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## **Ward Ferry Management Limited**

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**This Brochure provides information about the qualifications and business practices of Ward Ferry Management. If you have any questions about the contents of this brochure, please contact us at (852) 2581-2500 and/or [investor@wardferry.com](mailto:investor@wardferry.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Ward Ferry Management Limited is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.**

**Additional information about Ward Ferry Management Limited also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**March 30, 2012**

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## **ITEM 2 – MATERIAL CHANGES**

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This Brochure dated March 30, 2012 is prepared according to the SEC's requirements and rules. This Brochure is not materially different from the Brochure dated March 30, 2011.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Veronica Cheung, Manager, Investor Relations, at (852) 2581-2500 or [investor@wardferry.com](mailto:investor@wardferry.com).

Additional information about Ward Ferry Management Limited is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Ward Ferry Management Limited who are registered, or are required to be registered, as investment adviser representatives of Ward Ferry Management Limited.

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## **ITEM 4 – ADVISORY BUSINESS**

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### **Adviser's Advisory Business**

Ward Ferry Management Limited, a corporation organized in Hong Kong (“Adviser”), acts as the investment adviser to one or more private investment companies (collectively, the “Funds”). Adviser was established in 2000. Adviser is principally owned by Ward Ferry Management (BVI) Limited which is ultimately controlled by Scobie Ward and Peter Ferry.

### **Types of Advisory Services Adviser Offers**

As investment adviser, Adviser provides portfolio management services to the Funds, including discretionary management of investments and monitoring the performance of such investments.

Adviser provides investment advisory services to Adviser's clients through the management of investment portfolios in accordance with the objectives and guidelines of the private investment companies as stated in each private placement memorandum. Currently, the Adviser is the investment manager of a sub-account of an endowment and the investment adviser to the following Funds: WF Asia Fund, WF Asian Smaller Companies Fund, WF Asian Reconnaissance Fund, WF India Reconnaissance Fund (wholly owned by WF Asian Reconnaissance Fund) and Ward Ferry Asia Dedicated Investor Fund. Interests in the Funds are not registered securities under the Securities Act of 1933, as amended. In addition, the Funds are not registered as investment companies under the Investment Company Act of 1940, as amended. Accordingly, interests in the Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements in private transactions.

### **Investment Restrictions**

Adviser does not tailor its advisory services to the individual needs of clients. Currently, the Funds generally may not impose restrictions on the management of their accounts, other than restrictions stated in the private placement memoranda of the Funds and other restrictions that are customary in the ordinary course of business. Clients should be aware that the performance of restricted accounts may differ from the performance of accounts without such impediments, possibly producing lower overall results.

### **Wrap Fee Programs**

Adviser does not participate, sponsor or act as a portfolio manager for any wrap fee programs.

### **Assets Under Management**

As of December 31, 2011, Adviser had assets under management of approximately US\$ 560 million, all of which was managed on a discretionary basis and none of which was managed on a non-discretionary basis.

## **ITEM 5 – FEES AND COMPENSATION**

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### **Adviser's Basic Fee Schedule**

The specific manner in which fees are charged by Adviser is established in a client's written agreement with Adviser. Generally and pursuant to contract, fees for the management of private investment companies, such as the Funds, will be based upon a percentage of the total assets in the account. Currently, Adviser receives management fees in an amount up to 1.5 percent (1.5%) per annum of the net asset value of the relevant Funds. Such management fees are accrued daily and calculated on the basis of the net asset value of the relevant Fund as at certain valuation dates and payable in arrears after month end or quarter end as specified in the private placement memorandum of the relevant Fund.

Fund details, including other expenses and investment strategies, are described in each Fund's private placement memorandum.

### **Calculation and Deduction of Fees**

Adviser will be paid its management fee on a monthly or quarterly basis in arrears by the Fund Administrator of the Funds, as specified in each Fund's private placement memorandum.

### **Other Fees and Expenses**

In addition to investment management fees and performance-based fees (as described in Item 6 below), investors in the Funds will indirectly bear any other costs charged to the Funds. Such costs will vary and typically include, though are not limited to, accounting, legal, fund administration fees, audit fees, directors fees and other related costs. Furthermore, Adviser's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the Funds. The impact of mark-ups and mark-downs shall also be incurred by the Funds. Funds may incur certain charges imposed by custodians, brokers, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Such charges, fees and commissions are exclusive of and in addition to Adviser's fee, and Adviser shall not receive any portion of these commissions, fees and costs. Please also refer to audited financial statements of the Funds for details.

Item 12 further describes the factors that Adviser considers in selecting or recommending broker-dealers for Fund transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

### **Prepaid Fees**

Adviser does not charge clients fees in advance.

## **Compensation for the Sale of Securities**

Neither Adviser nor Adviser's supervised persons accept compensation for the sale of securities or other investment products.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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Adviser will generally receive a performance-based fee from each private investment fund, including the Funds, that it advises and manages. The calculation of performance fee is described in each Fund's private placement memorandum. Each performance-based fee is calculated at the end of each calendar year or upon redemption of the relevant shares part way through a year. Each performance-based fee is equal to an amount up to fifteen percent (15%) of the appreciation in the net asset value per share or unit of the relevant series of shares or units issued by the relevant Fund. The appreciation of the net asset value of the relevant series of the relevant Fund is the difference between the highest net asset value per share or unit of that series as at the last valuation date in December in any preceding year after allocation of any performance-based fee (or, if higher, or where the relevant shares or units were issued during the course of the relevant year, the subscription price of the relevant shares or units when they were acquired) (the "highwater mark") and the net asset value per share or unit of that series as at the last valuation date in December in the year in question or (in the case of redemptions made during the course of such year) as at the valuation date relating to the date on which the shares or units were redeemed. Each performance-based fee is not subject to a hurdle.

Currently, all the Funds that Adviser manages are charged both a performance-based fee and a management fee although the fees may vary among different funds. The investment objective, investment strategy, market capitalization focus and liquidity preference for each fund are slightly or materially different. Currently, Adviser determines the allocation of investment opportunities to the most appropriate Funds based on such differences, and does not otherwise favor one Fund over another Fund. If in the future, Adviser manages accounts that are not charged both a management fee and a performance-based fee, performance-based fee arrangements under these circumstances may create an incentive for Adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. In such cases, Adviser would have procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

## **ITEM 7 – TYPES OF CLIENTS**

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Adviser primarily provides portfolio management services to private investment companies.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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### **General Investment Strategies and Methods of Analysis**

Adviser seeks capital appreciation primarily by long and short stock picking. Adviser primarily adheres to a long-term strategic approach while seeking to meet the investment objectives of capital appreciation.

Under normal market conditions, the Funds will invest in a diversified portfolio of securities. The portfolios may sell short certain securities or indexes for hedging purposes and/or to enhance returns. Investments may also be made in various other derivative instruments, including but not limited to futures, options and swaps.

Adviser uses bottom up approach and third party research to seek opportunities for future capital appreciation. However, as discussed below, investing in securities and other investment products involves risk of loss that clients should be prepared to bear.

### **Material Risks for Significant Investment Strategies**

While it is the intention of Adviser to implement strategies which are designed to minimize potential losses suffered by its clients (*e.g.*, the Funds), there can be no assurance that such strategies will be successful. The market exposure level of each Fund can vary significantly over time and any increase or decrease in market exposure level at any time can cause significant loss of capital. The risk in investing in smaller companies is significantly high. The risk in investing in Asia Pacific markets or emerging markets is substantially high. Corporate governance issues are common in these markets and may cause significant or complete loss of capital. Listed companies may be suspended from trading for various reasons. It may not be possible for longs and shorts to be closed when the stock being longed or shorted is suspended from trading. For shorts, this can mean unlimited loss and high borrowing costs. Even for listed securities, liquidity in the market can drop or vary significantly over a short period of time. Market impact cost can be material if a position is required to be liquidated in a short period of time. It may be difficult to properly price positions if there is no major market transaction for a prolonged period of time. Tax may be imposed on security transactions in various forms and uncertainty in tax in certain markets may result in restatement of net asset value. Market access products and derivatives are commonly used in some markets and these instruments typically involve additional counterparty risk. The prevailing terms of business that can be obtained from service providers in Asia may be much worse than similar terms prevailing in the United States resulting in less favorable terms and less protection to the Funds and their clients. It is possible that a client may lose a substantial proportion or all of its assets in connection with investment decisions made by Adviser.

There is no guarantee that in any time period, particularly in the short term, a client's portfolio will achieve appreciation in terms of capital growth or that a client's investment objective will be met by Adviser. Clients must also pay attention to risks discussed in the Funds' private placement memoranda.

## **Material Risks for Particular Types of Securities**

Adviser does not recommend primarily a particular type of security. The material risks involved in Adviser's general investment strategies are described above.

## **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 your evaluation of an adviser or the integrity of the adviser's management. Adviser has no information applicable to this Item 9.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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### **Broker-Dealer Registration**

Adviser and Adviser's management persons are not registered with the Securities and Exchange Commission ("SEC") as a broker-dealer or registered representatives, respectively.

### **Commodity Pool Operator, Commodity Trading Adviser, Futures Commission Merchant Registration**

Adviser has made an exemption filing with the CFTC pursuant to CFTC Rule 4.14(a)(8).

### **Other Material Relationships**

Adviser has a parent-subsidary relationship with Ward Ferry Management (BVI) Limited and Ward Ferry Management (BVI) Limited is the Manager of the Funds and has delegated its investment advisory responsibility regarding the Funds to the Adviser. Ward Ferry Management (BVI) Limited is also registered with SEC. Fees from the Funds are first paid to the Manager who then pays the Adviser based on their agreement. As far as the Funds and other clients are concerned, there is no obvious conflict of interest due to the relationship between Ward Ferry Management (BVI) Limited and the Adviser.

Other than holding investments in the Funds which is intended for alignment of interest, Adviser does not have any other relationships or arrangements that are material to Adviser's advisory business or to its clients that Adviser or any of its management persons have with any of the following related persons: (i) a broker-dealer, municipal securities dealer, or government securities dealer or broker; (ii) an investment company or other pooled investment vehicle; (iii) a futures commission merchant, commodity pool operator, or commodity trading advisor; (iv) a banking or thrift institution; (v) an accountant or accounting firm; (vi) a lawyer or law firm; (vii) an insurance company or agency; (viii) a pension consultant; and (ix) a real estate broker or dealer sponsor or syndicator of limited partnerships. Please also refer to audited financial statements of the Funds for disclosure on related party transactions.



## **Other Financial Industry Activities or Affiliations**

Adviser generally does not recommend or select other investment advisers for its clients. Other than the relationship with Ward Ferry Management (BVI) Limited as disclosed above, Adviser does not receive compensation directly or indirectly from other investment advisers and does not have other business relationships with other investment advisers.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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### **Code of Ethics**

Adviser has adopted a Code of Ethics (the “Code”). The Code governs the investment in securities by personnel designated as access persons of Adviser. The purpose of the Code is to assure that personal transactions do not conflict with client transactions and that in any situation where the potential for conflict exists, client interests take precedence. In essence, Adviser has policy and procedures in place to control and restrict access persons in investing in Asian Pacific listed equities to avoid any front-running of trades.

Each access person must certify annually that he or she has read and understands the Code and recognizes that he or she is subject to the Code. In addition, each access person must certify annually that he or she has complied with the requirements of the Code and that he or she disclosed or reported all personal securities transactions required to be disclosed or reported pursuant to the requirements of the Code.

A copy of Adviser’s staff personal dealing policy is available to clients and prospective clients upon their request.

### **Participation or Interest in Client Transactions and Associated Conflicts of Interest**

The potential conflicts of interest involved in such transactions are governed by the Code, which requires that Adviser and employees place the interests of Adviser’s clients above their own. When the situation is appropriate, Adviser and its associates, officers and employees invest some of their proprietary assets, and Adviser continues to encourage these related parties to make investments in the Funds for alignment of interest with clients of the Funds. The interest of the related parties in each Fund may vary significantly according to each related party’s risk tolerance level, liquidity preference and the interest will change significantly over time due to the change in situations and investment considerations of the related parties.

## **Investments in Securities by Adviser and its Personnel**

All of Adviser's personnel are subject to Adviser's policies and procedures regarding confidential or proprietary information, the information barriers and personal trading. In addition, Adviser has additional policies and procedures relating to certain personal securities transactions by Adviser's personnel which Adviser deems to involve potential conflicts including conflicts involving Adviser's personnel and client accounts managed by Adviser. However, the results of the investment activities of Adviser's or its personnel's investments for their own accounts may differ from the results achieved by or for client accounts managed by Adviser. The conflicts raised by these circumstances are discussed below.

### Conflicts Associated with Investment Activities

Transactions in investments by one or more Adviser's accounts may have the effect of diluting or otherwise disadvantaging the values, prices or investment strategies of a client's account, particularly, but not limited to, emerging market or less liquid strategies. For example, this may occur when portfolio decisions regarding a client's accounts are based on research or other information that is also used to support portfolio decisions for other client accounts. When Adviser, on behalf of one or more client accounts implements a portfolio decision or strategy ahead of, or contemporaneously with, similar portfolio decisions or strategies for a client's account (whether or not the portfolio decisions emanate from the same research analysis or other information), market impact, liquidity constraints, or other factors could result in the client account receiving less favorable trading results and the costs of implementing such portfolio decisions or strategies could be increased or the client account could otherwise be disadvantaged. Adviser may, in certain cases, elect to implement internal policies and procedures designed to limit such consequences, which may cause a client's account to be unable to engage in certain activities, including purchasing or disposing of securities, when it might otherwise be desirable for it to do so.

Adviser may, but is not required to, aggregate purchase or sale orders for client accounts with trades for other accounts managed by Adviser, including accounts of other clients. When orders are aggregated for execution, it is possible that Adviser and its personnel's interests will receive benefits from such transactions, even in limited capacity situations. While Adviser maintains policies and procedures that it believes are reasonably designed to deal with conflicts of interest that may arise in certain situations when purchase or sale orders for a client's account are aggregated for execution with orders for accounts of other clients, in some cases Adviser will make allocations to accounts in which the Adviser and its personnel have an interest.

Adviser's client accounts may also invest in different classes of securities of the same issuer. As a result, Adviser may pursue or enforce rights with respect to a particular issuer in which a client's account has invested, and those activities may have an adverse effect on the client's account. For example, if an Adviser's own account holds debt securities of an issuer and another client's account holds equity securities of the same issuer, then if the issuer experiences financial or operational challenges, the Adviser's own account which holds the debt securities may seek a liquidation of the issuer, whereas the client's account which holds the equity securities may prefer a reorganization of the issuer. In addition, Adviser may also, in certain circumstances,

pursue or enforce rights with respect to a particular issuer jointly on behalf of one or more Adviser's client's accounts, or may work together to pursue or enforce such rights.

Certain clients' accounts may be negatively impacted by Adviser's activities, including activities and transactions for such clients' accounts may be impaired or effected at prices or terms that may be less favorable than would otherwise have been the case had Adviser's clients' accounts not pursued a particular course of action with respect to the issuer of the securities. In addition, in certain instances Adviser's personnel may obtain information about the issuer that would be material and that could limit the ability of such personnel to buy or sell securities of the issuer on behalf of clients' accounts.

Transactions undertaken by Adviser's clients may also adversely impact one or more client accounts. Other clients of the Adviser may have, as a result of receiving client reports or otherwise, access to information regarding Adviser's transactions or views that may affect their transactions outside of accounts controlled by Adviser, and such transactions may negatively impact other clients' accounts. A client's account may also be adversely affected by cash flows and market movements arising from purchase and sale transactions by, as well as increases of capital in and withdrawals of capital from, other clients' accounts. These effects can be more pronounced in less liquid markets.

The results of the investment activities of a client's account may differ significantly from the results achieved by Adviser for other client accounts.

### **Trading Alongside by Adviser and its Personnel**

Under Adviser's policies and procedures, neither Adviser nor its personnel would recommend securities to Adviser's clients, such as the Funds, or buy or sell securities for its clients' accounts, at the same time that they would buy the same securities for their own accounts. We note that although Adviser's policies would permit Adviser and its personnel and/or related parties to invest in the Funds, these investments are in alignment with the objectives of the Funds and would not be considered simultaneous trading transactions.

## **ITEM 12 – BROKERAGE PRACTICES**

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### **Broker-Dealer Selection**

Adviser has full discretion to select brokers or dealers as well as the commission rates at which the transactions for clients are effected. It is Adviser's policy to seek best execution at the best price available with respect to each transaction, in light of the overall quality of brokerage and research services provided to it or its clients. The best price means the best net price without regard to the mix between purchase or sale price and commissions. In selecting broker-dealers, and in negotiating commissions, Adviser considers a variety of factors, including best price and execution, the full range of brokerage services provided by the broker, access to the senior management of investee companies that the broker may facilitate, access to placement of shares from time to time, access to research and investment conferences, expertise in local market or

specific sector knowledge, as well as its capital strength and stability, and the quality of the research and research services provided by the broker.

In determining the abilities of a broker or dealer to obtain best execution for portfolio transactions, Adviser will consider all relevant factors, including the execution capabilities required by the transactions; the ability and willingness of the broker or dealer to facilitate the portfolio transactions by participating therein for its own account; the importance to the account of speed, efficiency, settlement support and confidentiality; the broker or dealer's apparent familiarity with sources from or to whom particular securities might be purchased or sold; the reputation and perceived soundness of the broker or dealer; as well as other matters relevant to the selection of a broker or dealer for portfolio transactions for any account. Adviser will not adhere to any rigid formula in making the selection of the applicable broker or dealer for portfolio transactions, but will weigh a combination of the preceding factors.

Adviser will have no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular portfolio transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to minimize the expense incurred for effecting portfolio transactions to the extent consistent with the interests and policies of the Funds. Although Adviser will generally seek competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker or dealer involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

### **Research and Other Soft Dollar Benefits**

Consistent with obtaining best execution, brokerage commissions on client portfolio transactions may be directed to brokers in recognition of research services furnished by them, as well as for services rendered in the execution of orders by such brokers. Adviser will rely upon the "bona fide research" safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended.

As a general matter, such research services are used to service all of Adviser's clients. However, each and every research service may not be used to service each and every client managed by Adviser, and brokerage commissions paid by one account may apply towards payment for research services that may not be used in the service of that account. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, Bloomberg subscriptions, portfolio management system subscriptions, general office equipment or premises, membership fees, employee salaries or direct money payments.

Certain research providers without their own brokerage executing arm may state in advance the amount of brokerage commissions they require for such research services. Adviser may, in its discretion, cause the client to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This may be done where Adviser has determined in good faith that such commission is reasonable in relation to the value

of brokerage and research services received. In reaching such a determination, Adviser would not be required to place or attempt to place a specific dollar value on the brokerage or research services provided by such broker. Commission sharing agreements may be in place to facilitate the reward of research providers for their provision of research services and the executing brokers for their execution services. Currently, Adviser does not expect this practice to represent a material percentage of brokerage commissions.

When Adviser uses its client's brokerage commissions (or markups or markdowns) to obtain research or other products or services, Adviser receives a benefit because it does not have to produce or pay for such research, products or services. Adviser may have an incentive to select or recommend a broker-dealer based in its interest in receiving the research or other products or services, rather than on its clients' interest in receiving the most favorable execution.

Adviser generally does not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate. Nonetheless, when allocating trades to clients, Adviser must ensure that over time each client is treated fairly and equitably in the execution of transactions.

Within the last fiscal year, Adviser credited less than US\$50,000 to research providers.

### **Brokerage for Client Referrals**

Except for capital introduction services that may be received by prime brokers of the Funds, Adviser generally does not consider, in selecting or recommending broker-dealers, whether Adviser or a related person receives client referrals from a broker-dealer or third party.

### **Directed Brokerage**

Adviser generally has the discretionary authority to determine and direct execution of portfolio transactions within the client's specified investment objectives without prior consultation with the client on a transaction-by-transaction basis.

### **Aggregation of Trades**

Adviser has the fiduciary duty to execute orders for its clients fairly and equitably. Adviser follows procedures pursuant to which it may, for clients who permit it, and to the extent consistent with best execution, combine purchase or sale orders for the same security for multiple clients (sometimes called "bunching") so that they can be executed at the same time. The procedures followed by Adviser may differ depending on the particular strategy or type of investment. Adviser is not required to bunch or aggregate orders if: (1) portfolio management decisions for different accounts are made separately; or (2) Adviser determines that bunching or aggregating is not practicable. Adviser may be able to negotiate a better price and lower commission rate on aggregated trades than on trades for accounts that are not aggregated. Where transactions for a client's account are not aggregated with other orders, it may not benefit from the better price and lower commission rate. Because of prevailing trading activity, it may not be possible to receive the same price or execution on the entire volume of securities purchased or

sold. When this occurs and when markets involved allow, the various prices may, in the Adviser's discretion, be averaged, and accounts will be charged or credited with the average price. The effect of such aggregation may operate on some occasions to an account's disadvantage.

## **ITEM 13 – REVIEW OF ACCOUNTS**

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### **Review of Accounts**

The Funds are reviewed on a weekly basis. These reviews are designed to monitor the market exposure level (both gross exposure and net exposure), investment positions, major changes in company fundamentals, industry outlook, market outlook and top ten (10) positions, country and sector weightings, etc. Generally, these reviews are performed by investment professionals of Adviser.

### **Factors Triggering a Review**

Adviser also performs reviews of the Funds as appropriate based on, among other things, major changes in market conditions, rebalancing needs driven by major subscriptions or redemptions, major profit or loss relating to some positions or the overall portfolios, or other major events.

### **Client Reports**

Except for managed accounts, Adviser prepares and provides to clients written newsletters on a quarterly or monthly basis (frequency as specified for each Fund) to report fund data and performance. These newsletters generally include, among other things, a summary of major development in the Fund, top positions, country and sector breakdown of the Fund, the net asset size and performance return of the Fund during the reporting period.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

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### **Other Compensation**

No person who is not a client of Adviser provides an economic benefit to Adviser for providing investment adviser or other advisory services to Adviser's clients.

### **Compensation for Client Referrals**

Adviser has entered into oral agreement whereby a party unaffiliated with Adviser would be entitled to compensation in the event that it successfully solicits clients on Adviser's behalf.

During the last fiscal year, neither Adviser nor any related person directly or indirectly compensates any person who is not a supervised person of Adviser for client referrals.

## **ITEM 15 – CUSTODY**

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The Funds each has its own fund administrator and prime brokers who are independent of the Adviser. Investors in the Funds should receive at least quarterly statements from the relevant Fund administrator or its agent as specified in the private placement memorandum of each Fund. Adviser urges investors in the Fund to carefully review such statements and compare such official records to the reports that Adviser may provide to such investors. Adviser's reports may vary from official records based on accounting procedures, cut off time, different exchange rates or valuation methodologies of certain securities.

## **ITEM 16 – INVESTMENT DISCRETION**

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Adviser usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and 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.

When selecting securities and determining amounts, Adviser observes the investment policies, limitations and restrictions of the clients for which it advises. However, due to market movements and redemptions, passive breach of limits and restrictions may occur and it may take some time for Adviser to remedy. Investment guidelines and restrictions must be provided to Adviser in writing.

## **ITEM 17 – VOTING CLIENT SECURITIES**

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### **Proxy Voting Policies**

Adviser invests in securities issued by both public and private issuers. In relation to these investments, Adviser has the authority to vote proxies. Adviser has adopted and implemented written policies and procedures reasonably designed to ensure that it votes proxies for Funds securities in the best interest of Funds. Proxy voting decisions are the responsibility of the investment professionals and are made in accordance with Adviser's proxy voting policies and procedures.

In accounts where Adviser votes proxies, Adviser will determine to vote a proxy depending on, among other things, the cost of analyzing the proxy compared to the expected benefit of the vote to its clients, the subject of the proxy and the size of the position the clients hold in the issuer (proxies of issuers in which clients hold a small position are less likely to be voted than those for issuers in which clients have made a controlling investment). Adviser will not be able to determine the best interest of the underlying clients of the Funds which may not be consistent with the overall best interest of the Funds. In deciding the vote, Adviser only votes in the best interest of the Funds. For matters that Adviser consider immaterial, Adviser will not necessarily vote. Adviser or its delegate shall make and keep a written record of how all proxies have been voted on behalf of the Funds. When investments are made via swaps or derivatives, Adviser will not have the right to vote. Adviser is responsible for identifying any potential conflicts of interest that may arise in the proxy voting process.

Examples of conflicts may include situations where Adviser or its affiliates have a material business relationship with a proponent of a proxy proposal, which may influence how the vote is cast, or has a business or personal relationship with participants in a proxy contest, directors, or candidates for directorships (other than by virtue of Adviser employee's status as a director of the company). Adviser will refer any such conflicts of interest to the designated principals for resolution.

Adviser will retain (i) its proxy voting policies and procedures; (ii) confirmation from custodians on delivering the votes in accordance with Adviser's instruction; and (iii) any specific documents Adviser prepared that were material to making a decision on how to vote, or that memorialized the basis for the decision. Adviser's proxy voting policies and procedures and information on how specific proxies were voted is available to clients and prospective clients upon their request.

## **ITEM 18 – FINANCIAL INFORMATION**

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Registered investment advisers are required in this Item 18 to provide you with certain financial information or disclosures about Adviser's financial condition. Adviser does not require prepayment of any fees, has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. Accordingly, no financial statements are required to be provided by Adviser to its clients and prospective clients.

## **ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

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Advisers who are registered or are registering with state securities authorities are required in this Item 19 to provide you with certain information about their business and management teams. Adviser is federally registered and is therefore not required to complete this Item 19.