

March 30, 2012



**ASSET MANAGEMENT**

Ignis Investment Services Ltd

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FORM ADV, Part 2A Brochure

30<sup>th</sup> March 2012

**This brochure provides information about the qualifications and business practices of Ignis. If you have any questions about the contents of this brochure, please contact us at +44 (0)141 222 8000 or email us at [GlobalInstitutionalmailbox-fullaccess@ignisasset.com](mailto:GlobalInstitutionalmailbox-fullaccess@ignisasset.com)**

**The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Any reference to or use of the terms 'registered investment adviser' or 'registered' does not imply that Ignis or any person associated with Ignis has achieved a certain level of skill or training.**

**Additional information about Ignis is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**

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**Item 2 – Material Changes**

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This Brochure dated 30<sup>th</sup> March 2012 is prepared according to the SEC's requirements and rules. This section of the document is used only to discuss specific material changes that have been made to the Brochure since the previous version dated 31<sup>st</sup> March 2011.

Pursuant to SEC Rules, we will deliver to you a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. All such information will be provided to you free of charge.

There are no material changes to report.

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**Item 4 - Advisory Business**

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**Description of Advisory Firm**

Ignis Asset Management is the holding company of Ignis Investment Services (IIS) and Ignis Fund Management (IFM). See Item 10 for further information on IFM.

IIS is an investment adviser and provides the investment management for the majority of the Ignis funds, along with the administration and back office systems (including compliance and marketing) for all funds.

IIS was incorporated as a limited liability company on 12 November 1986 and is authorised and regulated in the United Kingdom by the Financial Services Authority.

IIS is a wholly owned subsidiary of Ignis Asset Management Limited, which is ultimately owned by Phoenix Group Holdings. Phoenix Group Holding (PHNX) has a Premium Listing on the London Stock Exchange and became a member of the FTSE 250 Index on 20<sup>th</sup> September 2010.

Whilst being owned by Phoenix Group, IIS operates totally independently and manages around \$117 billion of assets on behalf of UK and overseas investors (as at 31<sup>st</sup> December 2011). IIS employs around 560 members of staff including our 55 strong Investment Management team based at our Headquarters in Glasgow and London.

IGNIS' principle office and place of business is located at:

50 Bothwell Street  
Glasgow  
United Kingdom  
G2 6HR

Regular business hours are 9am – 5pm (GMT) Monday through Friday. IGNIS can be contacted by phone +44 (0) 141 222 8000, by fax on +44 (0) 141 222 8500 or by email to [GlobalInstitutionalmailbox-fullaccess@ignisasset.com](mailto:GlobalInstitutionalmailbox-fullaccess@ignisasset.com)

IIS is registered by the SEC. SEC File Number; 801-48185

For the purposes of this Brochure, Ignis Asset Management, Ignis Investment Services Limited, Ignis Fund Managers and their representatives, employees and Directors are referred collectively as "IGNIS".

**Advisory Services Offered**

Ignis offers professional money management services including the giving of continuous advice to clients concerning the investment of funds and all aspects of management of client accounts including trading, cash management and record keeping.

Ignis have 2 Joint Venture boutiques also providing investment advisory services:

1. Argonaut Capital Partners LLP - A concentrated European high alpha boutique set up as a 50/50 joint venture between fund managers Barry Norris and Oliver Russ and Ignis Asset Management;

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2. Cartesian Capital Partners LLP - A UK equity boutique joint venture between specialist fund managers Andrew Kelly & Jeremy Hall and Ignis Asset Management;

Both Argonaut and Cartesian are authorised and regulated by the Financial Services Authority in the United Kingdom.

Ignis and its Joint Ventures will render investment advice on non-U.S. securities such as equity securities, warrants, corporate debt securities, commercial paper, Certificates of Deposit, mutual funds, US government securities, options contracts and futures contracts. Additionally, IGNIS and its Joint Ventures will render advice on the purchase and sale of foreign currencies, on both spot and forward exchange markets, together with advice on the retention or deposit of foreign currency balances pending investment or reinvestment.

### Equity Portfolios

At the heart of Ignis lies our innovative front office structure. IGNIS are true active managers and believe that investment managers should be continually focused on adding value for investors. To achieve this, we ensure our investment professionals concentrate on their area of expertise. As such we have separate teams for each of the core areas of our business. We operate in small autonomous teams who are fully accountable. They are free to devise a strategy and process which best suits their particular asset class at any given time. Our Global Equity offering is a perfect example of this with our distinct investment process and focus on a top down country approach in constructing portfolios, we believe gives us a key competitive advantage.

The overall principal investment objective of equity portfolios will be to achieve capital and income growth by investing in global securities and currencies on a long-term basis. It is expected that portfolios will normally be diversified among the equity securities of companies whose principal businesses are located in Western Europe (including the United Kingdom) North America, Japan, Hong Kong, Southeast Asia, Canada and Australia. IGNIS also invest in the "emerging markets" of Latin America, Asia, Africa and Europe for selected portfolios.

### Nature of Investment Strategy:

Purchase of securities will be predominantly long-term and trading activity will normally be low. In certain circumstances short sales maybe effected on behalf of clients. With respect to the management of currency, exposure will be an integral part of the investment process and will normally be intended to reduce currency risk and volatility.

### Tailored Advisory Services

IGNIS tailors its advisory services to the individual needs of its clients and clients may impose restrictions on investing in certain securities or types of securities. IGNIS (and in turn the associated sub adviser) usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and the amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

IGNIS (and in turn the associated sub adviser) when selecting securities and determining amounts, must observe the investment policies, limitations and restrictions of the clients

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which it advises.

Wrap Fee Programs

IGNIS does not participate in wrap fee programs.

Assets Under Management

Total assets under management as at 31<sup>st</sup> December 2011 \$117bn.

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**Item 5 – Fees and Compensation**

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**Fee Schedule & Billing Methods**

Ignis is compensated by management fees paid by its clients.

The fee is usually calculated and paid on a calendar quarter basis and can either be paid directly by the client or alternatively deducted from the investment account (normally the latter). The client grants IGNIS, by the signing of an IMA, permission to deduct the management fee directly from their account(s).

The management fees are negotiable and if agreeable by both parties may contain a performance related fee.

The standard fee schedules for separately managed accounts are as follows (plus Value Added Tax (VAT) where applicable):

	Global & EAFE	Emerging Markets	Far East
First \$10 million	0.75%	1.00%	0.75%
Next \$40 million	0.60%	0.80%	0.60%
Next \$50 million	0.50%	0.75%	0.50%
Thereafter	0.40%	0.60%	0.40%

*Please contact Ignis if you are interested in finding out about our other investment strategies and their associated fee schedules.*

For a segregated account we would require that the account is such a size as to generate a minimum annual management charge of a minimum of £100k.

These management fees cover investment management only.

Client fees are never paid in advance; they are only paid in arrears

Ignis does not receive any other forms of compensation other than the management fee paid by its clients.

**Other Fees and Expenses**

Any brokerage commissions, transaction charges, stock transfer fees and any other similar charges that are incurred in connection with your account will be paid out of the assets in the account and are in addition to the fees you pay to Ignis.



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**Item 6 – Performance based Fees and Side-by-Side Management**

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At Ignis we do offer clients the option to include a performance related element to the fee structure.

We do not believe this provides any conflict of interest as Ignis has a robust dealing and execution process in place. Additional detail on this is provided below.

**See also Item 11 – Code of Ethics and Item 12 – Brokerage Practices (Conflict of Interests) for further information.**

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**Item 7 – Types of Clients**

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Ignis generally provides investment advice to the following clients in North America:

- Banks or thrift companies
- Investment companies
- Pension and profit sharing plans
- Trust, estates or charitable organisations
- Corporations or other business entities
- Partnerships
- Insurance companies

For a segregated account we would require that the account is such a size as to generate a minimum annual management charge of a minimum of £100k.

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

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We primarily offer 2 sets of strategies to the North American Market Place:

Methods of Analysis and Investment Strategies - Global and EAFE

A high conviction global overview approach is adopted. It is based on top-down regional sector modelling, which aims to identify the most favourable sectors in which to invest.

The universe is split in MSCI Level 2 sectors across 5 regions: Japan, North America, UK, Europe and Far East (x-Japan). The regional sectors are ranked by scoring 25 factors drawn from 5 major categories (quality, value, earnings, technical and momentum). Once the regional sector preference is established, we aim to invest a 4% allocation to each. We then select stocks within these favoured sectors based on 2 main criteria: coverage, since the underlying data within each sector is weighted by market-cap and we want to ensure adequate representation. So, we concentrate on the top 75% of sector capitalization and b) selection criteria – having identified the best sectors we then try to hold only those stocks which are more attractive than the sector average, i.e. “the best of the best”. Stock selection can also be influenced by our assessment of a company’s business model, management track-record and competitive advantage.

These strategies are run by James Smith (CIO – Specialist Funds) and his team who designed the MASAM (Market and Sector Allocation models) process and has used it continuously for a number of years. James joined Ignis (formerly Resolution and before that Britannic) after their acquisition of Blairlogie Capital Management (Edinburgh, Scotland) in December 2001. This process is driven by the quantitative model to which James also applies his experience and judgment. The judgment is designed to smooth timing impact, manage portfolio turnover and ensure adequate risk control. James has full access to Ignis’s 50 investment professionals who offer more detailed insights particularly at the sector and stock level. However, all portfolio decisions rest with James.

**Other Strategies:**

We also offer other specialized mandates to the North American marketplace, primarily Emerging Markets, Japan, Far East (ex-Japan), Europe (both including and ex-UK) and North American equity management. With these single country or regional portfolios, there’s less reliance on top-down sector modelling and more on fundamental analysis, both at the sector and stock level. The Investment team is organized into geographic regions: Europe, Japan, UK, Far East (ex-Japan) and North America. Each team encompasses an approach comprised of the following key elements: strategy formulation, stock selection, implementation and active risk monitoring. Each team employs an active team-based approach where all portfolios are managed in terms of asset allocation and stock selection by the entire team. We are research-oriented and combine the roles of analyst and fund manager into one role: investment manager. Each team member has sector responsibility within the geographic team and is responsible for stock coverage within those sectors.

**General Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

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Market fluctuations

Potential investors should note that the investments are subject to market fluctuations. There is no assurance that any appreciation in the value of investments will occur or that the investment objective of strategy will be achieved. The value of investments and the income derived there from may fall as well as rise and investors may not recoup the original amount invested. Any investment should be viewed as a medium to long-term investment. An investment should only be made by those who are able to sustain a loss on their investment.

Currency risk

Overseas investments are subject to fluctuations in the value of the currency invested in against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Derivatives Risk

A strategy may employ various investment techniques, such as, but not limited to, forward foreign exchange contracts, currency futures, swaps, options and swaptions thereon, put and call options on securities, indices, stock index and interest rate futures and options thereon, stocklending, repurchase, reverse repurchase, warrants and contracts-for-difference (together "**derivatives**") in order to afford the protection of capital or the enhancement of investment returns. These derivative positions may be executed either on-exchange or over-the-counter. The primary risks associated with the use of such derivatives are (i) failure to predict accurately the direction of the market movements and (ii) market risks, for example, lack of liquidity or lack of correlation between the change in the value of the underlying asset and that of the value of the Fund's derivatives. These techniques may not always be possible or effective in enhancing returns or mitigating risk.

Price movements of forward contracts, futures contracts, options, contracts for difference and other derivative contracts in which assets may be invested are influenced by among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and interest rate-related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. Moreover, since there is generally less government supervision and regulation of emerging market stock exchanges and clearing houses than in more developed markets, investments may also be subject to the risk of the failure of the exchanges on which its positions trade or of their clearing houses, and there may be a higher risk of financial irregularities and/or lack of appropriate risk monitoring and controls.

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**Item 9 – Disciplinary Information**

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Ignis does not have any legal or disciplinary information to disclose.

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**Item 10 – Other Financial Industry Activities and Affiliations**

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Ignis Fund Managers (IFM) Limited is authorised and regulated by the Financial Services Authority in the United Kingdom. It is the sister company to Ignis Investment Services (IGNIS) and is the Mutual Fund company.

Argonaut Capital Partners is authorised and regulated by the Financial Services Authority in the United Kingdom. Ignis has appointed Argonaut Capital Partners LLP to act as Investment Adviser to provide discretionary investment management services. Argonaut is a joint venture between Ignis Asset Management and fund managers Barry Norris and Oliver Russ.

Cartesian Capital Partners is authorised and regulated by the Financial Services Authority. Ignis has appointed Cartesian Capital Partners LLP to act as Investment Adviser to provide discretionary investment management services. Cartesian is a joint venture between Ignis Asset Management and fund managers David Stevenson and Andrew Kelly.

IFM, as an investment adviser, delegates all of the investment management to IGNIS, Argonaut and Cartesian as appropriate.

IGNIS acts as investment advisor to Ignis International Funds plc an open-ended investment company with variable capital incorporated in Ireland with registered number 410033 established as an umbrella fund with segregated liability between sub-funds.

IGNIS is also investment advisor to Ignis Global Funds SICAV which is an investment company organized under the laws of the Grand Duchy of Luxembourg as a self-managed *Société d'Investissement à Capital Variable*.

Ignis Investment Services Ltd acts as Investment Advisor to Ignis Select International Value Fund LP and Ignis Select International Value Trust. The Ignis Select International Value Fund LP has been established as a limited partnership ("LP") organised under the laws of the State of Delaware. This LP requires Ignis Select General Partner Inc ("GP") to contract and manage its activities. The GP is a Delaware corporation established as a subsidiary of Ignis Investment Services Limited.

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**Item 11 - Code of Ethics, Participation or Interest in Client Transactions & Personal Dealing**

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**Code of Ethics**

As an investment manager Ignis and all its regulated subsidiaries together with its Joint Venture Partners (JVs) have a fiduciary duty to place the interests of clients before their own.

In order to assist IGNIS, its employees and the JVs in meeting our obligations (in accordance with Securities & Exchange Commission (SEC) rules under section 204A & 206 of the Investment Advisers Act of 1940 and the requirements of Rule 17j-1 adopted by the SEC under Investment Company Act of 1940 and the Financial Services Authority (FSA) in the UK), IGNIS and the JVs have adopted a robust Code of Ethics (the 'Code').

The Code sets out the policy and procedures to be followed in respect of:-

- Personal Account Dealing
- Inducements / Benefits in Kind/Gifts & Entertainment.
- Anti-Market Abuse, Insider Dealing and Market Manipulation

The Code incorporates the following general principles which all employees are expected to uphold:-

- At all times we must place the interest of our clients first
- All personal securities transactions must be conducted in a manner consistent with this Code and avoid any actual or potential conflicts of interest or any abuse of an employee's position of trust
- Employees must not take any inappropriate advantage of their position
- Information concerning the identity of securities and financial circumstances of the funds and investors must be kept confidential
- Independence in the investment decision-making process must be maintained at all times

All Ignis employees and persons associated with Ignis Investment Services (including all Joint Venture partners) are required to follow Ignis Investment Services' Code of Ethics.

Any breach of the Code, including engaging in a prohibited transaction or failing to provide the required disclosure reports may result in disciplinary action.

**Participation or Interest in Client Transactions & Personal Dealing**

Subject to satisfying this policy and applicable laws, officers, directors and employees of Ignis and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Ignis clients.

The Code of Ethics is designed to insure that the personal securities transactions, activities and interest of the employees of Ignis will not interfere with:

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- (i) making decisions in the best interest of advisory clients; or
- (ii) implementing such decisions, while, at the same time, to allow employees to invest for their own accounts.

Under the Code, certain classes of securities have been designated as exempt securities and certain classes of transactions have been designated as exempt transactions based upon a determination that these would not materially interfere with the best interest of Ignis' clients.

Nevertheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that the employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics in order to ensure employees comply with the Code of Ethics, and to ensure the Code of Ethics reasonably prevents conflicts of interest between Ignis Investment Services and its clients.

#### **Fair Allocation**

Ignis may execute transactions on behalf of a number of accounts at the same time. These trades are allocated among accounts using 'pro-rata' procedures that Ignis considers fair and equitable. Participation in the allocation is based on such considerations as investment objectives, restrictions, duration, availability of cash balances, the amount of existing holdings or similar securities, as well as other factors. Allocations generally are made at approximately the time of execution and before the end of the trading day. Subsequent reallocations may be made in unusual circumstances due to recognition of specific account restrictions.

**A copy of IGNIS' Code of Ethics is available upon request for any Client or prospective Client**



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**Item 12 – Brokerage Practices**

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**Broker selection and transaction volume allocation process**

We operate a formal broker authorisation / approval process that requires sign off from Compliance and our in-house Counterparty Risk Committee for the addition of any new broker. There are minimum criteria thresholds that need to be met. This committee has set the minimum credit rating for counterparties at A- / A3. Credit ratings are monitored on a continual basis for any movers and potential upgrades or downgrades. Aggregate exposures to counterparties across instruments can be established through internal reporting within one Business Day.

Each equity desk maintains an independent list of approved brokers. Quarterly reviews are carried out on each broker, with numerical scores being awarded by each team member for the broker's expertise in research, analysis, sales and service. The broker is also assessed for overall strategy input. Finally, our Centralised Dealing Desk (CDD) are also involved in the broker assessment, scoring deal execution.

From this analysis we are able to award each of our brokers an overall service ranking, from which we reach business level targets. The targets for each broker are given to the CDD for guidance, although best execution always prevails in all transactions, and the business targets can therefore only act as a guide.

**Control Processes**

In alignment with market practice, dealing commissions will only be used by Ignis to pay for execution (transaction costs) and research goods and services (which assist in the provision of investment services to our customers).

Execution services relate to those services provided by sell-side brokers linked to the arranging and conclusion of a specific investment transaction (or series of related transactions) and provided between the point at which we make an investment or trading decision and the point at which the investment transaction(s) is concluded. These include the execution service itself, commitment to capital, first call and the provision of information about how a broker conducted a particular series of transactions (e.g. ad hoc single broker pre & post trade analysis on a portfolio trade if specifically asked for in advance of trading).

Acceptable research services include material that is deemed capable of adding value to our investment or trading decisions by providing new insights that inform us when making such decisions on our customers' portfolios. Research material must, whatever form its output takes, represent original thought, in the critical and careful consideration and assessment of new and existing facts, and it must not merely repeat or repackage what has been presented before. It also has to have intellectual rigour and not merely state what is commonplace or self-evident; and it must involve analysis or manipulation of data to reach meaningful conclusions.

**Dealing Information**

To ensure competitive commission levels, keen pricing and good liquidity, CDD examines all available channels when directing its trades to ensure optimum trading for all funds. This

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means we look at large brokerage houses, small specialist brokers, crossing networks and execution only brokers ensuring best execution at all times.

The process of determining how and where a stock is traded is determined by a number of factors. Before trading, the fund manager and dealer discuss the relative importance of expediency and price sensitivity. The dealer will then consider:

- **where there is natural liquidity and flow - this usually ensures a more competitive price and reduced commission**
- **the type of stock - smaller and more illiquid stocks usually need to be traded with specialist brokers where full commission will be paid.**
- **the broker who performed research, recommended the stock, arranged company visits etc.**

For large scale transaction, we do make use of programme trades and 'Transition Management' arrangements are also considered where appropriate in order to minimise trading costs (commissions/spread), opportunity cost and market impact. The number of stocks, ease of trading and benefits of scale will all be part of the decision making process in respect of programme trades. Crossing networks offer potential cost savings and provide dealing anonymity.

We would usually consider a principal trading or risk price for a portfolio trade, if the structure of the basket or the timescale required for implementation/completion of the transactions renders paying a risk price advantageous to achieve best outcome.

### **Dealing Efficiency Monitoring**

We have taken a number of positive steps to minimise transaction costs, the main one being the establishment of our dedicated CDD. Our dealers have built strong relationships with leading brokers and regularly review the way in which they operate. This helps us ensure we have the best procedures, pricing options and information sources to hand when it comes to executing deals for our clients.

The dealers are experienced in determining the most cost efficient and timely means of executing a particular trade in the given circumstances at that time. No two trades can be compared like for like as no trade will ever be traded in exactly the same circumstances at exactly the same time. Each dealer will assess the quality of each execution at the time it is given. They will analyse it taking into account all market, client, and stock impacting factors. They will look to have price improvement or commission reduction where appropriate.

We can provide a breakdown of broker commission on a fund by fund basis, separating out execution from research in accordance with the periodic Level II enhanced disclosure code requirements. On a regular basis the transaction costs associated with all equity trades are analysed and compared with our peer group using independent transaction cost analysis software, provided by Abel Noser. Ongoing investigation on a monthly basis is conducted on individual trades where inherent costs fall furthest from the peer group average to ensure best execution has been achieved. In addition, the performance and costs of the execution venues upon which we place reliance are assessed to ensure the best possible results have been achieved by these venues on a consistent basis and that our reliance on them is justified.

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Quarterly meetings with the product provider are also held with attendance from Compliance and the Head of Dealing. The Global Transaction Cost Summary report is reviewed at such meetings and provides transaction cost analysis broken down by region, market, manager and broker.

## **Commission Information**

### Variations in Rates of Commission

As we always try to get the best deal possible, commission rates are not uniform across all our transactions. Much depends on the actual trade that is taking place and prevailing market conditions. While we have agreed very competitive standard commission levels with brokers, our dealers will always negotiate for further discounts where it is appropriate to do so.

### Commission Sharing Arrangements

When deciding on investments, we receive investment research from brokers that assists and adds value to the effective investment decision making process. Once investment decisions have been made, we place trades through various brokers and incur execution costs for doing so. We may enter into commission sharing arrangements with selected brokers to whom commission will be paid for such services, who in turn may share a portion of the commission generated (on instruction) with other research brokers who have provided research information. These costs are not directly charged to the client but form part of the normal dealing costs incurred.

### Commission Recapture

In general, we do not favour the use of commission recapture, primarily due to the multi-client nature of our transactions. We almost invariably deal for several of our clients at once and therefore have concerns about clients participating in commission recapture with any one broker, who may not be our first choice for the overall deal. The broker commission rates we have negotiated reflect our total funds under management and the amount of business these funds generate. In this way all individual funds benefit from being part of the bigger pool of funds. Should our favoured broker also be the client's commission recapture broker, it does not seem appropriate that any one fund should potentially receive extra benefit.

However, we do have experience of operating commission recapture for individual segregated clients. Where a client instructs us to direct business to particular brokers, we do not allow that client's instructions to impact on the overall direction of a trade. If a client chooses to direct trades, and we can trade more appropriately elsewhere, the portion participating in commission recapture is subordinated with the main deal taking priority.

### Directed Brokerage

If a client decides to direct where its brokerage is placed by Ignis, the client should consider:

1. Ignis' brokerage placement practices;
2. a client who directs Ignis to use a specific broker may pay higher commissions on

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some transactions that might be attainable by Ignis or may receive less favorable execution of some transactions, or both;

3. a client who directs Ignis may forego any benefit from savings on execution costs that Ignis Investment Services could obtain for its clients through negotiating volume discounts on batched transactions;
4. a client who directs Ignis may not be able to participate in an allocation of shares of a new issue if those new issue shares are provided by another broker;
5. a client who directs Ignis may restrict Ignis from receiving research related products and services available from other brokers;
6. Ignis may not begin to execute client securities transactions with broker-dealers which have been directed by clients until all non directed brokerage orders are completed; and
7. clients directing commissions may not generate returns equal to clients who do not direct commission.

Ignis may aggregate purchase and sales orders of securities held in a client's account with similar orders being made simultaneously for other accounts managed by or with accounts of affiliates of Ignis, if in Ignis' reasonable judgment, such aggregation shall result in an overall economic benefit to client's account, taking into consideration the advantageous purchase or selling price, brokerage commission and other expenses.

#### Conflicts of Interest

Our front office processes follow fair allocation and customer order priority in order to comply with FSA Conduct of Business Rules and mitigate against potential conflicts between clients. Fair treatment of clients across all trades is ensured by our order management system, which automatically pro rates allocation across all accounts. This can be overridden but must be accompanied by a fully auditable note detailing the rationale.

We also operate a Code of Ethics policy that sets out the acceptable standards of ethical behaviour that is followed by all employees (see Item 11 for further information). The Code covers both personal account dealing and insider dealing procedures and the gifts and entertainment policy and requires staff to ensure they carry out duties fairly with due skill care and diligence and resolve any matter to the benefit of the client. Further procedures to avoid conflicts include:

- The segregation of the dealers from the investment decision maker (operation of a segregated centralised dealing desk).
- All regulatory, client, in house and cash parameters are considered through the use of Sentinel (our pre and post trade parameter monitoring middleware system) before the trades are passed to the dealers, allowing them to progress in a compliant manner and to treat all accounts in exactly the same manner.

We have stringent controls in place when it comes to hospitality and gifts offered by sell-side brokers. Our investment managers and dealers have to receive line manager approval if they wish to attend and there has to be some business value in it, in terms of fostering business

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relationships. We keep a logbook detailing gifts and any hospitality we receive / provide. The information in the log is regularly analysed alongside broker service and commission reviews. Our compliance department continually monitors fair treatment and inducement logs as part of the compliance monitoring programme.

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**Item 13 - Review of Accounts**

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The client relationship program and reporting requirements will be noted and agreed as an appendix to the Investment Management Agreement and will fit with the specific needs of individual clients.

In general the service offering provided by IGNIS is as follows:-

- Each segregated client has a nominated Client Manager who will take on responsibility for being the principle point of contact for all day to day operational issues and client reporting.
- Monthly Investment Report – the document provides a performance update and brief fund commentary on both market and portfolio. The report is generally issued between BD5 and BD10
- Monthly compliance report – this provides confirmation to the client that the portfolio has been managed in accordance the IMA and Investment guidelines. Should any breaches have occurred these will be recorded along with comments on how they were resolved.
- Quarterly Manager meetings\calls – Ignis offer the services of the Investment Managers to meet with or complete quarterly conference calls with the client. The Client Manager will also attend these calls\meetings to record and manage\monitor any actions noted.
- Quarterly Investment Reports – this report will provide a detailed commentary covering both the market and portfolio. In addition, the report will also include a holding report and reconciled valuation as at quarter end.
- Annual “state of the nations” meetings attended by the portfolio manager and senior representatives from both organisations.

March 30, 2012

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

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Access Alpha, a registered broker-dealer, has been appointed by IGNIS as a consultant to promote and market IGNIS Products and services to prospective clients. The Consultant is paid commission on revenue at the rates specified in the consultancy agreement (as amended from time to time).

March 30, 2012

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**Item 15 – Custody**

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Ignis does not take custody of client funds or securities in any way. Instead, client assets are held at a qualified global custodian.

The custodial service requirements are a direct relationship between the client and custodian. At IGNIS we will work closely with the client's custodian to ensure the day to day management of the segregated account is operated in a robust and effective manner.

Part of the process ensures that Ignis work with the custodian re trade settlements, proxy voting and corporate actions. Another key role is for Ignis to complete regular (at least monthly) asset valuation reconciliations between our own "shadow" records and the assets held by the custodian.

The custodian will report directly to the client on their particular service offering.



March 30, 2012

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**Item 16 – Investment Discretion**

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The investment discretion that IGNIS have will be clearly outlined as part of the Investment Management Agreement. The details of the discretion provided will be client specific but tends to cover the following key areas:-

- 1) Type of Portfolio
- 2) Investment Objectives
- 3) Benchmark
- 4) Currency of the Portfolio
- 5) Eligible Investments
- 6) Investment Restrictions
- 7) Foreign Exchange
- 8) Leverage Limit
- 9) Stock lending
- 10) Overdraft Limits

As part of the tender process it is usual for prospective clients to complete detailed due diligence on both Ignis' investment and operational capability to manage the mandate.

Ignis will ensure that all relevant documentation requirements are met to complete the above process and encourage the prospective clients to meet a range of key personnel involved in the overall process. Including but not limited to:-

- Investment Managers
- Compliance
- Legal
- Fund Accounting
- Client Management Team

March 30, 2012

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**Item 17 – Voting Client Securities**

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Our Policy is to vote on behalf of institutional clients, with the exception of those clients who have specifically requested to be excluded from the proxy voting process. We generally vote in line with the Association of British Insurers (ABI) recommendations, which are made following detailed analysis by their team of specialists. However, the Fund Manager has final discretion and will consider all sources of information. In regards to any contentious resolutions, there is no default action, therefore the investment platform have to formally vote in favour or against.

Clients can direct votes and can chose to vote their own securities.

Clients can obtain further information on how IGNIS voted their securities and may obtain a copy of IGNIS' proxy voting policies and procedures upon request.

March 30, 2012

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**Item 18 – Financial Information**

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Ignis does not require or solicit the prepayment of client fees. All investment fees are paid in arrears.

Ignis does not foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

Ignis has never been the subject of a bankruptcy petition.

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**Item 19 – Requirements for State Registered Advisers**

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Ignis is not a state-registered advisor.

March 30, 2012

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Ignis Asset Management is the trading name of the Ignis Asset Management Limited group which includes Ignis Fund Managers Limited and Ignis Investment Services Limited. Issued by Ignis Investment Services Limited.\* Registered in Scotland No. SC101825. Registered Office: as above.

\*Authorised and regulated by the Financial Services Authority.