivative contracts. In general, a derivative contract typically involves leverage, *i.e.*, it provides exposure to potential gain or loss from a change in the level of the market price of a security, currency or commodity (or a basket or index) in a notional amount that exceeds the amount of cash or assets required to establish or maintain the derivative contract. Consequently, an adverse change in the relevant price level can result in a loss of capital that is more exaggerated than would have resulted from an investment that did not involve the use of leverage inherent in the derivative contract. Many derivatives instruments also involve exposure to credit risk, since contract performance depends in part on the financial condition of the counterparty. These transactions are also expected to involve significant transaction costs.

- **Options.** A Lyxor US Fund may buy or sell options. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time (or times) or during a certain period. Purchasing options involves the risk that the underlying instrument’s price will not change in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the seller is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve

---

counterparty solvency/performance risk. The pricing of options involves a wide variety of factors, including the variability of interest rates, the time to expiration, the price of the underlying asset, the volatility of the underlying asset and general market sentiment. Not only will different traders differ among themselves concerning the correct theoretical value for a given option, but also actual and theoretical values may diverge for extended periods of time. There can be no assurance that the Trading Advisor will correctly value the Lyxor US Fund's options positions; consequently, substantial losses could be incurred by the fund.

- **Swap Agreements.** A Lyxor US Fund may enter into swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the Lyxor US Fund exposure to long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values, corporate borrowing rates, or other factors such as security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names. A Lyxor US Fund may not be limited to any particular form of swap agreement if consistent with the fund's investment restrictions.

Swap agreements tend to shift a Lyxor US Fund investment exposure from one type of investment to another. For example, if a Lyxor US Fund agrees to exchange payments in dollars for payments in non-U.S. currency, the swap agreement would tend to decrease such fund's exposure to U.S. interest rates and increase its exposure to non-U.S. currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of a fund's portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from a Lyxor US Fund. If a swap agreement calls for payments by a Lyxor US Fund, such fund must be prepared to make such payments when due.

Under the new regulatory regimes established in the United States and Europe, many swaps have become subject to mandatory clearing and more will become so in the future. Generally, when a swap becomes subject to mandatory clearing, the counterparty to the swap will be a central clearinghouse. However, a Lyxor US Fund is not in direct privity with the central clearinghouse, acting instead through a futures commission merchant or similar quasi-agent, who guarantees the obligations of the fund to the clearinghouse. Clearing has, in certain cases, led to losses caused by operational failure or fraud. A swap that is subject to mandatory clearing also becomes subject to mandatory execution on a swap execution facility or designated contract market. Trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse and regulators.

When permitted by law, a Lyxor US Fund may enter into privately negotiated swaps that will not be subject to clearing. These noncleared swap (i.e., traditional OTC swaps) may expose the fund to different or increased risks relative to

---

investments that do not involve OTC swap transactions, including, without limitation, the risk of loss from counterparty nonperformance, premature termination of the transaction due to default by the applicable fund, adverse changes in market conditions, and substantial costs for creating and maintaining the transaction. If a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the Lyxor US Fund. There is no or limited liquidity for noncleared derivative transactions and no market transparency as to the pricing of new noncleared derivative transactions or the voluntary unwinding of existing noncleared derivative transactions except with respect to swaps executed on a swap execution facility or designated contract market.

- **Risk of Loss Due to the Bankruptcy or Failure of Counterparties, Brokers and Exchanges.** A Lyxor US Fund is subject to the risk of the insolvency of its counterparties (such as, but not limited to, broker-dealers, FCMs, banks and other financial institutions, exchanges and clearinghouses). The Lyxor US Fund capital could be lost or impounded during a counterparty's bankruptcy or insolvency proceedings and a substantial portion or all of the Lyxor US Fund's assets may become unavailable to it either permanently or for a matter of years. Were any such bankruptcy or insolvency to occur, Lyxor US or the Trading Advisor might decide to liquidate the Lyxor US Fund or suspend, limit or otherwise alter trading, perhaps causing the fund to miss significant profit opportunities. In the case of a counterparty's bankruptcy or inability to satisfy substantial deficiencies in other customer accounts, the fund may recover, even in respect of property specifically traceable to a fund's account, only a pro rata share of all property available for distribution to all of such counterparty's customers. The risks of losses resulting from the failure or bankruptcy of offshore brokers and unregulated trading counterparties may be increased as such counterparties are not subject to certain U.S. regulations.

- **Currency Risks.** A Lyxor US Fund's investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies and political developments.

- **Corporate Debt Obligations.** A Lyxor US Fund may invest in corporate debt obligations, including commercial paper. Corporate debt obligations are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations (credit risk). As such, Lyxor US Funds may lose some or all of their investment in corporate debt obligations.

- **High Yield Securities.** A Lyxor US Fund may invest in "high yield" bonds and/or preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories (or comparable non-rated securities) generally are subject to greater risk of loss of principal and interest than higher-rated securities

---

and are generally considered to be predominately speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

- **High Portfolio Turnover.** A Lyxor US Fund's investment program may involve frequent trading, which may result in higher investment costs and charges to such fund.
- **Adverse Rating Actions.** Investments purchased by the Lyxor US Funds may be rated by one or more nationally recognized statistical rating organizations. In the credit crisis beginning in 2007, various rating agencies downgraded thousands of classes of securities. Adverse rating actions with respect to any investments purchased by the Lyxor US Funds would be likely to reduce the market value of those investments and may affect the fund's ability to sell them.
- **Liquidity Risk.** A Lyxor US Fund may invest in both liquid and illiquid investments, and it is possible that a Lyxor US Fund's portfolio may become less liquid or illiquid over time. In such an event, such Lyxor US Fund may hold investments for which no (or only a limited) liquid market exists and that lack a readily assessable market value or are otherwise not subject to objective valuation. The market prices, if any, for such investments tend to be volatile, and may fluctuate due to a variety of factors that are inherently difficult to predict and may not exist. The Lyxor US Fund may not be able to readily dispose of such less liquid or illiquid investments and there can be no assurance that the Lyxor US Fund will be able to realize what the fund's respective Trading Advisor or External Fund Manager believe to be the fair value of the instruments in the event of a sale. Accordingly, the Lyxor US Fund's ability to respond to market movements may be impaired and the Lyxor US Fund may experience adverse price movements upon liquidation of its investments. Settlement of transactions may be subject to delay and administrative uncertainties. In addition, in times of extreme market disruption, there may be no market at all for one or more such instruments, potentially resulting in the inability of the Lyxor US Fund to dispose of its investments for an indefinite period of time.

## **Item 9. Disciplinary Information**

On June 4, 2018, Lyxor US entered into a settlement agreement with the SEC relating to a 2012 agreement Lyxor US entered into with third-party advisers that managed funds in which certain Lyxor US clients had invested. That agreement had a provision for

payments to be made to Lyxor US based on the total amount of client assets placed or maintained in certain funds managed by the third-party advisers. Lyxor US did not seek payment under the agreement but in 2013 one payment was made by the third-party advisers to Lyxor US' parent company in Paris, Lyxor S.A.S. In 2015, Lyxor US rebated all moneys related to the agreement, plus interest, to clients. Lyxor US subsequently undertook a review confirming that no similar agreements exist with other third-party advisers and enhanced its policies and procedures relating to side letter agreements with third-party advisers. Under the terms of the settlement with the SEC, Lyxor US agreed to cease-and-desist from future violations of certain provisions of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**") and to pay a \$500,000 penalty.

## **Item 10. Other Financial Industry Activities and Affiliations**

Certain of Lyxor US' employees are registered with the National Futures Association (the "**NFA**") as associated persons ("**Associated Persons**"). We are registered with the NFA as a commodity pool operator with respect to some, but not all, of the Lyxor US Funds. We typically operate the Lyxor US Funds that would be deemed to be commodity pools in reliance on exemptions available under Commodity Futures Trading Commission Rule 4.7 or Rule 4.13(a)(3).

We have arrangements that are material to our advisory business and/or our Clients with the following related persons:

- **Broker-dealer and Futures Commission Merchant ("**FCM**"):** SGAS and certain of its affiliates serve as broker-dealers and FCMs to certain Third-Party Adviser Funds. See Item 5 above and Item 12 below.
- **Other investment advisers:** Lyxor S.A.S. is a portfolio management company organized under the laws of France. Lyxor S.A.S. is not registered as an investment adviser with the SEC, but rather files with the SEC as an "exempt reporting adviser." In reliance on a series of SEC no-action letters, we have entered into a participating affiliate arrangement with Lyxor S.A.S. in order to utilize the resources and capabilities of certain personnel of Lyxor S.A.S. to provide investment advice to our Clients. For example, Lyxor S.A.S. provides us with research that we may use to identify and recommend Trading Advisors or External Funds or co-investment opportunities to Clients. The participating affiliate arrangement with Lyxor S.A.S. has the practical effect of requiring certain Lyxor S.A.S. personnel to comply with the Advisers Act when Lyxor US relies upon such personnel in its provision of investment advisory services to Clients. It also subjects the personnel of Lyxor S.A.S. who are involved in providing such advice to U.S. compliance obligations similar but not identical to the compliance obligations that apply to Lyxor US personnel, including the obligations found in our Code of Ethics adopted pursuant to Rule 204A-1 under the Advisers Act. See Item 11 for more information. We have other advisory affiliates within the Société Générale group, but we have no business arrangements with such affiliates, other than as described herein. For further disclosure about such affiliates, please refer to our Form ADV Part 1.



---

## Conflicts of Interest

### *Conflicts of Interest Generally*

Société Générale S.A. is our ultimate parent company. In addition, Société Générale S.A. and its various subsidiaries and affiliates include banks, broker-dealers, FCMs, other asset managers such as Lyxor S.A.S., insurance companies and other financial institutions (collectively, “**SG Parties**”). Certain SG Parties manage other investment funds (the “**SG Funds**”) that may pursue investment objectives similar to those of the Clients. SG Parties may also manage discretionary accounts, some of which may have investment objectives similar to the Clients.

Société Générale S.A., together with its subsidiaries and affiliates, is a major participant in the global currency, equity, commodity, fixed income, derivative and other markets. As such, SG Parties and SG Funds may be actively engaged in transactions in the same securities and other instruments in which Clients, Trading Advisors on behalf of Lyxor Funds and/or External Fund Managers on behalf of External Funds, may invest. SG Parties and SG Funds are not under any obligation to share any investment opportunity, idea or strategy with Clients, Lyxor US Funds or External Funds and the trading activities of the SG Parties and/or SG Funds generally are carried out without reference to positions held by Clients or External Funds. As a result, SG Parties and/or SG Funds may compete with, or take positions opposite of, Clients or Lyxor Funds or External Funds, or engage in trading activities that are detrimental to the trading positions of Clients, Lyxor Funds and/or External Funds. The SG Parties’ or the SG Funds’ trading activities accordingly may have a negative effect on the value of the positions held by Clients and/or External Funds. Lyxor US and the SG Parties and/or SG Funds do not intentionally compete with each other or take positions opposite each other.

Additionally, subject to applicable law, SG Parties may also serve as counterparty in certain transactions entered into by the Lyxor US Funds or External Funds through which such SG Parties may profit. Furthermore, because of the extensive number of services provided by the SG Parties in the marketplace, certain SG Parties serve as service providers to Lyxor Funds or External Funds that we recommend to Clients. Thus, as discussed above, certain affiliates serve as broker-dealer and/or FCM to certain Lyxor Funds or External Funds that we recommend to Clients. In addition, certain SG Parties also serve as custodian, administrator, registrar, transfer agent, “Manager” or “Sub-Manager” for certain Lyxor Funds.

Whenever an SG Party is a service provider or counterparty to a Fund that we recommend to Clients or that we manage, a conflict of interest arises as the SG Party is paid a fee or may earn a profit in addition to the fees we receive. The greater the fees or potential profits earned by our affiliates, the greater the conflict, as we have an incentive to recommend or direct assets to Funds and or manage Lyxor US Funds that cause our affiliates to earn higher fees or profits. Although this is a conflict of interest, we believe that the fees borne by any Clients as a result of contracts with affiliates are charged at commercially reasonable rates and any counterparty arrangements with affiliates are at commercially reasonable rates. Further, it is the policy of the Firm to make all investment decisions and other decisions related to Client accounts for the purpose of benefitting

such Client accounts and not for purposes of benefiting the Firm or its affiliated entities. To monitor that the Firm is complying with this policy, the Chief Compliance Officer performs a conflicts analysis on the Firm's investment recommendations presented in its Investment Committee.

\* \* \*

Upon request, additional information will be provided to a Client with respect to the SG Parties and the SG Funds to the extent such information is available to us and we are permitted to provide such information. However, records of our Client accounts will generally not be made available to Clients or potential Clients. Interested Clients should contact Lyxor US's Chief Compliance Officer at [us-lyxor-compliance@lyxor.com](mailto:us-lyxor-compliance@lyxor.com) or via telephone at (212) 205-4100.

## **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### Code of Ethics

Pursuant to Rule 204A-1 of the Advisers Act, we have adopted a written Code of Ethics (the “**Code**”) which includes policies and procedures designed to reduce actual and potential conflicts of interest and set up “best practices” standards to ensure that our employees (“**Employees**”) place the interests of our Clients above their own personal interests.

The foundation of the Code:

- seeks to place the interests of Clients over the interests of the Firm or of any Employee;
- imposes standards of business conduct for all Employees;
- requires Employees to comply with the federal securities laws;
- regulates Employee personal securities transactions;
- requires reporting and review of personal securities transactions; and
- requires Employees to report violations of the Code of Ethics.

As with all policies and procedures, our Code is designed to cover a variety of circumstances and conduct. However, no policy or procedure can anticipate every potential conflict of interest that can arise in connection with personal trading or with professional activities in general. Consequently, Employees are expected to abide not only by the letter of the Code, but also by the spirit of the Code. Whether or not a specific provision of the Code addresses a particular situation, Employees must conduct their professional activities in accordance with the general principles contained in the Code and in a manner that is designed to place the interests of Clients ahead of the interests of the Firm and its employees.

---

We expect Employees to conduct our affairs on an arm's length basis and not to engage in business or financial activities that conflict with ours or our Clients. Decisions regarding our business relationship with any other person or entity must be based solely upon valid business considerations. No Employee should allow a business decision to be influenced by personal or other unrelated interests or factors.

A copy of the Code is furnished upon request to any Client, prospective client, or investor or prospective investor in a Lyxor US Fund.

#### Participation or Interest in Client Transactions

We do not trade on a principal basis with our Clients. However, subject to applicable law, our brokerage affiliates may be permitted, as principal, to sell securities to the Lyxor US Funds at the direction of their respective Trading Advisors. Normally, when an advisory client transacts with its investment adviser or related person on a principal basis such transactions raise a number of potential conflicts of interest. In addition, Section 206(3) of the Advisers Act requires transaction-by-transaction client consent to such transactions. However, such conflicts of interest should not be present with respect to our brokerage affiliates' principal transactions with the Lyxor US Funds because we do not act as investment adviser on such transactions, have no advance knowledge of when our brokerage affiliates transact on a principal basis with the Lyxor US Funds and the unaffiliated Trading Advisor independently determines whether to enter into such transactions. Similarly, based on SEC staff no-action letter guidance, the Section 206(3) transaction-by-transaction consent requirements do not apply where we are not advising on the principal transactions. To the extent such principal transactions occur, we will not have any knowledge as to the mechanism our affiliates use to price the securities bought from or sold to the Lyxor US Funds.

We act as "Manager" or "Sponsor" of the Lyxor US Funds in which some Clients are invested. See Item 6 above for potential related conflicts of interest and how they are addressed.

In addition, please see "Conflicts of Interest" in Item 10 ("Other Financial Industry Activities and Affiliations") for additional information about our participation or interest in Client transactions.

#### Personal Trading

Employees must obtain written pre-clearance from the Chief Compliance Officer or his designee through the Firm's compliance software of all securities transactions in employee accounts except for transactions in exempt securities (as defined in the Code, which includes securities such as government-issued securities and money market funds), open-end mutual funds and exchange-traded funds. Employees that seek to obtain pre-clearance to invest in securities of limited availability and/or limited offerings must furnish any prospectus, private placement memoranda, subscription documents and other materials about the investment or trade as the Chief Compliance Officer may request.

As part of the pre-clearance process, the Chief Compliance Officer or his designee will



check the Firm's restricted list and determine whether the Employee has complied with any applicable holding period. In addition, in reviewing a pre-clearance request for a transaction regarding a security of a limited availability (e.g., shares of initial public offerings) or a limited offering, the Chief Compliance Officer will review such request to check whether such an investment would create conflicts of interest for the Firm such as, without limitation, whether such transaction in a security of limited availability or limited offering would create competition with Clients for such investments.

Employees are required to comply with all Firm reporting requirements relating to initial and annual holdings reports and quarterly transaction reports.

#### Lyxor S.A.S.

Certain employees of Lyxor S.A.S. that are subject to the participating affiliate arrangement between Lyxor S.A.S. and Lyxor US described in Item 10 are subject to certain aspects of our Code, including required preapproval by the Chief Compliance Officer of personal securities transactions in private securities and IPOs and personal trading reporting.

### **Item 12. Brokerage Practices**

#### Executing Brokers, Clearing Brokers and FCMs

The Firm's affiliated broker-dealers may act as prime brokers, executing brokers, clearing brokers, FCMs or in other capacities for External Funds recommended by the Firm to Clients. With respect to the Lyxor US Funds, the Firm's affiliated broker-dealers may act as executing brokers, clearing brokers and FCMs, subject to applicable laws and other restrictions. For Lyxor US Funds for which the Firm has delegated investment authority to Trading Advisors, (i) it is the Trading Advisor who selects the brokers to be used to execute transactions on behalf of the Fund (subject to our prior approval of a given broker to act as an executing broker for a Lyxor US Fund), and (ii) Lyxor US, together with the Trading Advisor, selects clearing brokers, prime brokers and other over-the-counter counterparties to be used by the respective Lyxor US Fund. In addition, Lyxor US negotiates and executes the various brokerage agreements with the relevant broker(s) to these Lyxor US Funds. For more information about conflicts of interest relating to the Lyxor US Funds' use of, and Lyxor US' recommendation of External Funds that use, service providers such as affiliated broker-dealers, please see "Conflicts of Interest" in Item 10 ("Other Financial Industry Activities and Affiliations").

In pre-approving the appointment of any brokers selected by Trading Advisors on behalf of any Lyxor US Funds, Lyxor S.A.S. and Lyxor US' combined global risk management team conducts a risk review of the selected brokers and may deny the use of such brokers under certain circumstances.

#### Best Execution

Lyxor US generally does not execute securities trades on behalf of the Lyxor US Funds as it typically delegates trading responsibilities for most Lyxor US Funds to Trading Advisors, and the Lyxor US Fund that is not sub-advised by Trading Advisors is not

---

expected to directly engage in securities trading (but instead invests in External Funds or other co-investment opportunities). However, it is Lyxor US' policy that the Trading Advisors to Lyxor US Funds and investment managers to External Funds have procedures in place designed to obtain best execution. Regarding the trading practices of the Trading Advisors, the Firm's operational due diligence team, during its initial and periodic reviews of Trading Advisors, conducts a review of the Trading Advisors' best execution practices, policies and procedures. Clients invested in a Lyxor US Fund should refer to the offering documents for Fund for a summary of the Trading Advisor's best execution policies.

### Soft Dollar Benefits

We do not receive research or other products or services ("**soft dollar benefits**") other than execution from broker-dealers or third-parties in connection with Client securities transactions. However, Trading Advisors may receive such soft dollar benefits in connection with the investment services that they provide to the Lyxor US Funds. Such products and services provided by broker-dealers to Trading Advisors may include, among other things, "soft dollar" arrangements, research reports, economic surveys and analyses, recommendations as to specific securities and other products or services. The "soft dollar" arrangements need not conform to the "safe harbor" provided by Section 28(e) of the Securities Exchange Act of 1934, as amended, for "bona fide" research services.

The products or services acquired by the Trading Advisors in such arrangements may include: telephone lines, office furniture, computer hardware (including computer terminals and accessories), business supplies, salaries of research staff, rent, accounting fees and software, website design, email software, internet services, legal expenses, personnel management, marketing, utilities, membership dues, professional licensing fees, software to assist with administrative functions, and expenses for travel, entertainment and meals associated with attending seminars.

The relationship with broker-dealers that provide soft dollar services to the Trading Advisors may influence the Trading Advisors' judgment in allocating brokerage business. By using Lyxor US Fund brokerage commissions to obtain soft dollar products and services, a Trading Advisor receives a benefit because it does not have to produce or pay for the products and services. A Trading Advisor has an incentive to select a broker based on its interest in receiving soft dollar products and services, rather than on a Lyxor US Fund's interest in receiving the lowest commission, and thereby is subject to a potential conflict of interest in using the services of those brokers to execute a Lyxor US Fund's brokerage transactions. Although a Trading Advisor may believe that these relationships will be beneficial to the relevant Lyxor US Fund, trades executed through these brokers for the Lyxor US Fund may or may not be at the lowest commission otherwise available. However, each Trading Advisor owes fiduciary duties to its Lyxor US Fund(s) to act for the benefit of such Lyxor US Fund(s) and to abide by these fiduciary duties when allocating brokerage business. A Lyxor US Fund may pay commissions higher than those charged by other brokers in return for soft dollar benefits.

All funds (including a Lyxor US Fund) advised, sub-advised or managed by a Trading

Advisor may benefit directly or indirectly, immediately or over time, from products and services provided or paid for with soft dollars. A Trading Advisor may not allocate the benefits of soft dollars among the funds it advises, sub-advises or manages in proportion to the trades that generate the soft dollars. Consequently, a Trading Advisor may use soft dollars generated by any one of such funds to pay for products and services the exclusive, primary or immediate benefit of which may inure to one or more of the other such funds. As a result, the Lyxor US Funds' commission dollars may be used to pay for soft dollar benefits that are exclusively or predominantly used by the Trading Advisor for its other client accounts rather than for the Lyxor US Fund. The Firm's operational due diligence personnel monitor Trading Advisors to determine whether they have soft dollar procedures in place to the extent applicable.

We do not consider, in approving the selection of broker-dealers, whether we or a related person receives client referrals from a broker-dealer or a third-party.

#### Directed Brokerage

We do not routinely recommend, request or require that a Client direct us to execute transactions through a specified broker-dealer. In addition, we do not currently permit a Client to direct brokerage but may do so in the future.

#### Aggregation and Allocation

We have a fiduciary obligation to treat each Client fairly with regard to the allocation of securities or investment opportunities amongst multiple Clients. Each External Fund recommended to a Client is managed by an investment manager that has policies and procedures regarding aggregation and allocation for their respective clients (assuming such manager itself has multiple clients). As such, the Firm is not responsible for aggregation and allocation decisions for any External Fund. However, the Firm's operational due diligence personnel monitor Trading Advisors and investment advisers to the External Funds to determine whether they have procedures in place regarding the fair and equitable allocation of investment opportunities among their various clients. Clients should refer to the offering memorandum of a Fund recommended to Clients for the specific aggregation and allocation policies of the Trading Advisors.

From time to time, the Firm may advise more than one Client whose investment objectives and guidelines permit investments in the same alternative strategy or the same market sectors and, in certain cases, the same investment opportunities may be appropriate for more than one Client. It is the policy of the Firm that trades are to be allocated fairly and equitably among accounts participating in each transaction, taking into consideration the investment objectives, guideline restrictions, investment strategy, asset allocation and benchmarks of each Client. No assurance can be given that particular investment opportunities recommended to one Client will not outperform investment opportunities recommended to another Client.

The Firm has adopted the following procedures to handle allocation issues that may arise between Clients. As a preliminary matter, the Firm's Investment Committee makes an assessment regarding whether a particular investment opportunity is appropriate for a

---

Client and, if it is an appropriate investment, the amount of such investment to give to the Client in accordance with the following factors:

- market research, such as (i) top-down internal research on the global macroeconomic outlook, and (ii) the Firm's internal research on asset managers;
- Client-specific factors, such as the Client's (i) investment objective, policies and restrictions (including, without limitation, the Client's desired type of investments), (ii) allocation to specific market sectors and capitalization ranges, (iii) risk tolerance, (iv) time horizon, (v) portfolio construction (including, without limitation, the current asset allocation in comparison to the Client's target asset allocation), (vi) tax sensitivity, and (vii) tolerance for portfolio turnover; and
- other factors, such as (i) the nature and size of the Client's account(s), (ii) the suitability of the investment for the Client, (iii) the availability of cash or buying power and other liquidity concerns, (iv) whether the Client is eligible to participate in a trade pursuant to compliance regulations, (v) the percentage of a Client's portfolio that is currently invested with the particular manager or with other managers that engage in similar and/or comparable investment strategies, (vi) the amount of the investment capacity to be allocated, including whether an allocation to a particular manager would have a material impact on the Client's overall portfolio, and (vii) the amount of fees charged by the particular managers under consideration.

From time to time, a particular investment opportunity which could be allocated to various accounts may be one of limited availability (and hence not fungible with other opportunities). If this occurs, the Firm will allocate such investment opportunities among the Clients to which it is recommending such investments on a pro rata basis. However, exceptions to this policy may occur. For example, if one or more accounts would be unable to meet an investment objective, or if a pro rata allocation results in a de minimis allocation to certain accounts, the Firm may deviate from this preallocation formula. These allocation decisions, and the reasoning supporting them, will be documented in the minutes of the Investment Committee or the Risk Committee.

From time to time, Lyxor S.A.S. or its subsidiaries (other than Lyxor US) may desire to recommend an investment opportunity with limited capacity to its advisory clients (the "**Affiliate Accounts**") at the same time that the Firm desires to recommend such investment opportunity to one or more Clients. The Investment Committee makes its own recommendations and allocations without regard to the investment goals of the Affiliate Accounts. There is no committee that oversees allocations between Clients and the Affiliate Accounts as these are separate, although affiliated, investment advisers. In this instance, the Investment Committee will negotiate a fair and equitable allocation with the portfolio managers at the relevant affiliate(s) advising the Affiliate Accounts. This allocation ideally should be made on a pro rata basis but exceptions may occur. For example, a pro rata allocation may result in a de minimis allocation either to the account of a Client or Affiliate Account. These allocation decisions, and the reasoning supporting them, will be documented in the minutes of the Investment Committee.

---

Although our goal is to be fundamentally fair on an overall basis with respect to all Clients, there can be no assurance that on a trade-by-trade basis, one Client or Affiliate Account will not be treated differently from another. If Lyxor US did not manage multiple Client accounts, and if there were no Affiliate Accounts, each Client individually may be able to receive or sell a greater percentage of all investments. Consequently, when multiple Clients and/or Affiliate Accounts participate in limited opportunity investments, each participating account reduces the opportunity available to other participating accounts.

### Trade Errors

We generally do not trade securities other than placing subscriptions or redemptions in Funds for certain Client accounts. We will seek to identify, correct and document errors when committed by us in a manner that is fair and equitable to our Clients. To the extent any trade errors occur, it is our policy that Clients generally are not reimbursed unless such trade errors occurred as a result of our gross negligence. Any gains realized by an account due to trade errors, however, are to remain in such account. Notwithstanding the foregoing, we will not be relieved of any liability to the extent that such liability may not be waived, modified or limited under applicable law.

For Lyxor US Funds, the Trading Advisor's responsibility for trade errors that it causes in a Lyxor US Fund shall ultimately be governed by the trading advisory agreement between Lyxor US and such Trading Advisor. Investors in the Lyxor US Funds should review the offering documents of applicable Lyxor US Funds for a description of the relevant Trading Advisor's trade error policy.

## **Item 13. Review of Accounts**

### Review of Client Accounts

The portfolio manager(s) overseeing Clients' accounts and the U.S. Head of Research review account performance on at least a monthly basis. In addition, our risk management team monitors compliance by each Trading Advisor with the investment restrictions and risk guidelines for the Lyxor US Funds such Trading Advisor advises on at least a monthly basis. Our risk management team also monitors investment limitations and risk guidelines for the Clients' accounts on at least a monthly basis.

### Reports

We send Clients invested in portfolios managed by the Firm and investors in Lyxor US Funds written reports showing account performance on at least a monthly basis. In addition, Lyxor US Fund investors generally receive audited financial statements within 120 days after the end of such fund's fiscal year.

---

**Item 14. Client Referrals and Other Compensation**

We do not compensate any persons for soliciting investors to the Lyxor US Funds or for any other client referrals.

**Item 15. Custody**

We do not have actual custody of any Client assets under Rule 206(4)-2 of the Advisers Act. Nonetheless, we are deemed to have custody of the assets of the Lyxor US Funds. In addition, an affiliate of ours, Société Générale S.A., acts as custodian for certain Lyxor US Funds. In accordance with Rule 206(4)-2 of the Advisers Act, we maintain the assets of each Lyxor US Fund with a qualified custodian and audited financial statements are furnished annually to all investors in the Lyxor US Funds. Investors are urged to carefully review all account and financial statements and contact us if they have any questions.

**Item 16. Investment Discretion**

With respect to separately managed accounts, we may or may not have investment discretion to allocate such Client's assets to particular Funds or External Fund Managers depending on the terms of our advisory agreement with such Client. We may agree to certain investment restrictions and risk guidelines regarding the type and quantity of Funds in which a Client invests.

In our capacity as "Manager" or "Sponsor" for the Lyxor US Funds, we have discretionary authority to select External Funds and co-investments and, subject to certain notice provisions, to appoint and terminate Trading Advisors. In addition, with respect to our cash management services to the Lyxor US Funds, cash not required for a Lyxor US Fund's trading operations at any given time may be deposited in bank or brokerage accounts or, with the assistance of Lyxor S.A.S., invested in obligations guaranteed as to principal or interest by the United States.

**Item 17. Voting Client Securities**

We have implemented policies and procedures regarding the voting of proxies as required under Rule 206(4)-6 of the Advisers Act, as amended. Rule 206(4)-6 requires us to (i) adopt policies and procedures reasonably designed to ensure that proxies with respect to securities in Client accounts where we exercise voting discretion are voted in the best interests of our Clients, (ii) disclose how information may be obtained on how we vote proxies, and (iii) maintain records relating to our proxy voting.

With respect to Lyxor US Funds, where we have delegated trading responsibility to the Trading Advisors, we also generally authorize the Trading Advisors to vote proxies on behalf of the relevant Funds. In accordance with our internal policies, our operational due diligence personnel monitor that such Trading Advisors have proxy voting procedures.

With respect to proxies received from External Fund Managers relating to investments in External Funds held by Clients, the Firm will evaluate each proxy on a case-by-case basis. With respect to voting on routine and administrative matters, the Firm will vote proxies in accordance with the recommendation of the External Fund Managers unless



---

the Firm has a particular reason to vote to the contrary. With respect to non-recurring or extraordinary matters, the Firm will vote proxies on a case-by-case basis in accordance in a manner it believes to be in the best interest of the relevant Client.

It is not expected that material conflicts of interest will arise in the context of our proxy voting policies and procedures. If a potential conflict of interest is identified, it must be brought to the attention of the Chief Compliance Officer. The Chief Compliance Officer will determine whether a conflict of interest exists. If it is determined that a material conflict of interest is present, then an ad hoc proxy voting committee will be formed. If the relevant portfolio manager is personally conflicted, the Chief Compliance Officer will appoint a replacement member of the ad hoc proxy voting committee. The ad hoc proxy voting committee must make a unanimous decision as to how to vote in the best interests of the Client. If the ad hoc proxy voting committee cannot reach a unanimous decision, it will refer the vote to an outside service for its independent consideration as to how the vote should be cast.

We will provide, at no cost, a copy of our proxy voting policies and procedures and applicable information regarding how we voted proxies in the past. To obtain additional information about our proxy voting policies and procedures and proxy voting records, a Client should contact us in writing at: Lyxor Asset Management Inc. Attn: Compliance Department, 1251 Avenue of the Americas, 46th Floor, New York, New York 10020.

#### **Item 18. Financial Information**

Lyxor US is not aware of any financial condition that is expected to hinder its ability to manage Client accounts.