

**Longbow Asset Management Company**  
**Code of Ethics and Policy Statement Manual**

*The policies set forth in this manual are mandatory for all firm employees. Failure to adhere to them could result in reprimand, the loss of responsibility, demotion, or termination.*

***Code of Ethics***<sup>1</sup>

Longbow Asset Management Company (“the firm”) has adopted the following Code of Ethics:

Firm employees, at all times and in the course of all actions shall:

- Act with integrity, competence, dignity, and in an ethical manner when dealing with the public, clients, prospects, their employer, and fellow employees.
- Behave and encourage others to behave in a professional and ethical manner that will reflect credit on the firm and its employees.
- Strive to maintain and improve their competence and the competence of others.
- Use reasonable care and exercise independent professional judgment.

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<sup>1</sup> The firm’s Code of Ethics is based on the CFA Institute’s (CFAI) Code of Ethics, ICAA’s Best Practice recommendations, and federal securities rules established by the SEC.

## *Policy Statements*<sup>2</sup>

As part of its Code of Ethics the firm has adopted the following Policy Statements to provide employees with a reference source for the proper conduct in several common areas that often arise in the investment management industry. These policies are to be followed in both letter and spirit.

### **Standard I: Persons Covered by the Code**

- A. All firm employees, irrespective of their position, title, job function, or duration of employment, are fully covered by the guidelines and policies as established by the firm's Code of Ethics.
- B. Furthermore, all sections concerning material nonpublic information, prohibited trading practices, and the treatment of confidential client information apply in whole to an employee's immediate family and any account in which he or she acts as a fiduciary or has a direct or indirect beneficial interest.

### **Standard II: Securities Covered by the Code**

- A. Covered securities mean any stock, bond, future, investment contract or any other instrument that is considered a "security" under the Investment Advisors Act.

Additionally, the term *covered securities* includes:

- Options on securities, on indexes, and on currencies;
- Foreign unit trusts and foreign mutual funds;
- Private investment funds, hedge funds, and investment clubs.

It does not include:

- Direct obligations of the U.S. government (e.g., treasury securities);
- Banker's acceptances, bank certificates of deposit, commercial paper, and high quality short-term debt obligations, including repurchase agreements;
- Shares issued by money market funds;
- Shares of open-end mutual funds that are not advised or sub-advised by the firm or any affiliates of the firm, where applicable;

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<sup>2</sup> The Policy Statements were adapted from CFA Institute's (CFAI) Standards of Practice Casebook ICAA's Best Practice recommendations, and federal securities rules established by the SEC.

- Shares issued by unit investment trusts that are invested exclusively in one or more open-end funds, none of which are funds advised or sub-advised by the firm or any affiliates of the firm, where applicable.

### **Standard III: Personal Security Transactions by Employees of the Firm\***

- A. All personal securities transactions must be conducted in a manner consistent with the firm's Code of Ethics and avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility.
- B. Employees must never engage in activities or trading schemes to take inappropriate advantage of their position as investment advisors. A potential violation involves the trading practice known as front running. Front running is defined as trading a personal account shortly before the firm's client accounts to gain a benefit. Such trading activity would be in direct violation of the firm's Code of Ethics.
- C. Personal holdings should not interfere with an employee's independence during the investment decision making process. If an employee feels their independence is impaired they should immediately disclose this fact to senior management. Additionally, even if an employee does not feel impaired but can reasonably conclude that an outside party may perceive that an impairment exists simply due to the size of the holding in absolute terms or in relation to the amount of the security currently outstanding, then this information should also be disclosed to senior management
- D. Employees are prohibited from acquiring any securities in an initial public offering.
- E. Employees must receive prior approval in writing from senior management to acquire any securities in a limited offering (e.g., private placement). The firm reserves the right to deny permission to participate if it feels the opportunity should be reserved for clients.
- F. Employees are discouraged from purchasing securities on margin.
- G. Employees should limit short-term trading, that is, holding a security position for less than 30 days.
- H. Employees should limit frequent trading because it may be a potential distraction from servicing clients.

- I. Employees agree to submit any and all personal financial documents including, but not limited to bank statements, brokerage statements, and broker confirmations to the firm's senior management and/or the firm's designated compliance officer when requested without delay.
- J. Employees are required to submit to senior management or the firm's designated compliance officer a report of all holdings in covered securities within 10 days of becoming an employee and thereafter on an annual basis. The holding report must include:
- the title and exchange ticker symbol or CUSIP number;
  - the name of any broker, dealer or bank with which the access person maintains an account in which securities are held for the access person's direct or indirect benefit;
  - the date the report is submitted.
  - the information supplied must be current as of a date more than 45 days before the person first day of employment.
- K. Employees are required to submit to senior management and/or the firm's designated compliance officer quarterly transaction reports no later than 30 days after the end of each calendar quarter covering all transactions in covered securities during the quarter. The transaction report must include information for each transaction involving a reportable security in which the access person had, or as a result of the transaction acquired, any direct or indirect beneficial ownership. The reports must include:
- the date of the transaction, the title and exchange ticker symbol or CUSIP number, the interest rate and maturity date (if applicable), the number of shares and the principal amount (if applicable) of each reportable security involved.
  - the nature of the transaction (e.g. purchase, sale);
  - the price of the security at which the transaction was effected;
  - the name of the broker dealer or bank with or through which the transaction was effected;
  - the date the report is submitted.

***\*Employees are encouraged to maintain their personal brokerage and trading accounts with a firm-designated broker (e.g., Charles Schwab) and direct their brokers to automatically provide senior management and/or the firm's designated compliance officer with duplicate copies of confirmations of all personal securities transactions and copies of periodic statements for all securities accounts. This is the easiest and surest method to insure the employee remains in compliance with the reporting requirements set forth in the Code of Ethics.***

*All transactions and holdings reports submitted by employees will be maintained in confidence, except to the extent necessary to implement and enforce the code or to comply with requests for information from government or regulatory agencies.*

#### **Standard IV: Compliance with Governing Laws, Regulations, and Firm Policies**

- A. Employees shall take reasonable and adequate steps to ensure that the firm is in compliance with the law and with all rules and regulations applicable to its business, specifically federal securities laws. At a minimum, an annual review of the firm's business activities shall be conducted to determine if any changes have occurred in the firm's business practices or in regulatory requirements. If any changes are needed as a result of such review, they shall be implemented immediately.
- B. Employees shall maintain knowledge of and comply with all applicable laws, rules or regulations, including the firm's Code of Ethics and compliance procedures. Employees shall not knowingly participate or assist in any violation of such laws, rules, or regulations.
- C. Employees are not permitted, in connection with the purchase or sale, directly or indirectly, of a security currently held or expected to be acquired by a client to:
  - Defraud the client in any manner;
  - Mislead the client, including by making a statement that omits material facts;
  - Engage in any act, practice or course of conduct which operates or would operate as a fraud or deceit upon the client;
  - Engage in any manipulative practice with respect to a client;
  - Engage in any manipulative practice with respect to securities, including price manipulation.

#### **Standard V: Policies Related to Clients**

##### **A. Portfolio Investment Recommendations and Actions**

1. Prior to making material changes to the firm's investment process, the firm will fully inform clients of such changes. Any clients who are affected by such changes must agree to them before the changes are implemented. In order to verify suitability, employees will also review clients' investment objectives, preferences, and constraints prior to taking investment action.

2. The objectives and constraints of each client's portfolio should be put into a written Investment Policy Statement. In taking action or making investment recommendations for clients, employees should consider the needs and circumstances of the client and the basic characteristics of the investment and portfolio involved. No recommendation should be made unless it has been reasonably determined to be suitable for the client's financial situation, investment experience, and objectives.
3. Investment objectives for each account will be written and made available to all firm personnel. The firm will review all client portfolios and investment policy statements internally every six months and with the client no less frequently than annually.
4. The firm will adequately diversify the investments of a client that are under its control to reduce the risk of loss.
5. Portfolio managers must satisfy themselves that the basic characteristics of an investment meet the written guidelines for the client's account before its inclusion in a client's portfolio.

**B. Misrepresentation of Services**

1. Clients and prospective clients shall be provided full and fair disclosure of all applicable business experience and education of employees and the services that the firm can provide. In accordance, a current copy of Part II of Form ADV will be made available for the inspection and review of each client annually and for a prospective client prior to the inception of the investment management relationship.
2. The firm shall not solicit clients, new or existing, for a new investment style without full disclosure of the firm's qualifications and expectations for both risk and potential return.

**C. Fair Dealing with Clients**

1. The firm will treat all clients in a fair and equitable manner. No client will be favored over another or in such a manner as to harm another client. Examples where conflicts in this area are most likely to arise but must be avoided include: larger accounts over smaller accounts, accounts compensated by performance fees over accounts compensated by a flat fee or percentage of assets fee, accounts in which employees have material personal investments, and accounts of close friends or relatives.

2. Fees charged shall be fully disclosed and commensurate with the services provided. Accounts shall be periodically reviewed (usually on a quarterly basis) to determine if fees being charged are proper. If a review of accounts reveals that some have been overcharged, the fees shall be refunded.
3. The firm must disclose prior to entering into an investment management relationship the presence of client referral arrangements (paid or not) and related directed brokerage arrangements to referred clients.

**D. Conflicts of Interest**

1. Employees must recognize that as a fiduciary, the firm has an affirmative duty of care, loyalty, honesty and good faith to act in the best interests of its clients. Thus, it is necessary for employees to try to avoid situations that have even the appearance of conflict of interest or impropriety.
2. Employees are not permitted to knowingly sell to or purchase from a client any security or other property, except securities issued by the client.

**E. Fiduciary Duties**

1. At all times employees shall consider their actions in the context of clients' interests and shall place clients' interests ahead of their own.
2. Employees have a responsibility to identify those persons and interests to which they owe a fiduciary duty. Employees must comply with these identified fiduciary duties.
3. The highest responsibility of employees of the firm is to meet the fiduciary duties owed to clients in the management of their assets. All employees will keep this important part of the firm's mission statement in mind when making investment recommendations or taking portfolio action.

**F. Reasonable Basis**

1. Portfolio managers must consider all applicable relevant factors for each investment recommendation. Recommendations should be made in view of client objectives and the basic characteristics of the investment to be bought or sold.

2. Employees shall exercise diligence and thoroughness in making investment recommendations or taking investment actions and shall have a reasonable and adequate basis, supported by appropriate research and investigation, for making any investment recommendations or taking investment actions.

**G. Priority of Transactions**

1. The interests of clients will always be given priority over the personal financial interests of the firm's personnel – particularly when securities are being traded or investment actions being taken.

**H. Trading of Client Accounts**

1. Allocation of trades shall be on a fair and equitable basis for all portfolios with similar investment objectives and constraints.
2. All client accounts participating in a block trade shall receive the same execution price and be charged the same commission. All trade allocations to client accounts shall be made on a pro rata basis prior to or immediately following part or all of a block trade.
3. The firm will take steps to ensure the integrity of its client accounts. When errors do occur, the clients' portfolios will be restored with no loss of value to the client. If the firm is the source of the trading error it must bear the full cost of restoring the client accounts. This loss cannot be transferred to a third party, such as a broker, even if the third party is willing to incur them. Specifically, an agreement cannot be reached that allows a broker to incur these costs with a promise of future benefit such as future commissions. Nor can the firm rectify the situation with soft dollars or the sacrifice of future soft dollars.
4. Employees must act in the best interests of the firm's clients regarding trade execution and other costs paid by clients for brokerage services.

**I. Confidentiality of Client Information**

1. Employees shall preserve the confidentiality of client information (including former and prospective clients), including the client's identity unless the client consents.
2. Proprietary client information shall not be communicated outside the firm. 'Proprietary' includes information about client portfolios, investments strategies, and portfolio actions and recommendations as well

as the any financial or other personal information communicated to the firm.

3. Information concerning the financial circumstances, security holdings, identity, and advice furnished by the firm to all clients, former clients, and prospects must be treated as confidential information and held in the strictest confidence.
4. No material nonpublic information pertaining to any client, the securities investments made on behalf of any client, information about contemplated securities transactions, or information regarding the firm's trading strategies, except as required to effectuate securities transactions on behalf of a client or for other legitimate business purposes may be disclosed to any outside parties.
5. Employees must comply at all times with the firm's privacy policy (<http://www.lbamc.com/privacy.html>), mandated by Regulation S-P which was adopted by the U.S. Securities and Exchange Commission under section 504 of the Gramm-Leach-Bliley Act in November 2000.

#### **Standard VI: Other Internal Policies**

##### **A. Disclosure of Potential Conflicts of Interest**

1. An employee shall disclose to the firm any compensation or other benefits received from a person or entity other than the firm for services rendered by the employee that could pose a potential conflict of interest. Additional compensation to employees that would result in a conflict of interest for the employee or the firm is prohibited.

##### **B. Responsibilities of Supervisors**

1. Employees in a supervisory role are responsible for the actions of the employees they supervise regarding compliance with the firm's policies and procedures and any securities laws and regulations that govern the employees' activities. When supervisors become aware of a violation of securities laws or firm policies, they must notify the compliance officer and senior management and ensure that appropriate steps are taken to address the violation.
2. Supervisors shall exercise reasonable supervision over those employees subject to their control and shall monitor all actions of employees in their charge to determine that the firm's policies are being followed and to

prevent any violation by such persons of applicable statutes, regulations or provision of the firm's Code of Ethics and Policy Statements.

**C. Duties to Employer**

1. Employees shall not undertake any independent practice that could result in compensation or other benefit in competition with the firm unless they obtain written consent from senior management and the person or entity for who they undertake independent practice.
2. Departing employees shall not engage in any activities that would harm the firm or be in conflict with this policy, including soliciting firm clients or prospects, removing firm property, or misuse of confidential information.

Specific activities that constitute a violation include:

- misappropriation of trade secrets;
- misuse of confidential information;
- conspiracy to bring about mass resignation of other employees;
- planning that involves a conspiracy or is characterized by secrecy and deceit
- self dealing i.e., appropriating for one's own property a business opportunity or information belonging to the firm
- misappropriation of client lists and contact information

**D. Compliance with the CFA Institute's Performance Presentation Standards**

1. The firm will not misrepresent performance. Performance will be presented in accordance with CFA Institute's Performance Presentation Standards.
2. Employees shall not make any statements, orally or in writing, that misrepresent the investment performance that they or their firm have accomplished or can reasonably expect to achieve.

**E. Use of Material Nonpublic Information (Insider Trading Policy)**

1. Employees shall not trade, either personally or on behalf of others, while in possession of material nonpublic information and shall not communicate such information in breach of duty. Employees should understand the SEC's position that the term "material nonpublic information" relates not only to issuers but also to the advisor's securities recommendations and client securities holdings and transactions.

**F. Proper Care and Independent Judgment**

1. Employees shall use proper care and exercise independent professional judgment in the preparation of research reports intended for clients or the public to ensure that the reports are thorough, accurate, and include all relevant factors.
2. Employees will clearly distinguish between opinion and fact in all research materials prepared for clients or the public.
3. All relevant factors including the basic characteristics involved in the investment are to be included in a research report, with a corresponding discussion of the potential risks involved.
4. Employees are prohibited from using the work of others without reference and are prohibited from plagiarizing the work of others by not giving due credit to the author, whether or not the author is employed by the firm.

**G. Soft Dollar Policy and Statement**

1. Employees and the firm must adhere strictly to the laws governed by Section 28(e) of the Securities Exchange Act—the Safe Harbor Act which dictates how an investment advisory firm and its employees must conduct themselves in relation to soft dollar practices.
2. Employees and the firm are forbidden from using brokerage commissions or any other client assets for their own benefit. The firm shall keep accurate and detailed records reflecting transactions involving soft dollars, and disclose soft dollar practices to clients. (A client disclosure is contained in Section 8 of the investment advisory contract.)

3. Soft dollars can be used only for the payment of research products and services to assist the firm in the performance of its investment decision-making responsibilities.
4. Seminars, conferences, and courses may be paid for in soft dollars if the activity legitimately qualifies as bona fide research. Designated supervisory personnel of the firm will review all proposed soft dollar payments prior to authorizing them.
5. The payment of commissions to a broker or other third party for research services must meet the requirements set forth by applicable governing laws.
6. When trades are executed with broker dealers who provide soft dollar credits to the firm, at no time should clients pay commissions in excess of the agreement or rate that would be charged at a broker dealer in which the firm had no soft dollar arrangement.
7. The firm must determine in good faith that the amount of the commission paid is reasonable in relation to the value of the brokerage and research services provided by the broker-dealer.
8. Employees shall recognize that brokerage is the property of the client.

#### **H. Proxy Policy**

1. In all proxy situations, the firm, as the investment manager, has a duty to make independent proxy decisions and to decide with objectivity what is in the best interests of the beneficiaries for whom a proxy is voted. All proxies should be voted.
2. Accurate proxy voting records must be maintained.

#### **I. Independence and Objectivity**

1. Employees are prohibited from accepting cash payments, special favors or perks including gifts, invitations to lavish functions, and tickets to entertainment events, intended to influence the investment process that exceed \$100 in value from external sources including brokers, corporations, underwriters, or any other entity with which the firm does business that might cause or could be perceived to cause, a loss of independence or objectivity in recommending investments or taking investment action.

2. Gifts from clients can be distinguished from gifts given by entities seeking to influence an employee to the possible detriment of the firm's clients. In a client relationship, the client has already entered some type of compensation arrangement with firm. A gift could be considered supplementary compensation. The potential for obtaining influence to the detriment of other clients, while present, is not as great as in situations where no compensation arrangement exists. Therefore, employees may accept "bonuses" or gifts from clients but must disclose to senior management gifts from clients exceeding \$100 in value.
3. When traveling on business matters to an event sponsored by a corporate issuer of securities employees may not accept transportation, meals, accommodation, or other benefits that could interfere with the employee's independence.
4. Employees may not make political contributions for the purpose of obtaining or retaining advisory contracts with government entities.
5. Employees are prohibited from considering the firm's current or anticipated business relationships as a factor in soliciting political or charitable donations.

**J. Outside Activities**

1. Employees are required to inform senior management of any outside activities, such as board directorships (of either private or public entities), in which they are engaged or into which they propose to enter and receive written approval for these activities prior to engaging in them. Employees shall disclose all conflicts of interest to clients and the firm prior to engaging in any activity that could produce such conflicts.
2. Employees should receive written approval from senior management before engaging in any outside fiduciary appointments. These include, but are not limited to an executorship, trusteeship, or power of attorney, other than with respect to a family member. All such arrangements relating to family members should be immediately disclosed to the firm upon employment.
3. The firm reserves the right to restrict involvement by employees on outside board of directors, directorships of private companies, consulting engagements, or charitable positions if it determines there is a reasonable basis to believe it may result in a conflict of interest or raise insider trading issues. Furthermore, restrictions may be imposed if it is determined that such participation is not in the best interests of the firm.

**K. Marketing and Promotional Activities**

1. All oral and written statements, including those made to clients, prospective clients, their representatives, or the media, must be professional, accurate, balanced, and not misleading in any way.
2. All mass market promotional materials meant for public dissemination and/or viewing including newspaper, radio, television, and Internet advertising must receive prior approval from senior management before being released into the public domain.

**L. Compliance and Education**

1. All employees must read and understand all provisions of the code and agree to comply with the terms of the code upon employment.
2. All employees are required to attend on-going training sessions and read all applicable materials related to the code or pertaining to compliance standards that are distributed periodically by senior management.
3. Employees are encouraged to bring issues to the attention of senior management without fear of retaliation in regards to deficiencies within the firm's code, new laws or regulations that may not be addressed adequately in the code, or suspected violations by the firm or its employees (whistleblower provision).