

## **ADV Part II**

### **Applicant**

**J O Hambro Investment Management Limited (“JOHIM”)  
21 St. James’s Square  
London  
SW1Y 4HB  
Tel: ++44 20 7484 7484  
Fax: ++44 20 7484 7400**

**SEC File Number: 801-60447**

**Date: 15<sup>th</sup> March 2010**

*This form ADV part II gives information about JOHIM and its business for the use of its American clients. The information contained herein has not been approved or verified by any government authority.*

### **1. Advisory Services and Fees**

#### **A What type of services does JOHIM provide?**

JOHIM provides “investment supervisory services” being the giving of continuous investment advice to a Client (or the making of investments for a Client) based on the individual needs of the Client. JOHIM obtains 100% of the total billings of its American Clients from its provision of such services to them.

#### **B Does JOHIM call any of the services referred to in 1A above “financial planning” or some similar term?**

JOHIM does not call its management and advisory services “financial planning” or any similar term.

#### **C On what basis does JOHIM offer investment management and advisory services?**

JOHIM offers its services for a percentage of assets under management and for commissions.

#### **D Details of the services JOHIM provides:-**

- JOHIM primarily provides discretionary portfolio management for its American clients.
- JOHIM may occasionally offer advisory only services whereby it provides advice to American clients regarding their portfolios which the client then implements, or not, on their own initiative.
- JOHIM does not publish any reports or publications on a subscription basis or for a fee.

**Details of JOHIM's basic fee schedule, charging structure, fee negotiability and payment terms:-**

- American clients pay a management fee quarterly in arrears. A typical fee rate would be:

1.35% per annum on the first US\$5,000,000  
0.85% per annum on the next US\$ 5,000,000  
0.70% per annum on the next US\$ 5,000,000  
0.5% thereafter

**VALUE ADDED TAX**

This is added on the management fees shown above at the appropriate rate where applicable

- In certain circumstances JOHIM may negotiate special rates with clients.
- Most clients' contracts provide for termination by either party at any time on written notice to the other. Some clients have separately negotiated alternative notice and/or termination provisions.

Commissions will normally be payable by the Client on purchases and sales of investments together with all expenses including stamp duties, stamp duty reserve tax and VAT thereon (if applicable). JOHIM may gain a commission benefit from dealing in a bulk purchase or sale on behalf of or from return commissions which benefit JOHIM shall be entitled to retain. JOHIM may accept and retain as an addition to its fees and commissions any other commissions which it receives in the course of its dealings on clients behalf without prior disclosure of the same to the Client on a case-by-case basis.

## **2. Types of Clients**

**To what type of American client does JOHIM generally provide investment advice?**  
JOHIM generally provides investment services to individuals, family offices, trusts, estates and charitable organisations and to corporations, funds and other business and corporate entities.

## **3. Types of Investments**

**On what types of investment does JOHIM offer advice?**

JOHIM may offer advice to American clients on a variety of investment types:-

Equity Securities:     Exchange listed securities,  
                                     Securities traded over the counter, and  
                                     Foreign issues

Warrants  
Corporate debt securities  
Commercial paper  
Certificates of deposit

Investment company securities:      Mutual fund share  
Unites States government securities  
Venture Capital Trusts and other Tax efficient vehicles

#### **4. Methods of Analysis, Sources of Information and Investment Strategies**

**A      What type of security analysis methods does JOHIM use?**

JOHIM's security analysis methods are primarily fundamental.

**B      What are the main sources of information used by JOHIM?**

The main sources of information that JOHIM use are:-

- Financial newspapers and magazines
- Inspections of corporate activities
- Management meetings and interviews
- Research materials prepared by others
- Corporate rating services
- Annual reports, prospectuses, and filings with the Securities and Exchange Commission
- Company Press releases

**C      What investment strategies are used by JOHIM to implement any investment advise given to clients?**

The investment strategies used by JOHIM to provide its services to clients include:-

- Long term purchases (securities held for at least one year)
- Short term purchases (securities sold within one year)
- Trading (securities sold within 30 days)
- Short sales
- Margin transactions

#### **5. Education and Business Standards**

**Are there any general standards of education or business experience that JOHIM requires of those involved in determining or giving investment advice to clients?**

All persons rendering investment advice to American clients must be Approved Persons under the United Kingdom Financial Services Authority ("FSA") regime and must maintain compliance with the FSA Training and Competence requirements.

#### **6. Education and Business Background**

**List with details of name, date of birth, higher education and business background each member of the investment group that determine general investment advise given to American Clients, or each individual who determines such advice or, if more than 5, their supervisors and each principal executive officer of JOHIM.**

The following lists the statutory directors of JOHIM and those who either determine general investment advice given to clients and/or who supervise those determining such general investment advice and/or who act as principal executive officers of JOHIM.

**John Anderson**

Date of Birth: 20<sup>th</sup> November 1940  
Full Employment History: Panmure Gordon 1966 to 1983  
Schroder Securities 1983 to 1987  
JOHIM 1988 to present  
Formal Education after School: Edinburgh University  
Institute of Chartered Accountants 1962 to 1966

**David Chaplin**

Date of Birth: 6<sup>th</sup> October 1951  
Full Employment History: Mercury Asset Management &  
Rowan Investment Managers Limited 1971 – 1986  
JOHIM 1986 to present  
Formal Education after School: None

**Jennifer Fisher**

Date of Birth: 30<sup>th</sup> October 1969  
Full Employment History: The Lynton Group 1992 to 1994  
Cazenove & Co 1994 to 2003  
JOHIM 2003 to present  
Formal Education after School: Cambridge University

**William Francklin**

Date of Birth: 6<sup>th</sup> January 1958  
Full Employment History: Morgan Grenfell 1981 to 1994  
JOHIM 1994 to present  
Formal Education after School: London University

**Alan Gibbs**

Date of Birth: 25<sup>th</sup> February 1953  
Full Employment History: Fleming Group 1975 to 1992  
Jardine Fleming 1975 to 1979  
Save and Prosper 1979 to 1982  
Jardine Fleming Singapore 1982 to 1986  
Robert Fleming (Securities) London 1986 to 1991  
Asia Equity 1992 to 1997  
South China Securities (UK) Limited 1997 – 2005  
JOHIM 2005 - Present  
Formal Education after School: Oxford University

**David Gibbs**

Date of Birth 21<sup>st</sup> April 1953  
Full Employment History M W Marshall & Co 1974 to 1985  
Drexel Burnham Lambert Securities Ltd 1985 to 1990  
Salomon Brothers International Ltd 1990 to 1999  
Citigroup Global Markets Ltd &  
Salomon Brothers International Ltd 1999 to 2005  
JOHIM 2005 – Present  
Formal Education after School: City Of London School of Business Studies

**Hugh Grootenhuis**

Date of Birth: 30<sup>th</sup> April 1958  
Full Employment History: Schroders 1981 to 1998  
JOHIM 1998 to present  
Formal Education after School: Cambridge University

**Charles Macfadyen**

Date of Birth: 4<sup>th</sup> January 1972  
Full Employment History: Foreign & Colonial 1994 to 1999  
JOHIM 1999 to present  
Formal Education after School: Birmingham University

**Christopher Rose**

Date of Birth: 31<sup>st</sup> July 1960  
Full Employment History: Lazard Brothers & Co Ltd 1983 to 1989  
JOHIM 1989 to present  
Formal Education after School: Edinburgh University

**Algernon Percy**

Date of Birth: 29<sup>th</sup> October 1972  
Full Employment History: James Capel 1993  
Mercury Asset Management/Merrill Lynch Investment  
Management 1994 to 2003  
JOHIM 2003 to present  
Formal Education after School: Oxford University

**Russell Wallis**

Date of Birth: 22<sup>nd</sup> September 1959  
Full Employment History: The English Foundation 1981-1985  
Thornhill Investment Management Ltd 1985- 2006  
JOHIM 2006 to present  
Formal Education after School: Oxford University

**7. Other Business Activities**

**Is JOHIM actually engaged in a business other than giving investment advice? Does JOHIM sell products or services other than investment advice to clients? Does the principal business of JOHIM or of its principal executive officers involve something other than providing investment advice?**

JOHIM provides back office, compliance and finance support to a small financial services company run by an ex-staff member in return for a fee. Other than this neither JOHIM nor its principal executive officers are actively engaged in any business other than managing investment portfolios and do not sell any products or services save in the course of that business.

## **8. Other Financial Industry Activities**

**A Is JOHIM registered (or does it have an application pending) as a securities broker-dealer?**

JOHIM is not registered as a securities broker-dealer.

**B Is JOHIM registered (or does it have an application pending) as a futures commission merchant, commodity pool operator or commodity trading advisor?**

JOHIM has a Rule 30.5 exemption from registration as a Commodity Pool Operator, and Commodity Trading Advisor by the Commodity Futures Trading Association.

**C Does JOHIM have any arrangements that are material to its advisory business or to its clients with a Related Person? (being any officer, director or partner of JOHIM or any person directly or indirectly controlling, controlled by, or under common control with JOHIM, including any non-clerical, non-ministerial employee).**

JOHIM is under the ultimate control of Credit Suisse (“CS”), a foreign bank holding company based in Switzerland, which has various US and non-US subsidiaries and affiliates that engage in a variety of securities, investment company, investment adviser, broker-dealer, commodities, consulting, insurance, banking, real estate and custodial activities worldwide. However, JOHIM does not have registered broker-dealers which are affiliates of CS who are approved brokers for its American clients and therefore no affiliates of CS act as broker or agent in effecting securities transactions for JOHIM’s American clients. See also responses to 9, 12 and 13. JOHIM may use CS entities as distributor for funds which it is appointed to manage. JOHIM has no other arrangements that are material to its advisory business or its clients with any other Related Person. JOHIM does inform clients of CS credit facilities where appropriate, and if clients use this facility JOHIM will hold part or all of a client’s portfolio to CS’s order under such facility arrangements. JOHIM may receive from, pay to, or share commissions or fees with CS entities to whom it introduces clients, or who introduce clients to it.

**D Is JOHIM or a Related Person a general partner in any partnership in which clients are solicited to invest?**

JOHIM’s affiliated company, JOHIM (Cayman II) Limited is the Manager of a Delaware LLC Insurance Dedicated Fund. This fund is in the process of being wound up. Another affiliated company JOHIM (Cayman III) Limited is the General Partner of a Cayman based hedge fund. American clients may also invest in JOHIM Investment Funds or Waverton Investment Funds Plc (open ended investment companies to which JOHIM is the appointed investment manager) either under JOHIM’s discretionary mandate or by solicitation. Various affiliates of CS may also serve as general partner to a number of other investment vehicles. American clients

of JOHIM, however, are not currently solicited to invest in any of these affiliate investment vehicles.

## **9. Participation or interest in Client Transactions**

### **A Does JOHIM or a Related Person: Act as principal? Buy securities for itself from or sell securities it owns to, any client?**

JOHIM does not, as principal, buy securities for itself from, nor sell securities it owns to American clients. It is possible that, on rare occasions in order to ensure a Client does not go overdrawn or to correct a breach, JOHIM may on its own account and trade or sell securities it owns or buys securities from clients. Such transactions will always be in accordance with JOHIM's general obligation as a fiduciary to act in the best interests of its clients and to obtain the best price and execution for its clients.

### **B As broker or agent effect securities transactions for compensation for any client?**

JOHIM does not effect security transactions for commission, nor does it effect any securities transactions on behalf of its American clients through affiliated brokers.

### **C As broker or agent for any person other than a client effect transactions in which client securities are sold to or bought from a brokerage customer?**

JOHIM does not effect transactions for non-clients in which client securities are sold to or bought from a brokerage customer. Further, JOHIM does not have registered broker-dealers which are affiliates of CS who are approved brokers for its American clients and therefore no affiliates of CS act as broker or agent in effecting securities transactions for both JOHIM's American clients and the person on the other side of the transaction.

### **D Recommends to clients that they buy or sell securities or investment products in which the applicant or a Related Person has some financial interest?**

JOHIM may recommend to, or purchase on behalf of, American clients the purchase or sale of securities issued by a company in which an affiliate of JOHIM has a financial interest or position. For example, JOHIM may recommend to or purchase on behalf of clients shares in JOHIM Investment Funds or Waverton Investment Funds Plc. JOHIM may also recommend products in which CS companies and/or affiliates have a financial interest. Related persons of JOHIM, including CS, engage in various types of investment banking activities with issuers of securities which may be recommended by, or purchased on behalf of, its clients. JOHIM will not generally have access to detailed information concerning the securities positions of its affiliates. Accordingly, while JOHIM may, in the ordinary course of business, make purchases/sales for clients in securities in which affiliates may have a financial interest or position such recommendations will be made without regard to such positions. Sometimes, however, JOHIM may have access to confidential information or be otherwise restricted from dealing in certain securities. As a result JOHIM may not initiate a transaction it may otherwise have done.

### **E Buys or sells for itself securities that it also recommends to clients?**

Except in exceptional circumstances, as referred to in 9A, JOHIM does not buy or sell securities for itself. Employees of JOHIM may from time to time buy or sell securities for their personal accounts in situations where JOHIM intends to buy or sell the same securities for, or recommend the purchase or sale of the same securities to its American clients. JOHIM and its employees must comply with all applicable financial services laws in offering such investment opportunities to JOHIM's American clients. JOHIM may manage an equity portfolio for knowledgeable employees in a fashion that is similar to the portfolios managed for JOHIM's clients. Transactions in securities to be made for the personal interest of an employee of JOHIM are subject to JOHIM's procedures for personal trading. Accordingly, employee trades are subject to pre-clearance requirements, as well as trading prohibitions designed to avoid conflicts of interest with clients.

## **10. Conditions for Managing Accounts**

### **Does JOHIM have a minimum value of assets or other conditions for starting or monitoring an account?**

JOHIM has a minimum value requirement of US\$ 5,000,000 for its discretionary accounts but will waive this requirement in its sole discretion if circumstances warrant.

## **11. Review of Accounts**

### **A Describe the review and reviewers of accounts, including frequency, levels and triggering factors, and, for reviewers, numbers, titles and functions, the instructions they receive from Clients on performing reviews and the number of accounts assigned to each.**

Each account is reviewed on a regular basis for suitability by its designated Fund Manager. The JOHIM Compliance Team conducts a rolling review of all accounts and a sample random review on a monthly basis.

### **B Describe the nature and frequency of regular reports to clients on their accounts.**

All American clients receive quarterly statements from JOHIM.

## **12. Investment or Brokerage Discretion**

### **A Does JOHIM or any Related Person have authority to determine, without obtaining specific client consent, the securities to be bought or sold, the amount of securities to be bought or sold, the broker or dealer to be used, the commission rates paid?**

In cases where JOHIM has entered into a discretionary agreement with a client it has discretion to decide which securities, and the amount thereof, are bought and sold, which dealer or broker is to be used and the commission rate (if any) to be paid. In making these decisions JOHIM must act within its mandate from the client and in accordance with FSA rules and regulations.



Certain investments may be appropriate for more than one client. Investment decisions for clients will be made after consideration of factors such as their current holdings, availability of cash for investment and the size of their investments. In some cases, a particular investment may be bought or sold for one or more but fewer than all clients. Similarly, a particular investment may be bought for one or more clients when one or more other clients are selling the investment. In addition, purchases or sales of the same investment may be made for two or more clients on the same day. In such event, such transactions will be allocated among clients in a fair and reasonable manner.

It is possible that JOHIM may inadvertently receive material, non-public information relating to publicly traded securities. In the event of such an occurrence JOHIM will follow applicable financial services law and cease trading for any client in such securities during the period when such information remains outside the public domain and could give advantage.

Where it is appropriate and within the clients mandate and risk criteria JOHIM may from time to time acquire on behalf of clients securities issued in initial public offerings.

If JOHIM decides to purchase or sell the same securities for several clients at approximately the same time it may, subject to compliance with requirements under applicable financial services law, aggregate such orders. It may also aggregate such orders with own account orders. Transactions will be averaged as to price and transaction costs and allocated among the relevant clients. An order for a client may only be aggregated with other client orders or with own account orders where it is unlikely that this will work to the disadvantage of any clients. Whenever it is believed that the aggregation of an order for a client with other orders would be disadvantageous to that client then that client order is executed on its own and before any other orders received subsequent to that client order.

JOHIM may purchase securities for certain clients which it has shorted, or will short, for other accounts

**B Does JOHIM or a Related Person suggest broker to clients?**

JOHIM does not utilize registered broker/dealers that are affiliates of JOHIM for its American Clients deals. JOHIM will not suggest brokers to clients as it has very few advisory clients. JOHIM always strives to allocate trades to a particular broker on the basis of Best Execution.

**13. Additional Compensation**

**A Does JOHIM or a related person have any arrangements where it is paid cash by or receives some economic benefit from a non-client in connection with giving advice to clients?**

JOHIM usually absorbs all brokers' commissions and charges its own commission and a handling charge per transaction. However, in certain cases brokers' commissions are passed on directly to clients.

As part of their overall service, brokers provide JOHIM with research products for which they do not specifically charge. The broker recovers the cost of providing such research in its commission structure. JOHIM's view is that the research opinions and market knowledge of brokers are important in supplementing its fund managers' own expertise, and is vital in assisting them in making decisions regarding both asset allocation and stock selection for client portfolios. JOHIM may direct commissions to specific research houses in recompense for research received.

JOHIM is unable to provide a precise analysis of the elements involved in calculating brokers' commissions, and the brokers themselves are not obliged by the FSA to provide such an analysis. Much of their research is provided on an ad hoc basis, and JOHIM estimates that, on average, about 75% of the charge relates to research and the balance to execution.

**B Directly or indirectly compensates any person for client referrals?**

JOHIM has introduction arrangements in place with certain third parties. These include introduction arrangements with certain CS entities. These arrangements are fully disclosed to any client affected by them.

**14. Balance Sheet**

**Does JOHIM have custody of client funds or securities or require prepayment of more than \$500 in fees per client more than six months in advance? If so please provide balance sheet.**

JOHIM does not have physical custody of client funds or securities although it does arrange safe-keeping for clients if so requested. JOHIM does not require prepayment of fees.