

**FIRM BROCHURE OF  
("Brochure")**

**APS ASSET MANAGEMENT PTE LTD**

(A limited liability company incorporated in Singapore and registered with the Securities and Exchange Commission as an Investment Adviser. SEC number 801-56213.)

**FORM ADV, PART 2 A**

The date of this Brochure is 31 December 2011

This Brochure provides information about the qualifications and business practices of APS Asset Management Private Limited ('APS'). The Brochure is not intended to be a marketing brochure, nor is it designed to provide detailed information on all aspects of APS's business. If you have any questions about the contents of this Brochure, please contact us at (65) 6333 8600 or email us at [cs@aps.com.sg](mailto:cs@aps.com.sg).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ('SEC') or by any governmental authority. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training. Additional information about APS is also available on the APS's website at [www.aps.com.sg](http://www.aps.com.sg) the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The delivery of this Brochure at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above.

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## **Table of Material Changes**

APS Asset Management Pte Ltd (the "Investment Adviser") is required to identify and discuss any material changes made to its Brochure since the last annual update. This brochure ("Brochure") is the Investment Adviser's Form ADV Part 2 submitted to the SEC pursuant to amendments made to certain rules promulgated under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and the form formerly known as Form ADV Part II.

There are no material changes regarding our advisory business.

## Table of Contents

Item 1: Advisory Business .....	4
Item 2: Fees and Commissions.....	6
Item 3: Performance-Based Fees and Side-By-Side Management .....	7
Item 4: Types of Clients.....	8
Item 5: Methods of Analysis, Investment Strategies and Risk of Loss.....	8
Item 6: Disciplinary Information .....	10
Item 7: Other Financial Industry Activities and Affiliation.....	11
Item 8: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	12
Item 9: Brokerage Practices .....	14
Item 10: Review of Accounts .....	16
Item 11: Client Referrals and Other Compensation.....	16
Item 12: Custody .....	16
Item 13: Investment Discretion .....	17
Item 14: Voting Client Securities.....	17
Item 15: Financial Information.....	18

## **Item 1: Advisory Business**

### **A. Company Profile**

Founded in 1995, APS Asset Management Pte Ltd (“APS”) is a Singapore-based fund management firm. The principal activities of APS are to provide fund management specializing in Asia Pacific equity investments.

Wong Kok Hoi, founder, Chairman and Chief Investment Officer of APS and his team of tight-knit senior professionals are highly experienced in investing in Asia. The firm operates out of Singapore, Tokyo, Shanghai, Shenzhen, Beijing and New York.

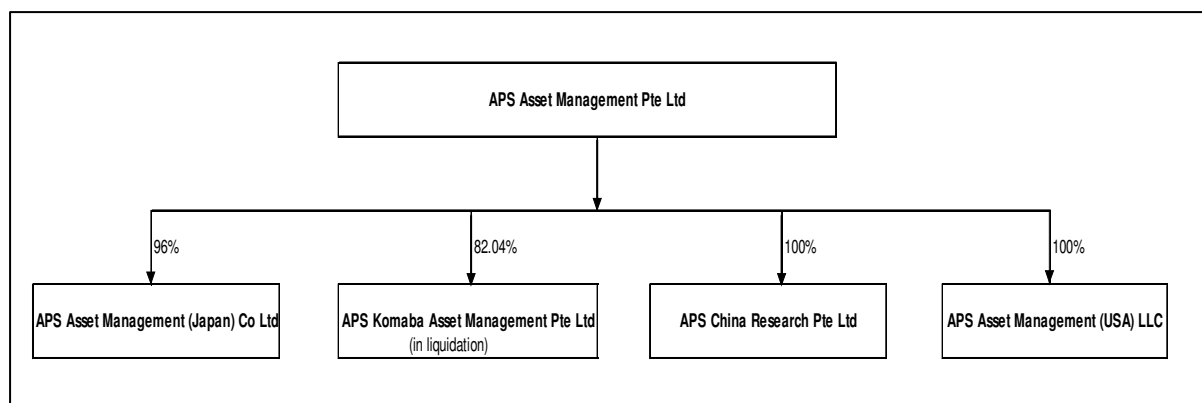
APS is a holder of Capital Market Services licence issued by the Monetary Authority of Singapore to conduct fund management activities and registered as an investment adviser by the U.S. Securities and Exchange Commission. We aim to provide high quality value-added portfolio management services to investors. Our clients are mainly large financial institutions that include pension funds, and foundations as well as financial intermediaries including fund of funds, private wealth management and family offices based in North America, Europe and Asia Pacific.

APS is a fully independent and employee-owned fund management firm offering investment management services to qualified investors in Asia, the U.S. and Europe. The largest shareholder is Mr. Wong Kok Hoi, Chairman and CIO. The remaining shareholders are senior professionals of the firm.

APS currently has 3 subsidiary companies under the group. They are:

1. APS Asset Management (Japan) Co. Ltd provides investment research as ancillary services to fund management and marketing services. It is located in Tokyo.
2. APS China Research Pte. Ltd provides investment research as ancillary service to fund management. The main office is in Shanghai. It has 2 branches in Shenzhen and Beijing.
3. APS Asset Management (USA) LLC is incorporated in Delaware USA. It acts as the manager for APS Asia Pacific Hedge Fund LLC, the US feeder fund of APS Asia Pacific Master Hedge Fund. It provides client servicing functions. The representative office is located in New York.

The APS group structure as at 31 January 2012 is shown below:



The ultimate holding company of APS group is Asian Portfolio Specialists Pte Ltd, a company registered in Singapore. It owns 83% of APS. The principal owner who owns more than 25% of APS is Mr. Wong Kok Hoi. He owns 86% of APS directly and indirectly through his holdings in Asian Portfolio Specialists Pte Ltd.

## B. Services Provided

APS provides fund management and investment research as ancillary services to fund management. It also performs other supporting functions such as trading, marketing, compliance, marketing and investor relations and all operational back-office support to its subsidiaries and affiliates. It specializes in managing portfolios invested mainly in equity in the Asia Pacific and China region. Our clients are mainly institutions that include pension funds, foundations, insurance companies and government agencies based in North America, Europe and Asia. We have full discretion to manage our clients' portfolio.

The total discretionary asset under management is US\$1.6 billion as of 31 December 2011. The investor segmentation as of 31 December 2011 is:

Mutual Funds: 31%  
Long/Short Funds: 27%  
Segregated Mandates: 42%

APS also manages mutual funds and collective investment schemes for high net worth individuals, retail and institutional investors. As at 31 December 2011 it manages 11 mutual funds. They are:

APS Far East Alpha Fund: US\$79m (includes feeder fund APS Alpha Fund which is US\$32m)  
APS Japan Alpha Fund: US\$25m  
APS Greater China Alpha Fund: US\$9m  
APS Greater China Long/Short Fund: US\$55m  
APS Asia-Pacific Hedge Fund: US\$246m  
APS Vietnam Alpha Fund: US\$7m  
Pléiade Actions Asie et Bassin du Pacifique: US\$5m  
WIOF China Performance Fund: US\$6m  
The Taiwan Fund Inc.: US\$307m  
The China Fund Inc.: US\$498m

The Investment Adviser may enter into “side letter” agreements or other similar arrangements where one or more investors to the funds retain additional and/or different rights (including, for example, fee arrangements) than other investors. The Investment Adviser will not enter into a “side letter” with any investor unless agreed to by the directors.

In addition, the Investment Adviser also serves as the investment adviser with discretionary authority and also provides discretionary advisory services to the Managed Account.

APS does not participate in wrap fee programs.

## **Item 2: Fees and Commissions**

### **A. The Fund**

APS charges 2 types of fees for its services i.e. base fee and performance fee. The fee arrangements for segregated discretionary mandates are negotiable. Circumstances considered when negotiating fees may include, without limitation, asset sizes, market rates, specialized guidelines, and other performance fee arrangement with the client.

The base fee for segregated mandates and mutual funds are calculated based on an annual percentage of the value of the assets under management. In addition, the company may collect performance fee based on the performance of the investments.

### **A. Mutual Fund**

Base fee	0.75% to 2.00% per annum
Performance fee	15% to 20% per annum
Sales charge	3% to 5% on the subscription amount
Repurchase charge	3% to 5% on the redemption proceeds

The fees applicable to each fund are set forth in detail in the Fund’s offering documents.

APS may enter into distribution agreements where it would share with the distributor a portion of its fees generated from an individual investor.

The funds bear the following expenses: legal, auditing and accounting fees, tax preparation expenses, investment expenses and all other expenses of each respective fund, including, without limitation, custodian fees, taxes on securities transactions, brokerage fees and commissions and any other similar fees, clearing expenses, government registration fees, fees to an administrator, entity-level taxes, organizational expenses and other similar or extraordinary expenses related to the

operation of the fund. Such expenses are generally shared on a pro rata basis by all of the investors in the fund.

#### **B. Managed Account**

Fees for the managed accounts are subject to negotiation and established pursuant to each account's investment management agreement. Circumstances considered when negotiating fees may include, without limitation, asset sizes, market rates, specialized guidelines, and other performance fee arrangement with the client.

All invoices are billed on quarterly basis in arrears. We do not deduct fees from the Client's assets. APS does not provide custody of Client's assets. All assets are kept with the Client's appointed custodian under the Client's name. The Client negotiates their own custody fees with the custodian.

#### **C. Advance Payment of Fees**

All our client's invoices are calculated and billed in arrears. No advance fee payment is paid by the clients.

### **Item 3: Performance-Based Fees and Side-By-Side Management**

APS charges performance fees for some of the segregated mandates and mutual funds that it manages. The performance fee is measured annually or upon redemption against a benchmark such as MSCI ex-Japan Index or a fixed hurdle rate. The performance fees for funds with long/short strategy are measured using equalisation methodology against the high water mark and/or hurdle rate. This method ensures that performance fee payable to APS is calculated on a share-by-share basis and equates precisely with the performance of each investor. For other mutual funds, the performance fee is accrued on a daily or weekly basis and paid annually at the end of the performance period to APS. Any underperformance of the net asset value per unit against the benchmark or hurdle rate in a financial year will be claimed back against outperformance in future financial years. The starting point for the calculation of the performance fee shall be reset after each performance period in which a performance fee is payable.

The side by side management of portfolios with different fee structures may also create a potential conflict of interest. The portfolio managers may have an incentive to favor the portfolio with the higher fee structure. This conflict of interest is mitigated by managing the portfolios in accordance with their investment strategy and guidelines and in accordance to the allocation policies as discussed more fully in Item 9. The payment of a performance fee may create an incentive for the portfolio managers to cause any fund to make investments that are riskier or more speculative than would be the case if the performance fee were not payable or based solely on a flat percentage of assets under management. This incentive may be particularly acute when the Investment Adviser's incentive fee is payable only upon exceeding a hurdle rate or high water mark and performance of the fund is below any such hurdle or high water mark.

Compensation for the portfolio management team is subject to the performance of their portfolio, company's profitability and annual appraisal by their immediate supervisor and other team members. The portfolio management team are paid basic wages and a performance bonus. Since the performance bonus for the management team is based on the performance of the portfolios under their management, this may create an incentive for the management team to make investments that are riskier or more speculative than would be the case if the management team did not receive a performance bonus. To minimize the risk that the management team may take on higher risks in their portfolios to enhance individual performance, the performance incentive is paid in parts over 3 years with offsets/claw-backs in following years. Specifically, one-third of the bonus is paid in the year that the bonus was earned while the remaining two-thirds will be paid and is dependent on the individual's returns and performance in the next two years.

#### **Item 4: Types of Clients**

APS provides investment advice to the fund and separately managed accounts, as described above. Generally, investors in the funds may include high net worth individuals, pension funds, foundations, and family offices based in North America, Europe and Asia. The constituent documents for the funds set minimum amounts for investment by prospective investors. Investors should refer to the respective fund prospectus for full details on the share classes and minimum investment amounts. The Investment Adviser has waived, and reserves the right to modify or waive, the minimum new investment commitments for the funds from time to time. For separately managed accounts, the minimum account size is negotiable and will depend on the type of product.

The funds' investment advisory contracts may be terminated upon 90 days' prior written notice. The termination provisions for the managed accounts are subject to negotiation and established pursuant to each account's investment management agreement.

#### **Item 5: Methods of Analysis, Investment Strategies and Risk of Loss**

The investment strategies the Investment Adviser pursues are speculative and entail substantial risks. Investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any investor will be achieved.

APS employs a bottom-up fundamental stock research process to uncover and identify undervalued (long positions) and/or overvalued securities (short positions) in the Asian equity markets.

##### Long Strategy

- Positive changes in fundamentals not well appreciated by market
- New stocks or IPOs not adequately covered and appreciated by investment community
- Overlooked deep value stocks
- Under-researched small cap stocks
- Companies recovering successfully from financial distress or cyclical downturn
- Opportunistic positioning to benefit from short-term pricing inefficiency



- The first leg of a pair trade

#### Short Strategy

- Deterioration in company fundamentals not well appreciated by market
- Companies managed by incompetent and/or dishonest management
- Companies with dubious business model
- Excessive valuations after years of strong growth/good news
- Negative changes in industry trends materially affecting the company
- Opportunistic positioning to benefit from short-term pricing inefficiency
- The second leg of a pair trade

Additionally, APS may also opportunistically invest in attractive distressed equity and convertible bonds.

The key tenets of the company's investment philosophy are the following:

- Securities may be priced irrationally and incorrectly in a volatile fast-moving emotional market;
- Economic modelling in Asia is not always reliable for reducing risk or for generating excess returns; and
- Rigorous primary fundamental research may enable managers to exploit the market inefficiencies.

APS invests independently from the market by utilizing:

- In-house idea generation by the investment professionals; and
- Independence of ideas and thoughts.

Risk management begins with stock selection:

- Focus on companies with improving fundamentals;
- Buy securities that are undervalued;
- Statistical modelling does not always quantify risk in times of financial turmoil and crisis;
- Construct a diversified portfolio of "alpha clusters" to limit downside risk and participate in rising markets

#### Investment Risk

APS does not share the widely-held view that volatility or tracking error is investment risk. Instead, APS believes that overpaying for a stock is genuine investment risk. The other investment risk is buying a stock whose fundamentals would deteriorate after purchase. Therefore, the company believes that investment risk can be controlled through the application of extremely thorough investment research process. Through an in-depth knowledge of the investment that the portfolio invests in, as well as an ongoing dialogue with the management of those companies, the number of surprises, especially negative ones, can be minimized. While adopting a pure bottom-up stock selection approach, the company will use diversification among its portfolio holdings to minimize concentration risk. Liquidity risk in the investment portfolio is minimized by investing a substantial part of the portfolio in liquid stocks. However, the company will invest in less liquid stocks from time to time to earn the illiquidity premium. Exposure is, nonetheless, normally small.

Due to its investment style and the relative lack of benchmark orientation in the company's investment process, risk is not monitored through quantitative systems such as Barra. However, APS has an independent Investment Risk Management Unit (IRMU) and a compliance department which jointly ensure that the investment portfolio adheres to both internal and client guidelines. There is a Risk Management Process in compliance with the UCITS requirements in which the IRMU monitors investment risks such as exposure limits, leverage, liquidity and counterparty risks. The compliance department focuses on the laws and regulations applicable to all investment managers throughout the industry. Additionally, the compliance unit generally monitors security concentration, issuer concentration, majority holding and country/sector limits.

APS follows closely investment guidelines mandated by and agreed upon with each client/fund.

APS's strategy may be considered speculative in that it seeks to anticipate movements in the price level or volatility of individual securities, market segments and the financial markets as a whole and to position the investments to benefit from such expected movements. Successful implementation of this strategy requires accurate assessments of general economic conditions, the detailed analysis of individual companies or industries, the relationship between a security and its derivatives, the risk correlation between a wide variety of investments, and the future behaviour of other financial market participants. Even with the most careful analysis, the direction of the financial markets is often driven by unforeseeable economic, political and other events and the reaction of market participants to these events. There can be no assurance that this strategy will be successful and an unsuccessful strategy may result in significant losses to the investors.

Investors should be aware that the value of their investments and the return derived from them can fluctuate. There can be no assurance that the investments will achieve their investment objectives. In addition, though the investments are managed in a prudent manner and in accordance with the investment policies, restrictions and risk management policies in the prospectuses or investment management agreements, there can be no guarantee that losses will be avoided at all times. As is true of any investment, there is a risk that an investment made by APS in equities or derivatives will be lost entirely or in part. The past performance of the company may not be construed as an indication of the future results of an investment managed by APS.

Investors should refer to each fund's offering document for full details of the risk factors of investing in the fund.

## **Item 6: Disciplinary Information**

As at the reporting date, APS is not aware of any legal or disciplinary events that are material to the client's evaluation of our business or the integrity of our management.

## **Item 7: Other Financial Industry Activities and Affiliation**

APS acts as the investment manager and/or distributors for the following mutual funds or collective investment schemes as at 31 December 2011:

APS Far East Alpha Fund – UCITS domiciled in Dublin, Ireland  
APS Japan Alpha Fund – UCITS domiciled in Dublin, Ireland  
APS Greater China Alpha Fund – UCITS domiciled in Dublin, Ireland  
APS Greater China Long/Short Fund – hedge fund domiciled in the Cayman Islands  
APS Asia-Pacific Hedge Fund – hedge fund domiciled in the Cayman Islands  
APS Alpha Fund – pooled investment trust domiciled in Singapore  
APS Vietnam Alpha Fund – UCITS domiciled in Dublin, Ireland  
Pléiade Actions Asie et Bassin du Pacifique - pooled investment vehicle domiciled in Luxembourg  
WIOF China Performance Fund - SICAV domiciled in Luxembourg  
The Taiwan Fund Inc. – US Investment Company  
The China Fund Inc – US Investment Company

APS is also the general partner of APS Asia Pacific Hedge Fund LLC, a company incorporated in Delaware, United States of America. This company is the US feeder fund of APS Asia Pacific Master Hedge Fund. It has been dormant since its incorporation in 2004.

APS also provides trading, client servicing and other routine back-office services such as investment administration, compliance and finance to an affiliated company, APS Asset Management International Limited. APS Asset Management International Limited (“APSIL”) is a company incorporated in the British Virgin Islands. It is licensed by the Financial Services Commission of the British Virgin Islands to act as manager and registered with the US SEC as an investment adviser.

APSIL and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer. APSIL and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

APSIL’s employees responsible for making investment decisions for APSIL are also responsible for managing certain APS funds or assets that are substantially similar or identical to the fund and managed accounts managed by APSIL. APSIL employees are co-employed by APS and APSIL and receive compensation from both APS and APSIL to manage products that are substantially similar or identical. Further, the majority of APSIL employees have ownership interests in APS. APSIL maintains a service level agreement with APS for the provision of certain investor relations and middle and back office services, including trading, client services, investment administration, compliance and operational matters. Therefore, certain key APSIL positions such as Chief Compliance Officer, Chief Financial Officer and Chief Operating Officer are served by APS officers. The Chief Investment Officer of APSIL also serves as Deputy Chief Investment Officer of APS. The directors of some of APS’s funds have direct ownership of APS and certain directors of APS’s funds also serve on the Board of Directors for APS and co-employed by both APSIL and APS. The owners of

APSIL likewise have employment relationships with both APS and APSIL. For additional information on APSIL, please see APSIL's Brochure, registration No. 801-73348.

Executive officers and employees of APSIL, including those with ownership interests in APS but not APSIL, may have conflicts of interest in allocating their time and resources between APS and APSIL, in allocating investments between APS and APSIL and in effecting transactions between APS and APSIL. Such employees are generally only required to devote so much of their time to APSIL as is reasonably necessary in good faith. Any conflicts of interest for directors of the funds are subject to their duties as fiduciaries to the funds.

APSIL, APSIL's fund and managed accounts will not have any right to any income or profits derived by assets managed by APS. Different performance and management fees may be charged by substantially similar products managed by APS, which may also create a conflict of interest with APSIL.

Although APSIL's fund and managed accounts and certain APS accounts generally have similar and overlapping investment strategies, their investment programs may differ. APSIL and APS may have conflicting interests with respect to their investments, including with respect to selling objectives, taxes, performance, liquidity, timing and other objectives. APSIL may give advice, and take action, with respect to similarly situated APS assets which may differ from the advice given, or the timing or nature of action taken with respect to the APS managed assets. The portfolio strategies that APSIL may use for the fund and managed accounts could conflict with the transactions and strategies employed by APS and could affect the prices and availability of the securities and other financial instruments in which APSIL invests.

To address these potential conflicts of interests in its relationships, APS has adopted policies and procedures, including a Code of Ethics, as discussed in Item 8, "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading." Other than as referenced above, APS is not aware of any other material affiliations.

## **Item 8: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

APS follows the APS Code of Ethics (the "Code"), which will be provided upon request to any investor or prospective investor.

The Code follows the principle that officers, directors and employees owe a fiduciary duty to APS clients. Accordingly, APS must avoid activities, interests and relations that might interfere or appear to interfere with making decisions in the best interests of the APS clients or otherwise take unfair advantage of their position. The Code focuses on a wide range of important considerations including, but not limited to: outside activities, potential conflicts of interest, confidentiality, disciplinary matters, dealing with government and other regulatory bodies, personal trading, insider trading and prohibited transactions. Any violations of the Code must promptly be reported to the Chief Compliance Officer.

### Cross Trades

APS may determine that it would be in the best interests of certain Clients to transfer a security from one Client to another (each such transfer, a “Cross Trade”) for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, or to reduce transaction costs that may arise in an open market transaction. If APS decides to engage in a Cross Trade, APS will determine that the trade is in the best interests of each Client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Clients.

### Principal Transactions

To the extent that Cross Trades may be viewed as principal transactions due to the ownership interest in a Client by the Investment Adviser or its personnel, the Investment Adviser will comply with the requirements of Section 206(3) of the Advisers Act.

### Personal Trading Policy

APS permits its staff to engage in personal trades provided that:

- (a) The funds and managed accounts are not disadvantaged by these personal trades;
- (b) Employees do not benefit personally from the trades undertaken for the funds and managed accounts; and
- (c) Employees comply with all existing and applicable regulatory requirements

APS shall at all times deal fairly with the funds and managed accounts and place the funds’ and managed accounts’ interest first; thereby eradicating, to the fullest extent possible, conflict or potential conflict of interest and giving clients the confidence that they are dealing with APS where fair dealing is central to its corporate culture.

To address the possible conflict of interest where the Investment Adviser, its affiliates or employees recommend a particular transaction because of a financial interest held by any such person in such securities, staff is prohibited from engaging in personal trades on the same securities when the funds or managed accounts is making transactions on behalf of clients. Staff can only engage in personal trades on the same securities one clear day after the funds or managed accounts have completed buying or selling of the securities for its clients. Personal trades include those made for the staff’s own account, for family (including spouse, children and other immediate family members) accounts, for accounts in which the staff has a direct or indirect pecuniary interest, and for accounts in which staff has the power to dispose or direct the disposition of the securities or investments. Staff must seek the prior written approval of Management (i.e. the Chief Compliance Officer, and in his absence, the Chief Investment Officer or CEO) before engaging in personal trades. The staff is also required to obtain confirmation from a member of the dealing team certifying that the Fund or Managed Account is not currently making any transaction on the same securities the staff intends to buy or sell.

Staff are also prohibited to trade (buy and sell) the same securities within a sixty (60) calendar-day duration (“short-term trades”). Nonetheless, they shall be permitted to make short-term trades if

there are valid reasons to do so and the Chief Compliance Officer shall have approved the same on a case-by-case basis. Staff is required to submit to the Compliance Department:

- (a) Initial disclosure of personal holdings within 10 days of the commencement of employment. A Nil return is also required;
- (b) quarterly report within thirty (30) days from the close of the calendar quarter; detailing all personal trades (buy/sell) transacted in the calendar quarter just ended. Employees shall also submit a Nil return;
- (c) list of all their personal securities holdings by 30 days after the end of each calendar year, where the information is current as of a date no more than 45 days prior to the date the report was submitted.

APS staff also invests alongside its clients in the funds it manages, both to align the interest of the company and its clients and as a show of confidence. To avoid front running, staff investments in the funds are subject to the same subscription and redemption deadlines as with the other investors of the funds in accordance with the offering memorandum of each fund. All management and performance fees are waived for staff investments in the funds. This may create a potential conflict of interest where the portfolio managers may favor the funds over the managed accounts. To mitigate this, APS adopts the best execution and fair allocation policies described in Item 9. Any exception is documented and monitored on a regular basis by the Compliance Department.

No employees have any roles in the companies in which the Investment Adviser invests.

## **Item 9. Brokerage Practices**

### Best Execution, Broker Selection and Ongoing Monitoring

In executing trades for the funds and managed accounts, APS is aware of its responsibility to seek the best execution for its client's transactions. APS deals only with reputable brokers who are regulated by the Monetary Authority of Singapore ("MAS") or their local regulators.

APS's Best Execution Policy takes into consideration a number of factors when executing transactions on behalf of clients, such as price, market, liquidity and size of order. APS portfolio managers also do not have the ability to choose the executing broker.

No broker is an affiliate of APS. In selecting a broker, APS has a structured broker voting process. Twice yearly each portfolio manager and analyst votes on the value of research services to be received from their brokers for the next six months. The broker voting, which is carried out every January and July, gives the dealing team guidance as to where research commissions should be paid.

Execution brokers are selected according to their ability to provide best execution. Price, trade flow, market impact, systems and access to execution venues, local market knowledge, risk prices, nature of the transaction, type of financial instrument, counterparty risk and cost and efficiency of process

can all contribute to this selection process. No broker can receive more than 25% of the overall annual commission paid.

A counterparty risk due diligence is conducted before a new broker is added to the approved broker list. This process can include a review of the broker's financials and any regulatory breaches, terms of business, and credit rating, if available. All permanent additions to the approved broker database are approved by APS's CIO or Deputy CIO after the risk analysis is reviewed by the CEO/COO.

System controls prevent dealers from executing trades through a venue other than an approved broker.

On-going counterparty risk monitoring of approved brokers will include: analysis of available information indicating financial health, any regulatory breaches and awareness of market information to determine whether a broker should be temporarily suspended and/or permanently removed from the approved broker list.

#### Brokerage for Client Referrals

Neither the Investment Adviser nor any related person receives client referrals from any broker-dealer or related party. However, as discussed above, subject to best execution, the Investment Adviser may consider, among other things, capital introduction and marketing assistance with respect to investors in the funds in selecting or recommending broker-dealers for the funds.

#### Soft Dollar Policy

APS has a soft dollar policy that is in accordance with clients' requirements and the MAS Code of Collective Investment Scheme. It also ensures that the services provided are within Section 28(e) of the Securities Exchange Act of 1934, as amended (the "safe harbor"). When engaging in soft dollar practices, APSIL shall at all times be responsible to place clients' interests before its own.

APS adopts the following policy when it receives or engages in soft dollar practices:

- (i) The goods and services obtained can reasonably and generally be expected to assist in the provision of the investment services to APS's clients;
- (ii) Execute transactions on the best available terms, taking into account the market at the time, for transactions of the concerned kind and size;
- (iii) Not to enter into unnecessary trades to achieve sufficient volume to qualify for soft dollars;
- (iv) Disclose to clients its practices for receiving such goods and services, including a description of the goods and services received by way of investment management agreement, trust deed, prospectus or other client agreement;
- (v) Maintain records of soft dollar arrangements and activities.

A report disclosing the source, usage of soft dollars and other details is made available to client upon request.

### Trade Allocation

It is the policy of the Investment Adviser to allocate investment opportunities among the Clients fairly and equitably, to the extent possible, over a period of time. The managed accounts generally follow substantially the same investment strategy as the funds. Therefore, trade orders for both the funds and managed accounts would generally be allocated in proportion to the size of the order for each portfolio. However, in a number of cases including, but not limited to, cash limits or client restrictions, trade orders will not be allocated identically. In the event of a deviation, the dealing room shall immediately inform the compliance department who shall then escalate the matter to the Chief Investment Officer. The compliance department shall review allocation of orders for compliance with APS's policies on a monthly basis.

## **Item 10: Review of Accounts**

The portfolio managers monitor the funds and managed accounts portfolios on a regular basis to ensure they comply with their investment guidelines and restrictions. The portfolio managers will also review the accounts in the event of unexpected circumstances such as sudden changes in regulations, market conditions or political developments.

Fund investors also receive monthly and quarterly reports that contain a detailed portfolio review including a write-up of market overview, major portfolio contributions and withdrawals and transactions (buy and sell) and a detailed portfolio holdings report together with a portfolio performance review.

Fund investors receive annual audited financial statements and half-yearly unaudited financial statements.

Portfolio reports for the managed accounts are subject to negotiation and established pursuant to each account's investment management agreement.

## **Item 11: Client Referrals and Other Compensation**

APS works with a number of external distributions and introducers to market the funds. It compensates them through a fee sharing arrangement which is negotiable. APS pays the distributors and introducers their share of base fee on quarterly basis and their share of performance fee, if any on annual basis. There are no material conflicts of interest in the arrangement with the external distributors and introducers.

## **Item 12: Custody**

APS does not have custody of the funds or managed accounts assets. All funds and securities are held by the custodians appointed by the funds or managed accounts.



### Item 13: Investment Discretion

APS has discretionary authority to manage securities accounts on behalf of its clients. Some clients may mandate certain investment restrictions. The types of restrictions vary from clients to clients and are set out in the Offering Memorandum of the funds or Investment Management Agreements (IMAs) of the managed accounts.

APS will manage the portfolio to achieve the investment objectives and within the investment guidelines and restrictions agreed with the clients. APS has full discretion subject to applicable law and regulations, under the respective Investment Management Agreements to exercise its power, authority and rights in managing the portfolios including discretion to buy, sell, retain or deal in other assets or securities, deposits and other instrument allowed under the IMAs. APS also have the authority on behalf of the funds to negotiate and appoint counterparty and account opening documentation.

### Item 14: Voting Client Securities

APS has full discretion in managing the client's portfolio including authority to vote on client's securities. In cases where a decision is required, the portfolio manager will discuss with the Chief Investment Officer or Deputy CIO on the decision to be taken in the best interests of the client. The decision made together with the reasons and rationale of taking such a decision is documented before it is executed. Corporate action information is obtained by Bloomberg on daily basis. This information is verified against other independent source from the custodian for correctness.

The table below summaries the common types of corporate action and the internal procedures followed by APS:

Type of Corporate Action	Internal Procedures
Cash Dividend	No need to refer to portfolio manager.
Bonus Issue/Stock Split	No need to refer to portfolio manager.
Stock Dividend/Dividend Reinvestment Plan	To refer to portfolio manager for decision to be taken.
Right Issue	To refer to portfolio manager for decision whether to subscribe/sell the rights or purchase additional rights.
Warrant Issue	To refer to portfolio manager whether to hold or convert the warrant.
AGM/EGM (e.g. appointment of directors, auditors, share option etc)	To refer to portfolio manager for decision.

## **Item 15: Financial Information**

APS does not require prepayment of fees and thus is not required to include a balance sheet for its more recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to the funds or the managed accounts, and has not been the subject of a bankruptcy petition at any time since it was incorporation.