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HEXAM Capital Partners LLP  
Part 2A of Form ADV  
The Brochure

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This brochure provides information about the qualifications and business practices of HEXAM Capital Partners, LLP ("HEXAM"). If you have any questions about the contents of this brochure, please contact us at +44 20 3170 8382. 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.

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

## Material Changes

HEXAM's most recent update to Part 2 of Form ADV was made in February 2011. HEXAM's business activities have not changed materially since the time of that update. However, in 2010 the SEC required significant changes to the content and format of Part 2 of Form ADV. This brochure, which reflects those changes, is materially different from brochures used by HEXAM in prior years.

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## Advisory Business and Type of Clients

Hexam Capital Partners, LLP ("HEXAM" or "We") provides investment supervisory services to a variety of institutional clients, including but not limited to, pension funds, foundations and endowments. We also serve as the investment adviser to pooled investment vehicles organized as Dublin domiciled SICAVs and to a UK Authorised Unit Trust. Our service is implemented on a discretionary basis and managed through investments in primarily the publically traded global emerging market equities universe. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, etc.), and all managed accounts will be maintained with an independent custodian.

HEXAM is owned by four individual Partners and one corporate Partner. The four individual Partners; Bryan Collings, Stuart Richards, Marina Akopian and Grant Shotter own between 15 and 20% each and in aggregate 65%. The remaining 35% stake is held by the Corporate Member; Ignis Investment Services Ltd.

Assets under management at 30-June-2012 were USD 1,046,900,000.

## **Fees and Compensation**

HEXAM offers clients a choice in relation to the way it charges fees for its investment advisory services. Clients can either pay a fee based on a percentage of assets under management or on a performance fee structure which is made up of a lower base fee (percentage of assets under management) and a performance fee charged on a percentage of any relative performance against an appropriate benchmark applied to the assets under management.

### Segregated Mandates

HEXAM's asset based management fees ranges up to 85 bps (per annum) based on the aggregate fair market value of the client's assets. The first U\$100 mln will be charged at 85 bps and any amount over U\$100 mln will be charged at 75 bps. The amount of the fee is negotiated on a case by case basis with the client. Asset based fees are typically billed quarterly in arrears, as provided in the agreement with the client, based on the value of the account(s) at the close of the applicable billing period. Fees will generally be deducted directly from the client's custodial account pursuant to a written agreement. HEXAM reserves the right to adjust the fee schedule for accounts depending on the size and type of account and the services required. In some cases, negotiation of fees may result in different fees being charged for similar services and may be different than the stated fee schedule.

For those clients that request to pay a performance based fee, the performance-based compensation generally is 15% on any excess performance relative to the MSCI Emerging Markets Total Return Index. The actual amount of the performance based fee is negotiated with each client and would result in a reduced asset management fee of 50 bps and could be subject to certain hurdles, caps and adjustments as negotiated with the client. Performance based fees are charged annually and collected in arrears. In all cases, performance-based fee arrangements will comply with the provisions of SEC Rule 205-3. Performance-based compensation may create an incentive for HEXAM to make investments that are riskier or more speculative than would be the case in the absence of a performance-based compensation.

### Pooled/Co-mingled Funds

The compensation HEXAM is entitled to receive from the pooled investment vehicles for which HEXAM serves as advisor is an asset based management fee the actual amount of which is determined by share class. HEXAM receives 75bps (per annum) from the institutional share class and 150bps (per annum) from the retail share class. Asset management fees are charged monthly in arrears.

The fees charged by HEXAM are exclusive of all custodial and transaction costs paid to custodians, brokers or any other third parties. Clients should review all fees charged by HEXAM, custodians and brokers and others to fully understand the total amount of fees incurred.

Investment management services begin with the effective date of the Investment Management Agreement (“Agreement”), which is the date the client signs the Agreement. Either HEXAM or the client may terminate the Agreement at any time. The client is responsible to pay for services rendered until the termination of the agreement. The client can cancel the Agreement without penalty within the first five business days after the signing of the Agreement.

### **New Issues**

Occasionally, HEXAM may, to the extent permitted under FINRA rules, purchase equity securities that are part of an initial public offering (“New Issues”) for client accounts. New issues shall be allocated to client accounts on a prorated basis weighted by the assets under management. Sensitive allocation issues arise when HEXAM is given the opportunity to participate in an offering that is expected to be over-subscribed, or to purchase a limited position in a security that might be appropriate for multiple advisory clients. Because hot issue premiums provide the potential of an immediate profit and since HEXAM may typically receive only a small portion of the allotments sought, HEXAM will exercise particular care in the allocation of these securities. In the event that clients are not suitable for the New Issues such client will be excluded from the allocation. In addition, if a client is suitable but was not allocated a particular New Issue due to the number of shares that were made available to HEXAM, then those clients will receive priority on the next New Issue that HEXAM receives if the New Issue is deemed by HEXAM to be suitable.

### **Performance Based Fees and Side-by-Side Management**

HEXAM has two clients for which a performance fee is charged as detailed in the Fees and Commissions section above. The performance fee may create an incentive for HEXAM to make more speculative investments and make different decisions regarding the timing and manner of the realization of such investments, than would be made if such performance fee were not allocated to HEXAM. In practice the fund is run in line with all other funds managed by HEXAM in a similar strategy as we strive to treat all customers fairly and equally.

### **Types of Clients**

Hexam Capital Partners, LLP (“HEXAM” or “We”) provides investment supervisory services to a variety of institutional clients, including but not limited to, pension funds, foundations and endowments. We also serve as the investment adviser to pooled investment vehicles organized as Dublin domiciled SICAVs and to a UK Authorised Unit Trust.

### **Methods of Analysis, Investment Strategies and Risk of Loss**

HEXAM offers a long-only Global Emerging Markets Strategy and a long-only Emerging Europe Strategy that are benchmarked to the MSCI EM and MSCI Emerging Europe Indices respectively. The benchmarks were chosen for their generic use by a globally competitive peer group, their diversification in emerging markets and its investable characteristics. Nevertheless client assets are benchmark aware but not benchmark constrained. HEXAM does not concentrate on any particular country or sector but invests from a broad range of stocks of companies in Global Emerging Markets. HEXAM will invest in concentrated portfolios of up to 80 stocks of

companies in Global Emerging Markets and Emerging Europe Universes.

The risks that are associated with the strategies include general risks associated with any equity investments, like stock market volatility e.g. however emerging markets generally exhibit high degree of volatility due to inferior level of domestic stock markets' liquidity and underdeveloped markets' structure with much lower participation of domestic mutual funds in the equity markets relative to the levels observed in their developed peers.

The HEXAM investment process focuses on five main factors of Growth, Liquidity, Currency, Management and Valuation. HEXAM performs a thorough fundamental analysis both on stocks and countries and uses a blended approach of top down and bottom up to construct portfolios.

The strategies are neither value nor growth but concentrate on GARP (growth at a reasonable price) as HEXAM believe this is the most efficient approach to emerging markets.

All investing involves a risk of loss.

## **Disciplinary Information**

HEXAM, its Partners and employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

## **Other Financial Industry Activities and Affiliations**

HEXAM, its Partners and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

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

HEXAM has adopted a written code of ethics that is applicable to all Partners and employees. Among other things, the code requires HEXAM, its Partners and its employees to act in clients' best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on many types of personal securities transactions. HEXAM's restrictions on personal securities trading apply to Partners and employees, as well as their family members living in the same household. A copy of HEXAM's code of ethics is available upon request.

HEXAM permits its employees to engage, on a limited basis, in personal securities transactions. To avoid any potential conflicts of interest involving personal trades, HEXAM has adopted a Code of Ethics ("Code"), which includes formal insider trading, information barriers, and personal security transactions policies and procedures. HEXAM's Code requires, among other things, that its employees:

1. Place client interests ahead of HEXAM's,
2. Engage in personal investing that is in full compliance with the Code,
3. Avoid taking advantage of their position, and
4. Maintain full compliance with applicable federal securities laws.

HEXAM's Code also requires employees to: (1) pre-clear all personal securities transactions, (2) report personal securities transactions on at least a quarterly basis, and (3) provide HEXAM with a detailed summary of holdings (both initially upon commencement of employment and annually thereafter) over which the employee has a direct or indirect beneficial interest. The Compliance Officer monitors all areas of personal trading.

A copy of HEXAM's Code shall be provided to any client or prospective client upon request.

## **Brokerage Practices**

HEXAM is authorized to make the following determinations in accordance with the clients' objectives and restrictions without obtaining prior consent from the clients: (1) which securities or other instruments to buy or sell; (2) the total amount of securities or other instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions.

HEXAM execute all trades through State Street Global Markets (SSGM), both equities and FX. This reduces the need for HEXAM to initiate counterparty agreements and hence do credit and risk checks on any other brokers. SSGM have been appointed on an execution only basis. SSGM seeks to obtain the best execution, taking into account the ability to effect prompt and reliable executions at favorable prices and the operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size of order and difficulty of execution. All trades executed by SSGM are monitored and analysed by Elkins McSherry who provide quarterly incorporating best execution and cost analysis. Execution only rates have been agreed in advance and vary between 8bps and 25bps, these are monitored and compared to the market as part of the Elkins McSherry analysis. HEXAM have set up a Commission Sharing Agreement (CSA) which takes up the total commission paid per trade to a maximum of 25bps. The net CSA amount is used to pay for fundamental research services. HEXAM's Management Committee decides upon the allocation of Research Commission. A scoring system is used by the Investment Managers based on a wide variety of important criteria relating to Research Houses and is reviewed quarterly.

Orders for the same security entered on behalf of more than one client will generally be aggregated (bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders; filled orders shall be allocated separately from subsequent orders. All clients participating in each aggregated order shall receive the average price and if applicable, pay a pro-rata portion of commissions. Transactions are usually aggregated to seek a lower costs or a more advantageous net price.

All segregated clients select their own Custodian.

HEXAM does not undertake any soft dollar activities.

## **Review of Accounts**

Client accounts are monitored on an ongoing basis by the Partners of HEXAM who form the Management Committee. Each account is reviewed relative to the clients requirements and performance against the relevant benchmark. Potential mandate breaches are monitored daily on both a pre and post trade basis.

Clients receive regular account statements directly from their chosen custodian on at least a quarterly basis. HEXAM may supplement these custodial statements with reports provided during client meetings or as requested.

## **Client Referrals and Other Compensation**

HEXAM may pay a portion of its advisory fee to another investment adviser in connection with that adviser's referral of a client to HEXAM. HEXAM itself does not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

## **Custody**

All clients' accounts are held in custody by unaffiliated financial institutions. HEXAM does not and cannot access these accounts and does not have permissions to do so.

## **Investment Discretion**

HEXAM has full investment discretion over all clients' accounts as long as they remain within pre-determined mandate restrictions. These restrictions, as noted above, are monitored daily.

Clients can place reasonable restrictions on HEXAM's investment discretion including Socially Responsible Investing. HEXAM are signatories of the United Nations Principals of Responsible Investments (UNPRI).

## **Voting Client Securities**

As applicable to clients for which we vote proxies, our policy is to vote your proxies in the interest of maximizing shareholder value. We vote your proxies in a way that we believe, consistent with our fiduciary duty, will cause your securities to increase the most or decline the least in value. Consideration will be given to both the short and long term implications of the proposal to be voted on when considering the optimal vote. We have retained RiskMetrics Group ("RiskMetrics") and Broadridge as experts in the proxy voting and corporate governance areas to assist in the due diligence process related to making appropriate proxy voting decisions related to all accounts. Finally, we appointed an individual who will be responsible for identifying the proxies upon which HEXAM will vote, voting the proxies in the best interest of clients, and submitting the proxies promptly and properly. We attempt to identify any conflicts of interests between your interests and our own within our proxy voting process. If we determine that our firm or one of our employees faces a material conflict of interest in voting your proxy (e.g., an employee of HEXAM may personally benefit if the proxy is voted in a certain direction), our procedures provide for a third party advisor, Glass, Lewis & Co, as an independent party to advise the appropriate vote. Any vote cast by RiskMetrics or Broadridge is binding and may not be overridden by HEXAM. Our complete proxy voting policy and procedures are memorialized in

writing and are available for your review. In addition, we maintain a record of all of the proxy votes cast on behalf of our clients, which are available to you upon request

### **Financial Information**

HEXAM has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.



