

# Form ADV

29 February 2012

## Part 2A

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### FOUR Capital Partners Limited

CRD/IARD#: 157480  
1 Ely Place  
London EC1N 6RY  
44 20 3116 4000  
44 20 3116 4001...fax  
valerie.evans@FOURcpl.co.uk  
www.FOURcpl.co.uk

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This brochure ("Brochure") provides information about the qualifications and business practices of FOUR Capital Partners Limited ("FOUR"). You should review this Brochure in conjunction with our separate brochure supplement ("Supplement"). The Supplement(s) has been prepared for the purpose of providing information about the qualifications and background of the supervised person(s) working with you on our behalf or who may otherwise participate in the advisory services provided to you. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

If you have any questions about the contents of this Brochure or our Supplement(s), please contact us at 44 20 3116 4113 or Valerie.evans@FOURcpl.co.uk. Additional information about FOUR or any of our supervised persons (who are registered under our firm) is also available on the SEC's Investment Adviser Public Disclosure ("IAPD") which can be found at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The format/layout of this Brochure has been dictated by the SEC. As such, the Brochure's table of contents can be found after the "Material Changes" section of this Brochure, not at the beginning of the Brochure. The subsections appearing under each heading shall follow the mandated ordering of the items required to be addressed in this Brochure as set forth in the instructions and guidance issued by the SEC in regard to Part 2A of the Form ADV. FOUR's response to each such item shall immediately follow each numbered item. We encourage any reader of this Brochure to also refer to the SEC's instructions and guidance related to Part 2A of the Form ADV. Throughout this Brochure, any references to "we," "our," "ours," "us," etc. are meant to refer to FOUR.

## **II. Material Changes**

Filing date of last annual ADV update: 09/30/2011

FOUR has no material changes to report in regard to its Form ADV.

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## Key Definitions

There are several terms used throughout this Brochure that are defined in the Glossary of the Form ADV. The full Form ADV and its glossary can be found on the SEC's web site at <http://www.sec.gov/about/forms/formadv.pdf>, however, several of the more important terms that are used throughout this Brochure are provided below for your reference. The definitions appear below as they appear in the glossary of the ADV so be mindful that all references made to "you," "your," or "yours" are intended to refer to FOUR. Each term is presented in alphabetical order, not necessarily its order of appearance or use in this Brochure.

**Advisory Affiliate:** Your advisory affiliates are (1) all of your officers, partners, or directors (or any person performing similar functions); (2) all persons directly or indirectly controlling or controlled by you; and (3) all of your current employees (other than employees performing only clerical, administrative, support or similar functions).

**Control:** Control means the power, directly or indirectly, to direct the management or policies of a person, whether through ownership of securities, by contract, or otherwise. Each of your firm's officers, partners, or directors exercising executive responsibility (or persons having similar status or functions) is presumed to control your firm. A person is presumed to control a corporation if the person: (i) directly or indirectly has the right to vote 25 percent or more of a class of the corporation's voting securities; or (ii) has the power to sell or direct the sale of 25 percent or more of a class of the corporation's voting securities. A person is presumed to control a partnership if the person has the right to receive upon dissolution, or has contributed, 25 percent or more of the capital of the partnership. A person is presumed to control a limited liability company ("LLC") if the person: (i) directly or indirectly has the right to vote 25 percent or more of a class of the interests of the LLC; (ii) has the right to receive upon dissolution, or has contributed, 25 percent or more of the capital of the LLC; or (iii) is an elected manager of the LLC. A person is presumed to control a trust if the person is a trustee or managing agent of the trust.

**Management Persons:** Anyone with the power to exercise, directly or indirectly, a controlling influence over your firm's management or policies, or to determine the general investment advice given to the clients of your firm. Generally, all of the following are management persons: Your firm's principal executive officers, such as your chief executive officer, chief financial officer, chief operations officer, chief legal officer, and chief compliance officer; your directors, general partners, or trustees; and other individuals with similar status or performing similar functions; The members of your firm's investment committee or group that determines general investment advice to be given to clients; and If your firm does not have an investment committee or group, the individuals who determine general investment advice provided to clients (if there are more than five people, you may limit your firm's response to their supervisors).

**Person:** A natural person (an individual) or a company. A company includes any partnership, corporation, trust, limited liability company ("LLC"), limited liability partnership ("LLP"), sole proprietorship, or other organization.

**Related Person:** Any advisory affiliate and any person that is under common control with your firm.

**Self-Regulatory Organization or SRO:** Any national securities or commodities exchange, registered securities association, or registered clearing agency. For example, the Chicago Board of Trade ("CBOT"), FINRA and New York Stock Exchange ("NYSE") are self-regulatory organizations.

**Supervised Person:** Any of your officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on your behalf and is subject to your supervision or control.

## IV. Advisory Business

### Item IV.(A). FOUR at a Glance

#### Firm Profile

FOUR is a boutique asset management firm which is majority owned by its employees. FOUR's senior staff are invested in FOUR's funds alongside their clients. FOUR's boutique culture creates a dynamic working environment, and this, together with our distinctive investment process, enables us to harness individual flair within a disciplined team approach in order to deliver superior investment returns for our clients.

#### Years in Business

Date of formation: 1/11/2006.

Date of initial investment adviser registration: 06/20/2011.

#### Principal Owners

The following party(s) maintains at least 25% direct/indirect ownership in FOUR.

Owning Party	Entity Owned	Percentage Owned
Sanlam Netherlands Holdings BV	FOUR Capital Partners Limited	49.9%
Sanlam Limited	Sanlam Netherlands Holdings BV	100%

### IV.(B). FOUR's Advisory Services

In this section, we will describe the services we offer as well as the fees that correspond to those services.

#### Product Type Limitations

We generally provide investment advice in relation to the following specific types of securities/investments: exchange listed equities (U.S.), and equities of foreign issuers (non-U.S.).

#### Our Services

Service:	<i>Ongoing Asset Management</i>
Service description:	<p>FOUR provides specialized investment management services to international investors. FOUR has been registered with the Financial Services Authority ("FSA") since January 2007. Most recently, FOUR has embarked on the provision of its specialized management services to select U.S.-based investment companies and other institutional clients thus triggering the need for its registration as an investment adviser with the SEC.</p> <p>For the purpose of our investment adviser registration with the SEC, we may provide ongoing asset management services to various types of pooled investment vehicles and separately managed accounts ("SMAs") for institutional clients. The types of pooled investment vehicles to whom we may provide our ongoing asset management services may include either domestic (i.e. U.S.) or foreign (i.e. non-U.S.) investment companies, some of which may be registered with the SEC under the Investment Company Act of</p>

	<p>1940 (i.e. “’40 Act Funds”) or other unregistered investment companies (domestic or foreign) that are exempt from registration under the Investment Company Act of 1940 as well as the Securities Act of 1933 (“Unregistered Funds”). Collectively, these types of clients shall be referred to as “Funds,” or individually, “Fund” for the purpose of this Brochure.</p> <p>In relation to the services mentioned above, we may serve either as the Principal Adviser or a Sub-Adviser to the Funds.</p> <p><b><u>Serving as Principal Adviser</u></b></p> <p>As Principal Adviser, we will manage (on a discretionary basis) the assets of the Funds and SMAs in accordance with the overall investment objectives and risk profile of each such Fund or SMA client guidelines and restrictions. Different strategies may be carried out for each Fund or SMA and therefore, there should be no expectation that the performance of any individual Fund or SMA would or should be the same or similar to that of any other Fund or SMA.</p> <p>As part of our asset management services and as Principal Adviser, we may handle a portion of the administrative functions related to the Funds or SMA we manage. Among other things, included in those administrative functions are the coordination of investor subscriptions or withdrawals in to the Funds; overall investor relations; accounting; coordination of annual financial audits (as applicable) for the Funds; and investor reporting. Unless agreed to separately, our asset management services do not involve the provision of specific investment advisory services to individuals (in general) or individual investors in the Funds but rather focuses on institutional clients.</p> <p><b><u>Serving as Sub-Adviser</u></b></p> <p>As Sub-Adviser, we will manage (on a discretionary basis) the assets of the Funds in accordance with the overall investment objectives and risk profile of each such Fund as set forth by the Fund’s principal adviser and/or board of directors (as applicable). Different strategies may be carried out for each Fund and therefore, there should be no expectation that the performance of any individual Fund would or should be the same or similar to that of any other Fund.</p>						
Use of discretion:	<p>Depending on your individual needs and the services you request of us, we may exercise full discretion as to the following elements.</p> <ul style="list-style-type: none"> <li>• Securities to be bought or sold</li> <li>• Amount of the securities to be bought or sold</li> <li>• Timing as to when such securities are to be bought or sold</li> <li>• Broker-dealer and/or custodian to be used</li> <li>• Commission rates to be paid for securities brokerage activities</li> </ul> <p>Our specific discretionary authority will be set forth in the Fund’s or SMA’s Investment Management Agreement (“Agreement”) with us.</p>						
Service fees:	<p>For the service described above, we will charge fees in the following manner:</p> <table border="1"> <thead> <tr> <th colspan="2">Asset-Based Fee Schedule</th></tr> <tr> <th>Account(s)/Portfolio Value</th><th>Annual Percentage</th></tr> </thead> <tbody> <tr> <td>\$0 to \$80,000,000</td><td>1.00 %</td></tr> </tbody> </table>	Asset-Based Fee Schedule		Account(s)/Portfolio Value	Annual Percentage	\$0 to \$80,000,000	1.00 %
Asset-Based Fee Schedule							
Account(s)/Portfolio Value	Annual Percentage						
\$0 to \$80,000,000	1.00 %						



	\$80,000,001 – \$160,000,000	0.85%
	\$160,000,001 – \$240,000,000	0.65%
	\$240,000,001 – and up	negotiable
	<ul style="list-style-type: none"> <li>• Minimum account/portfolio balance (initial): none</li> <li>• Minimum account/portfolio balance (ongoing): none</li> <li>• Minimum annual fee: none</li> </ul> <p>FOUR may charge or receive a performance-based fee to any Unregistered Fund to which it serves as Principal Adviser or Sub-Adviser, respectively. The fee, normally 20% of the percentage change in net equity, part of which is retained by the principal adviser(s) if applicable, will be charged quarterly, in arrears and is subject to a high watermark. No performance fee shall be paid unless the value of such shares is greater than the prior high net asset value of the Fund's outstanding shares. If there were losses during the year in which performance was calculated, those losses will be carried forward into the next year for the purpose of calculating the profit figure on which FOUR's performance-based fee is calculated. Losses carried forward will have to be recovered before any future performance fees will be assessed.</p> <p>None of the investment companies registered under the Investment Company Act of 1940 in which FOUR serves as the Sub-Adviser will incur any performance-based fees.</p> <p>Specific fee arrangements will be set forth in the client's Agreement with us.</p>	
Other fees:	<p>In addition to our service fees, you may be assessed other fees by parties independent from us. You may also incur, relative to certain investment products (such as mutual funds), charges imposed directly at the investment product level (i.e. advisory fees, administrative fees, and other fund expenses.) Brokerage fees/commissions charged to you for securities trade executions may be billed to you by the broker-dealer or custodian of record for your account, not us. Any such fees are exclusive of, and in addition to our compensation. You will be solely and directly responsible for all fees, including fees other than those we may bill directly to you.</p> <p>Refer to Item V.(E) and Item 12 for additional information regarding other fees such as sales compensation, brokerage fees, custodial fees, etc.</p>	
Fee collection:	<p><i>Automatic fee deduction via the custodian</i></p> <p>Contemporaneously with the execution of the Agreement, you will be asked to sign an authorization that will allow the custodian of any of your account(s) to debit the account(s) the amount of our service fees and remit the fee to us. The authorization will remain valid unless and until we receive a written revocation of such authorization from you. In connection with this fee deduction process, the custodian will send you a statement, at least quarterly, indicating:</p> <ul style="list-style-type: none"> <li>• all amounts disbursed from the account, and</li> <li>• the amount of advisory fees paid directly to us.</li> </ul> <p><i>Direct billing.</i></p> <p>If so desired, you may choose to be billed directly by us for our service fees. If so chosen, you will be invoiced by the fifth business day of the month subsequent to the most recently ended billing period. Payments are due on or by the final business day of the month in which the invoice is generated.</p>	

	Specific fee arrangements will be set forth in the Fund's or SMA's Agreement with us.
Fee frequency/timing:	For the service described above, the frequency and timing of our fee collection process occurs as follows: <input type="checkbox"/> quarterly, <input checked="" type="checkbox"/> monthly, <input type="checkbox"/> in advance, or <input checked="" type="checkbox"/> in arrears.  Specific fee arrangements will be set forth in your Agreement with us.
Advanced billing and refunds:	FOUR does not charge its advisory fees in advance. Specific fee arrangements will be set forth in the Fund's or SMA's Agreement with us.

#### **IV.(C). Customization of Advisory Services**

To the fullest extent possible, we will endeavor to tailor our advisory services to meet the specific needs of each and every client. In order to determine a suitable course of action for an individual client, we will perform a review of our clients' financial circumstances and other factors that may influence the investment recommendations we may make to you from time to time. Such review may include, but would not necessarily be limited to, investment objectives, consideration of a client's overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to a client's particular circumstances.

Our clients are free to impose any restrictions or other conditions with regard to how we provide our advisory services. If we agree to such restrictions and/or conditions, please be advised that restrictions and guidelines that you impose on our investment management functions may affect the composition and performance of custom portfolios (as a result, performance of custom portfolios within the same investment objective may differ and you should not expect that the performance of a custom portfolio will be identical to any other individual's portfolio performance) as well as any recommendations provided to you.

#### **IV.(D). Wrap Fee Program Participation**

None of our investment advisory services involve the use of wrap programs.

#### **IV. (E). Assets Under Management<sup>1</sup> ("AUM")**

AUM (discretionary): \$ 1,410,000  
AUM (non-discretionary): \$ 0  
Total AUM<sup>2</sup>: \$ 1,410,000  
Date of AUM calculation: 31 December 2011

### **V. Fees and Compensation**

#### **V.(A). FOUR Advisory Fees**

Refer above to Item IV.(B).

#### **V.(B). Fee Collection Process**

Refer above to Item IV.(B).

<sup>1</sup> The term, "assets under management" shall carry the same meaning as that term is defined by Form ADV.

<sup>2</sup> Rounded to the nearest \$100,000

## **V.(C). Other Fee/Expenses.**

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Refer above to Item IV.(B).

## **V.(D). Fees Charged in Advance**

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Refer above to Item IV.(B).

## **V.(E). Additional Compensation**

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Item V.(E) requires us to address situations in which we or any of our supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. Neither we, nor any of our supervised persons are party to such arrangements.

# **VI. Performance-Based Fees and Side-By-Side Management**

To supplement our discussion of fees and compensation contained in Item IV.(B) above, for certain of our clients, we charge fees that are based on the investment performance of the account or assets that we have been engaged to manage. It is very likely that we may manage a set of assets for one client using a performance-based fee schedule and for a similar type of service for another client, we will charge another type of fee (asset-based, flat, hourly, etc.). Not all clients are eligible for performance-based fees and thus, we will only charge a performance-based fee in relation to accounts/assets for a client meeting the minimum criteria for being charged performance-based fees.

A primary concern with the use of performance-based fees is that they create an incentive for a firm to engage in riskier investment behavior due to the higher return potential. Additionally, assets covered by a performance-based fee may call for a more actively traded account, thus, increasing the overall transaction/trading costs associated with the account/assets. Finally, a firm may have the incentive to favor accounts/assets subject to a performance-based fee over accounts/assets not covered by a performance-based fee for the purpose of maximizing the potential fee revenue from the accounts/assets producing the performance fees.

In an effort to deal with the types of conflicts presented in the preceding paragraph, we regularly monitor client trading activity for the purpose of not only reviewing for the appropriateness of the transactions, but also the appropriateness of the overall fees paid by the client. Our review process in this regard is carried out on no less than an annual basis and generally, we review at least a portion of our clients' accounts/assets for this purpose on a quarterly basis. It is our goal to keep a client's annual service fees related to our advisory services to no more than 2.99% on an annual basis, however, in certain circumstances, a client's overall advisory fee may warrant a fee in excess of 2.99%. In such cases, we will maintain rationale as to why the higher fee is warranted.

# **VII. Types of Clients**

We will generally provide our services to the following types of clients.

- Private funds/pools or other collective investment vehicles
- Investment companies

For information on any minimum fees, minimum initial/ongoing account balances, or other conditions we may impose, please refer to Item IV.(B).

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

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### **VIII.(A). Methods of Analysis**

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In the course of our management process and as appropriate on a case by case basis, we will employ some or all of the following methods of analysis. For a description of the risks related to each particular method of analysis, see the information following each analysis method description. A description of each key risk appears later in this section.

#### **Fundamental**

Fundamental analysis is generally considered the opposite approach to technical analysis. Fundamental analysis involves the attempt to identify the intrinsic value (i.e. the actual, true/real value) of an investment instrument by examining any related economic, financial, and other quantitative/qualitative factors relevant to that instrument. Fundamental analysis can take into account anything that may impact the underlying value of the instrument. Examples of such things may include large-scale economic issues such as the overall condition or current cycle of the economy, industry-specific or sector-specific conditions, etc. Other company/issuer-specific factors may also be taken into consideration such as the company's/issuer's current financial condition, management experience and capabilities, legal/regulatory matters, the overall type and volume of current and expected business, etc.

One of the goals of fundamental analysis is to attempt to derive a value that can be compared to the current market price for a particular financial instrument in hopes of determining whether the instrument is overpriced (time to sell) or underpriced (time to buy).

Key risk(s): Economic Risk, Financial Risk, Inflation Risk, and Interest Rate Risk.

### **VIII.(A). (cont.) Investment Strategies**

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In the course of our management process and as appropriate on a case by case basis, we will employ any of the following investment strategies. For a description of the risks related to each particular investment strategy, see the information following each strategy description. The codes used below relate to risks described further below in this section.

#### **Long-Term Purchases**

Long-term purchases generally involve the acquisition of an investment instrument and holding it for a period of at least one year.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Inflation Risk, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, and Strategy Risk.

#### **Short-Term Purchases**

Short-term purchases generally involve the acquisition of an investment instrument and holding it for a period of not more than one year.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Higher Trading Costs, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, and Strategy Risk.

Investing in securities or other investment products involves the risk of loss and you should be prepared to bear such losses.

### **VIII.(B). Risk Disclosures**

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#### **Capital Risk**

Capital risk is one of the most basic, fundamental risks of investing; it is the risk that you may lose 100 percent of your money. All investments carry some form of risk and the loss of capital is generally a risk for any investment instrument.

### **Credit Risk**

Credit risk can be a factor in situations where an investment's performance relies on a borrower's repayment of borrowed funds. With credit risk, an investor can experience a loss or unfavorable performance if a borrower does not repay the borrowed funds as expected or required. Investment holdings that involve forms of indebtedness (i.e. borrowed funds) are subject to credit risk.

### **Currency Risk**

Fluctuations in the value of the currency in which your investment is denominated may affect the value of your investment and thus, your investment may be worth more or less in the future. All currency is subject to swings in valuation and thus, regardless of the currency denomination of any particular investment you own, currency risk is a realistic risk measure. That said, currency risk is generally a much larger factor for investment instruments denominated in currencies other than the most widely used currencies (U.S. dollar, British pound, Euro, Japanese yen, etc.).

### **Economic Risk**

The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

### **Financial Risk**

Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the dot com companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

### **Higher Trading Costs**

For any investment instrument or strategy that involves active or frequent trading, you may experience larger than usual transaction-related costs. Higher transaction-related costs can negatively affect overall investment performance.

### **Inflation Risk**

Inflation risk involves the concern that in the future, your investment or proceeds from your investment will not be worth what they are today. Throughout time, the prices of resources and end-user products generally increase and thus, the same general goods and products today will likely be more expensive in the future. The longer an investment is held, the greater the chance that the proceeds from that investment will be worth less in the future than what they are today. Said another way, a dollar tomorrow will likely get you less than what it can today.

### **Interest Rate Risk**

Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once an investor has acquired or has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates in the market will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. The reverse is generally true as well.

### **Legal/Regulatory Risk**

Certain investments or the issuers of investments may be affected by changes in state or federal laws or in the prevailing regulatory framework under which the investment instrument or its issuer is regulated. Changes in the

regulatory environment or tax laws can affect the performance of certain investments or issuers of those investments and thus, can have a negative impact on the overall performance of such investments.

### **Liquidity Risk**

Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, you may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.

### **Margin Risk**

- You can lose more funds than you deposit in a margin account. A decline in value of securities that are purchased on margin may require you to provide additional funds to the custodian holding your margin account in order to avoid a forced sale of those securities or other securities in your account.
- The custodian holding your margin account can force the sale of securities in your margin account. If the equity in your account falls below the margin maintenance level required by law or below the custodian's "house" requirement, the custodian can sell the securities in your account to cover the margin deficiency. You will be responsible for any shortfall in the account after such sale.
- Securities can be sold without contacting you prior to sale. Some investors mistakenly believe they must be contacted before a margin call becomes valid and that securities in their accounts cannot be liquidated to meet the call unless they have been contacted ahead of time. Most firms will attempt to notify you of margin calls, however, they are not required to do so. Even if the custodian has contacted you to provide a specific date by which you can meet a margin call, the custodian can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to you.
- You are not entitled to choose which securities in your margin account are liquidated or sold to meet your margin call. Because the securities are used as collateral for the margin loan, the custodian has the right to decide which securities to sell in order to protect its interests.
- The custodian can increase its "house" maintenance requirement at any time and is not required to provide you with advance, written notice. These changes in policy can take effect immediately and may result in the issuance of a margin maintenance call. Your failure to satisfy this call may cause a forced liquidation in your account.
- You are not entitled to an extension of time on a margin call. While an extension of time to meet margin requirements may be available to clients under certain conditions, a client does not have the right to the extension.

### **Market Risk**

The market value of an investment will fluctuate as a result of the occurrence of the natural economic forces of supply and demand on that investment, its particular industry or sector, or the market as a whole. Market risk may affect a single issuer, industry or sector of the economy or may affect the market as a whole. Market risk can affect any investment instrument or the underlying assets or other instruments held by or traded within that investment instrument.

### **Operational Risk**

Operational risk can be experienced when an issuer of an investment product is unable to carry out the business it has planned to execute. Operational risk can be experienced as a result of human failure, operational inefficiencies, system failures, or the failure of other processes critical to the business operations of the issuer or counter party to the investment.

### **Past Performance**

Charting and technical analysis are often used interchangeably. Technical analysis generally attempts to forecast an investment's future potential by analyzing its past performance and other related statistics. In particular, technical analysis often times involves an evaluation of historical pricing and volume of a particular security for the purpose of forecasting where future price and volume figures may go. As with any investment analysis method, technical analysis runs the risk of not knowing the future and thus, investors should realize that even the most diligent and

thorough technical analysis cannot predict or guarantee the future performance of any particular investment instrument or issuer thereof.

### Strategy Risk

There is no guarantee that the investment strategies discussed herein will work under all market conditions and each investor should evaluate his/her ability to maintain any investment he/she is considering in light of his/her own investment time horizon. Investments are subject to risk, including possible loss of principal.

## VIII.(C). Investment-Specific Risks

There is no single type of investment instrument that we predominantly recommend, however, please be mindful that all investments carry some form and degree of risk. Certain types of investments carry greater types and levels of risk than others and you should make sure that you fully understand not only the investment product itself but also the attendant risk factors associated with such products.

## IX. Disciplinary Information

The purpose of this section is for us to disclose to you any legal, disciplinary, or other events that you may consider material in your evaluation of our firm or the integrity of our management. Following each of the items below, we shall provide details as to each applicable matter or we will answer "No." This information is presented in a question and answer format. The time period required to be covered by our answers in this section is ten years from the date of the events requiring disclosure.

### IX.(A). Criminal or Civil Action

In any domestic, foreign, or military court of competent jurisdiction, has FOUR or any of its management persons...		
Been convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Been identified as the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Been found to have been involved in a violation of an investment-related statute or regulation; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Been the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### IX.(B). Administrative Proceedings

Has FOUR or any of its management persons been the subject of an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which FOUR or any of its management persons...		
Was found to have caused an investment-related business to lose its authorization to do business; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority...		
denying, suspending, or revoking the authorization of FOUR or one of its management persons to act in an investment-related business;	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
barring or suspending FOUR or one of its management person's association with an investment-related business;	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
otherwise significantly limiting FOUR or one of its management person's investment-related activities; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
imposing a civil money penalty of more than \$2,500 on FOUR or one of its management persons?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### **IX.(C). SRO Proceedings**

Has FOUR or any of its management persons been involved in a SRO proceeding in which FOUR or any of its management persons ...		
Was found to have caused an investment-related business to lose its authorization to do business; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

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

The following information will address any active or pending financial industry affiliations that you need to know about for the purpose of identifying any related conflicts of interest that you might consider material in regard to letting us handle your investment advisory needs.

### **X.(A). Broker-Dealers**

Neither FOUR nor any of its management persons is registered as a broker-dealer nor do either parties have an application pending or otherwise in process for the purpose of seeking registration as a broker-dealer. Further, none of our management persons are registered as or currently seeking registration as a registered representative of a broker-dealer.

### **X.(B). Futures Commission Merchants, Introducing Brokers, Commodity Trading Advisors, Commodity Pool Operators**

Neither FOUR nor any of its management persons is registered as a futures commission merchant, an introducing broker, a commodity trading adviser, or a commodity pool operator, nor do either parties have an application pending or otherwise in process for the purpose of seeking registration as any of these types of firms. Further, none of our management persons are registered as or currently seeking registration as associated persons of any of these types of firms.

### **X.(C). Related Persons**

The purpose of this section is to allow us the ability to identify any other entities that meet the definition of a "related person" of ours that fit one of the categories described below. Once identifying all of our related persons



that fit one of these categories (if any), we need to explain to you certain details surrounding any material relationship between any of our related persons and our investment advisory business in general. Next, we will need to describe to you any material relationship between any of our related persons and our investment advisory clients. If there are no other entities in any of the categories introduced below that meet the definition of a related person of ours, then we obviously have no additional details to describe to you. If, however, we do have any related persons that fit one of those categories AND there is some material relationship between those parties and (1) our investment advisory business and (2) our investment advisory clients, we need to provide you some additional details accordingly.

Listed below are one or more specific categories of potential related persons of ours. In the event that we have a related person that is included in one of those categories, we will address not only the relationship or arrangement that is material to our advisory business or our clients but also any conflict(s) arising out of this relationship/arrangement and how we address such conflict(s). It should be understood that if the checkbox immediately preceding a category is unselected, that category shall be deemed not applicable for the purpose of this item X.(C).

☐ **Broker-dealer, municipal securities dealer, or government securities dealer or broker**

*Related Person:* None.

*Conflict(s):* N/A

*How we Address the Conflict(s):* N/A

☒ **Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)**

*Related Person:*

- FOUR Capital Funds plc
- FOUR Active UK Equity Fund
- FOUR Active European ex-UK Equity Fund
- FOUR Active Global Income & Growth Fund

The FOUR Active UK Equity Fund, FOUR Active European ex-UK Equity Fund and FOUR Active Global Income & Growth Fund (the “Sub-Funds”) are sub-funds of FOUR Capital Funds plc (the “Company”), an Irish-domiciled umbrella type open-ended investment company with variable capital. The Company is authorised by the Irish Financial Services Regulatory Authority as an undertaking for collective investment in transferable securities (“UCITS”) under the Irish UCITS Regulations. The Company's shares are listed on the Irish Stock Exchange.

*Conflict:* Derrick Dunne serves as Director for FOUR Capital Funds plc.

*How we Address the Conflict(s):* First and foremost, we address this conflict by disclosing it to you in this Brochure. As a matter of general policy, we aggressively discourage activities that put your interests anywhere but first. Additionally, we have instituted a comprehensive supervisory process, detailed in our Written Supervisory Procedures (“WSPs”) that was designed to address, among other things, conflicts of interest such as the relationship between FOUR and the fund entities named above. In addition, we have designated a Chief Compliance Officer, as set forth on Schedule A of our Form ADV, to be the party responsible for the overall application and oversight of our supervisory process and our WSPs. Our Chief Compliance Officer has the authority to delegate certain supervisory responsibilities to other supervised persons within our firm in order to ensure that our overall system of supervision is being carried adequately out and in a timely manner.

As we stated above, in an effort to inform you of these conflicts of interest, we have prepared this Brochure and have provided it to you, in part, for the purpose of disclosing these conflicts. You are always welcome to request a current copy of our Brochure. We are obligated to provide you a copy of this Brochure no later than the time you

sign our Agreement and on an annual basis, we are required to provide you either (1) a copy of our current Brochure or (2) a set of instructions as to how you can request a copy of our current Brochure.

☒ **Other investment adviser or financial planner**

*Related Person:* Sanlam Asset Management Ireland Limited (“SAMI”). SAMI is registered with and regulated by the Irish Financial Services Regulatory Authority. As such, SAMI is authorised to operate in the following manner:

- 1) As a service provider to funds which can be either an administrator, trustee or management company;
- 2) Is authorised under the Investment Intermediaries Act, 1995 (as amended) and/or approved under the relevant collective investment scheme legislation, as appropriate; and
- 3) As a UCITS (Undertakings for Collective Investment in Transferable Securities) Management Company under the European Communities Regulations, 2003 (as amended).

*Conflict:* Having the same ultimate parent, FOUR may somehow favour the management of these portfolios over others..

*How we Address the Conflict(s):* First and foremost, we address this conflict by disclosing it to you in this Brochure. As a matter of general policy, we aggressively discourage activities that put your interests anywhere but first. Additionally, we have instituted a comprehensive supervisory program, detailed in our Written Supervisory Procedures (“WSPs”) that was designed to address, among other things, conflicts of interest such as the relationship between us and the Funds for which we serve as Principal Adviser. In addition, we have designated a Chief Compliance Officer, as set forth on Schedule A of our Form ADV, to be the party responsible for the overall application and oversight of our supervisory process and our WSPs. Our Chief Compliance Officer has the authority to delegate certain supervisory responsibilities to other supervised persons within our firm in order to ensure that our overall system of supervision is being carried adequately out and in a timely manner.

As we stated above, in an effort to inform you of these conflicts of interest, we have prepared this Brochure and have provided it to you, in part, for the purpose of disclosing these conflicts. You are always welcome to request a current copy of our Brochure. We are obligated to provide you a copy of this Brochure no later than the time you sign our Agreement and on an annual basis, we are required to provide you either (1) a copy of our current Brochure or (2) a set of instructions as to how you can request a copy of our current Brochure.

☐ **Futures commission merchant, introducing broker, commodity pool operator, or commodity trading advisor**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

☐ **Banking or thrift institution**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

☐ **Accountant or accounting firm**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

☐ **Lawyer or law firm**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

☐ **Insurance company or agency**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

☐ **Pension consultant**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

☐ **Real estate broker or dealer**

*Related Person:* None.

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A.

☐ **Sponsor or syndicator of limited partnerships**

*Related Person:* None

*Conflict:* N/A.

*How we Address the Conflict(s):* N/A

## **X.(D) Use of Other Investment Advisers**

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We do not use other investment advisers in the course of the services described above in Item IV.(B).

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

## **XI.A Code of Ethics**

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We take great pride in our commitment to serving our clients' needs and the integrity with which we conduct our business. In our recent history, the financial services industry has come under significant scrutiny, especially in the area of the inherent responsibility of financial professionals to behave in the best interests of their clients.

We have developed a Code of Ethics ("Code") as a means of memorializing our vision of appropriate and professional conduct in carrying out the business of providing investment advisory services. Our Code addresses issues such as the following:

- Standards of conduct and compliance with applicable laws, rules, and regulations
- Protection of material non-public information
- The addressing of conflicts of interest
- Employee disclosure and reporting of personal securities holdings and transactions
- The firm's IPO and private placement policy
- The reporting of violations of the Code
- Educating employees about the Code
- Enforcement of the Code

Each of our representatives has been furnished with a copy of our Code and has signed their names to a written acknowledgement attesting to their understanding of the Code and acceptance of its terms. A copy of our Code is available to all current and/or prospective clients upon request.

## **XI.(B) Participation in Client Trading**

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The information in this item is intended to address situations in which we or one of our related persons may have a material financial interest in the investment instruments we may recommend to you. No such arrangements exist.

## **XI.(C) Trading Alongside Our Clients**

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On occasion, we may invest for our own accounts or have a financial interest in the same securities or other investments that we recommend or acquire for the accounts of our clients. Further, we may also engage in transactions that are the same as or different than transactions recommended to or made for our client's accounts. Such transactions are permitted if effected, pre-cleared and reported in compliance with our policy on personal securities transactions. Generally, personal securities transactions will not be pre-cleared when an order for the same or a related security is pending for the account of a client. Our Designated Supervisor reviews reports of personal transactions in securities by all of our associated persons quarterly or more frequently if required.

### Investment Policy

None of our associated persons may effect for himself/herself or for accounts in which he/she holds a beneficial interest, any transactions in a security which is being actively recommended to any of our clients, unless in accordance with the following procedures.

### Firm Procedures

In order to implement our Investment Policy, the following procedures have been put into place.

- 1) If we are recommending that any of our clients buy any security, no associated person may purchase that security prior to a client's purchase of that security; and
- 2) If we are recommending that any of our clients sell any security, no associated person may sell that security prior to a client's sale of that security.

As an alternative to the procedures described in the preceding points, we may include our own order(s) in a batch order with other client orders that would involve average pricing for the entire batch such that we would receive the same pricing as all other clients participating in the batch.

It is the primary intent of these procedures to ensure that the best interests of our clients are always served over that of our own. Trading on our own behalf that results in our own interests being served over that of our clients could be considered a breach of our fiduciary duty and thus, is aggressively discouraged.

## **XI.(D) Trading Around the Same Time as Clients**

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The information in this item is intended to address situations in which we or any of our related persons may invest in the investment instruments we may recommend to you. Transactions for the client's account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at the same or approximately the same time. We may (but are not obligated to) combine or "batch" such orders in order to obtain best execution or to negotiate more favorable transaction rates. To the extent that we elect to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* We will not receive any additional compensation or remuneration as a result of a batched order.

## **XII. Brokerage Practices**

The purpose of this Item is to present to you the factors that we take into consideration when (1) selecting or recommending broker-dealers to you for the purpose of effecting transactions on your behalf and (2) for determining the reasonableness of such broker-dealers' compensation related to such transactions.

Unless the client directs otherwise, FOUR will generally recommend that all the client's accounts be maintained at, by, or through certain other firms that are unaffiliated with FOUR. Although not all-inclusive, FOUR may recommend the following brokers of record and their corresponding custodian:

<b>Broker of Record</b>
ABG Sundal Collier
Alexander David
Altium Securities
Arbuthnot
Arctic Securities
Arden Partners
Banesto
Bank of America Merrill Lynch
Barclays Capital
Bryan Garnier
Canaccord Adams
Cenkos Securities
Charles Stanley
Citigroup
CLSA
Collins Stewart
Credit Suisse
Davy
Deutsche Bank
Evolution
Execution
Fidentiis
Fiske
Goldman Sachs Int
Goodbody
Handelsbanken
Helvea
Independent Minds

Instinet
Investec Securities
Jefferies
J P Morgan
Kappa Securities
Kaupthing Singer Friedlander
KBC Peel Hunt Ltd
Kepler Capital Markets
Killik
Liberum
Macquarie
Matrix Corporate Capital Ltd
Merchant Securities
Monument Secs
MF Global
Mirabaud Securities
Nomura
NCB
Numis Securities Ltd
Oddo
Oriel Securities Ltd
Panmure Gordon
RBC Capital
RBS
Redburn Partners LLP
RS Platou
Sanford C Bernstein Ltd
Seymour Pierce Ltd
Shore Capital Stockbrokers Ltd
Societe Generale
Solo Capital
UBS

Factors that we consider in recommending certain broker-dealers or custodians to our clients may include such entity's financial strength, reputation, execution, pricing, and service. In return for effecting securities transactions through certain broker-dealers/custodians, we or certain of our supervised persons may receive certain support services that may assist us in our investment decision-making process for all of our clients.

In seeking best execution, the determinative factor is not always the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of brokerage services, including factors such as execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for the client's account transactions.

## **XII.(A).(1). Research and Soft Dollar Benefits**

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The SEC has defined soft dollar practices as arrangements under which products or services other than execution of securities transactions are obtained by an adviser from or through a broker-dealer in exchange for the adviser directing client brokerage transactions to the broker-dealer. Although soft dollar arrangements are perfectly acceptable if structured properly and as long as clients receive proper disclosure of them, soft dollar practices create an inherent conflict of interest because it is possible for an investment adviser to receive soft dollar benefits that it may not use specifically for the benefit of all clients whose commission dollars contributed toward the payment of such soft dollar benefits. In other words, a client may share in the cost of a soft dollar benefit but may not share in the benefit itself.

Section 28(e) of the Exchange Act ("Section 28(e)") provides the framework under which an investment adviser who has and exercises investment discretion (as defined in Section 3(a)(35) of the Exchange Act) over client assets can use client commissions to obtain certain soft dollar benefits (such as research).

We do participate in soft dollar arrangements. Consistent with obtaining best execution, transactions for your account(s) may be effected through a broker-dealer in return for products and/or services ("Soft Dollar Benefits"), which assist us in our investment decision-making process. Such Soft Dollar Benefits generally will be used to service all of our clients, but brokerage commissions paid by you may also be used to pay for Soft Dollar Benefits that are not used in managing your specific assets. As a result of our soft dollar arrangements and if we determine in good faith that the commissions paid by our clients under a soft dollar arrangement are reasonable in relation to the value of the Soft Dollar Benefits received, you may experience brokerage commissions/costs greater than another qualified broker-dealer might charge to effect the same transaction(s). All soft dollar arrangements will be structured in accordance with Section 28(e).

Refer to Item XII.(A).(1).(e) below for a description of the types of soft dollar benefits we may be eligible to receive.

***XII.(A).(1).(a).***

When we use client brokerage commissions/fees to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research or other products or services we may receive.

***XII.(A).(1).(b).***

We may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients' best interest in receiving most favorable execution.

***XII.(A).(1).(c).***

As a result of these soft dollar arrangements, the commission rates or other brokerage execution fees you pay may be higher than those charged by other broker-dealers.

***XII.(A).(1).(d).***

The soft dollar benefits that we may receive from time to time will not be used to service all of our clients' accounts. We do not seek to allocate soft dollar benefits to client accounts proportionately based on the soft dollar credits that each individual account generates.

***XII.(A).(1).(e).***

The following table will identify several types of soft dollar benefits that we might receive from a broker-dealer in relation to effecting client securities transactions through a particular broker-dealer(s). The selected check boxes will identify the specific benefits that we or any of our related persons have received during our last fiscal year in connection with our soft dollar arrangements. If a box is not selected, neither we nor any of our related persons received that type of item.

<b>Selection</b>	<b>Item</b>	<b>Examples</b>
<input type="checkbox"/>	Accounting fees	Year-end financial audit of investment partnership
<input type="checkbox"/>	Association fees	AIMR dues, ICI annual dues, American Society of CLU & ChFC, etc.
<input type="checkbox"/>	Cable television	DirecTV, Local cable TV, Pay TV
<input type="checkbox"/>	Commission rebates	Cash returned to or expenses paid for a qualified plan
<input type="checkbox"/>	Computer hardware	Monitors, printers, etc.
<input type="checkbox"/>	Computer software	Proxy voter software, maintenance and support, portfolio management software (i.e. Advent, Check Free) etc.
<input type="checkbox"/>	Conferences/seminars	AIMR conference fees, internet conferences, etc.
<input type="checkbox"/>	Consulting services	Advisory services, regulatory consultants, computer consultants, etc.

<input type="checkbox"/>	Courier/postage/express mail	Messenger services, Fedex, Airborne Express, DHL, etc.
<input type="checkbox"/>	Custodial fees	Payment of custodial fees to lower expenses of a retail or institutional account
<input type="checkbox"/>	Electronic databases	Ibbotson Associates, Value Line, Interactive Data Corp, Moody's, etc.
<input type="checkbox"/>	Employee salary/benefits	Salary, insurance policy, health benefits, etc.
<input type="checkbox"/>	Execution assistance	On-line quote systems
<input type="checkbox"/>	Industry publications	WSJ, Economist magazine, etc.
<input type="checkbox"/>	Legal fees	Retainer, research bills
<input type="checkbox"/>	Management fees	Investment adviser fees, pension consultant fees, etc.
<input type="checkbox"/>	Office equipment/supplies	Fax/scanner/copier machine(s), office furniture, staples, paper, etc.
<input type="checkbox"/>	Online quotation/news	Bloomberg, Reuters, etc.
<input type="checkbox"/>	Rent	Office rent
<input checked="" type="checkbox"/>	Proprietary research/analysis reports	Research materials prepared by the executing broker-dealer(s)
<input type="checkbox"/>	Non-proprietary research/analysis reports	Barra, Zack's Investment Research, Value Line, Global Trend Alert
<input type="checkbox"/>	Telephone expenses	Office phone service, mobile phone service, connection fees for online services
<input type="checkbox"/>	Travel expenses	Hotel accommodations, air fare, auto rental, etc.
<input type="checkbox"/>	Tuition/training	CFA courses, study materials, etc.
<input type="checkbox"/>	Marketing	Payment for or assistance with production of sales materials, web development, radio/t.v. ads, etc.
<input type="checkbox"/>	Miscellaneous expenses	Dinner, parking fees, limo service, concert/sporting event tickets, etc.

### ***XII.(A).(1).(f).***

During our first fiscal year and for each subsequent year, we plan to use the following procedures in connection with directing client transactions to a particular broker-dealer in return for soft dollar benefits. These procedures are subject to change at any time as we deem appropriate.

No less frequently than on an annual basis, the Designated Supervisor will perform an analysis of the commission/transaction costs experienced by FOUR's clients in connection with any soft-dollar arrangements. The purpose of this analysis is to identify the portion of the client commission/trading costs that is attributable to any items (research, non-research, mixed-use, etc.) that may be received by FOUR in connection with the soft-dollar arrangements. Once this cost is determined, the Designated Supervisor must then make a determination as to whether the overall cost to the client is still justifiable in light of the additional charge related to the products/services other than brokerage execution-related services FOUR receives as a result of the soft-dollar arrangement.

In the event the Designated Supervisor determines that the overall cost to FOUR's clients is no longer favorable under the soft-dollar arrangement, the Designated Supervisor will seek to eliminate the soft-dollar arrangements or will seek an entirely new executing broker-dealer.

The Designated Supervisor will maintain a record of each such analysis and any subsequent documentation related thereto.

### **XII.(A).(2). Brokerage for Client Referrals**

In certain circumstances, firms like ours may receive client referrals as a result of recommending particular broker-dealers or other service providers. We, however, do not participate in any formal arrangements wherein we receive client referrals from any particular broker-dealer in return for selecting or recommending such broker-dealer.



## **XII.(A).(3). Directed Brokerage**

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This item is intended to address situations where we may recommend, request, or require you to provide us instructions as to how to direct brokerage activity on your behalf.

### ***XII.(A).(3)(a). Directed Brokerage – Recommended, Requested, or Required***

Not all investment advisers require their clients to direct brokerage activity through any particular broker-dealer. We do not routinely recommend, request, or require that you direct us as to how to execute brokerage transactions on your behalf (i.e. using a particular broker-dealer for execution purposes).

### ***XII.(A).(3)(b). Directed Brokerage – Permitted***

Not all investment advisers require their clients to direct brokerage activity through any particular broker-dealer, however, you may direct us to use a particular broker-dealer (subject to our right to decline such a request) to execute some or all transactions for your account or otherwise on your behalf. In such an event, we will not negotiate terms and arrangements for the account with the other broker-dealer, and we will not seek better execution services or prices from other broker-dealers or be able to “batch” the transactions for execution through other broker-dealers with orders for other accounts we manage. As a result, you may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

## **XII.(B). Order Batching**

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Transactions for the client’s account generally will be effected for several clients at the same or approximately the same time. We may (but are not obligated to) combine or “batch” such orders in order to obtain best execution or to negotiate more favorable transaction rates. Reasoning for attempting to effect a batch order is that we may need to trade in the same security for multiple accounts at or around the same time and batching may allow us to achieve a more favorable price on average for all clients. Batching, however, doesn’t guarantee the lowest possible price for execution, however, it is intended to reduce the overall volatility in execution price for a large # of orders that if not batched together, may experience significantly different execution prices. Conversely, in the event that we do not batch a group of orders that otherwise may be a prime candidate for a batched order, the resulting cost for some clients may be higher or lower than what we might be able to achieve by processing a batched order for the benefit of those same clients.

To the extent that we elect to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* We will not receive any additional compensation or remuneration as a result of a batched order.

## **XIII. Review of Accounts**

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### **XIII.(A). Review of Accounts or Financial Plans**

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#### **Review of Fund Accounts**

Each Fund’s board of directors or other similar governing body/group will hold the primary responsibility for reviewing each Fund’s specific investment holdings and trading activity. These reviews will generally be carried out on a quarterly basis. We may also perform a similar review of each Fund’s specific investment holdings and trading activity, however, this function is the primary responsibility of the Funds’ boards of directors.

#### **Review of Separately Managed Accounts**

We will review your accounts on an ongoing basis, but no less frequently than a quarterly basis. The designated reviewer(s) will review your accounts for best execution, suitability, and service. Not all transactions will be reviewed, rather, the designated reviewer(s) will perform a sampling-based review. The designated reviewer(s) will review the performance and cost basis for your transactions. Your investment objectives are used to review for suitability. Quarterly, transactions are reviewed referencing your investment objectives for any transaction that may not fit your stated objectives, or our understanding of your investment objectives will be flagged and reviewed with the investment adviser representative placing the trade.

The periodic review process described above will be performed by the FOUR personnel with the following titles.

- Chief Compliance Officer

## **Review of Financial Plans.**

Since we do not offer financial planning, this section is not applicable to us.

## **XIII.(B). Non-Periodic Account Reviews**

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Events that may trigger further client account reviews in addition to the standard quarterly review process may include, but would not be limited to, a notable increase in the volume of requests by the client to effect transactions in his/her accounts, where such transactions may appear to be inconsistent with the client's previously stated investment objectives. Other factors may include requests by the client to liquidate certain securities positions/contracts where such transactions may appear to be inconsistent with the client's previously stated investment objectives. Additional triggering factors could be the performance on an individual account being an outlier to the performance of accounts with similar investment objectives, and a very important trigger would be customer complaints. This last trigger would be a prime example of a trigger for an intermittent review of a client account.

## **XIII.(C). Reports to Clients**

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Account statements will be provided no less frequently than quarterly by the custodian, not by us. Account statements will identify account positions, balances, and transaction details. Upon your request, a quarterly account appraisal (written or electronic) may be created for you as well as an annual year-end statement.

In the event we also send account statements to you in addition to those provided by the qualified custodian, you are urged to compare any account statements provided by us to those provided by the custodian.

### *Reports to '40 Act Funds Shareholders*

Account statements will be provided to the underlying shareholders no less frequently than quarterly by the administrator, not by FOUR. Account statements will identify investor account positions, balances, and transaction details. Upon your request, a quarterly account appraisal (written or electronic) may be created for you as well as an annual year-end statement.

### *Reports to Investors in Unregistered Funds*

For any pooled investment vehicles to which we may provide investment advisory services, the Administrator of any such pooled investment vehicles will ensure that all investors are provided a copy of the annual audit report within 120 days of the fiscal year-end of the pooled investment vehicle. For a fund of funds, the report must be provided within 180 days of the fund's fiscal year end. Please refer to the offering materials for the pooled investment vehicle for further details.

## **XIV. Client Referrals and Other Compensation**

### **XIV.(A). Compensation we Receive**

Other than the compensation arrangements described above in Item IV.(B), FOUR does not receive any other compensation in connection with the investment advisory services provided to our clients.

### **XIV.(B). Compensation we Pay**

Under certain circumstances, firms like ours may compensate other parties for having referred clients or potential investment advisory clients to us. These sorts of arrangements are generally referred to as “solicitor” arrangements. In cases where FOUR serves as Sub-Adviser to any Funds as described above in Item IV.(B), there may be occasions where potential Fund investors may prefer to have their assets managed in a segregated manner (i.e. in an SMA) from other Fund assets. In such a case, the Principal Adviser to the Fund(s) may refer such parties to us so that we may manage their assets in a similar fashion to that of the Fund’s, however, in an SMA.

In such cases, a portion (typically 20.0%) of the management fees received by FOUR from such referred clients will be remitted to the introducing party. Any such arrangements will be handled in accordance with the provisions of Rule 206(4)-3 under the Advisers Act. The specific compensation arrangements vary from situation to situation but can be found in the specific solicitor disclosure document relating to each such solicitor arrangement. For more information on our solicitor arrangements, please call +44 20 7776 5713.

## **XV. Custody**

We engage in certain activities that result in us being deemed to have custody of certain of our client’s funds and/or securities. The only such activity in which we engage relates to the manner in which we collect our management fees, which occurs via automatic fee deduction from our clients’ brokerage or other trading accounts.

As stated previously in Item XIII.(C)., your account statements will be provided by the qualified custodian that maintains physical possession of your accounts/assets. In the event that we also provide you information related to your accounts, you are urged to review that information to the information contained on the account statements or other statements received from the qualified custodian.

## **XVI. Investment Discretion**

In connection with our investment advisory services, we will generally seek and obtain your authorization to carry out part of our services on a purely discretionary basis. We will memorialize your authorization of our discretionary authority in our investment advisory agreement.

If you have authorized us to do so, we will exercise discretion over the following areas.

- 1) The specific securities to be bought or sold on the client’s behalf
- 2) The amount of securities to be bought or sold on the client’s behalf
- 3) Timing as to when such securities are to be bought or sold
- 4) The particular broker or dealer to be used for arranging client securities transactions
- 5) Commission rates to be paid in relation to securities products effected on the client’s behalf

We will have authority to exercise complete discretion with regard to the above named factors without restriction. As may be separately agreed to in writing, we will observe any other specific limitations that may be imposed by you in relation to this discretionary authority.

## **XVII. Voting Client Securities**

### **XVII.(A). Proxy Voting**

#### **Proxy Voting Policies and Procedures and Client Instruction**

In the event that you have authorized (via the Agreement) us to vote proxies on your behalf, we will perform the voting process for you subject to the following information and procedures. Alternatively, if you provide us with other, specific instructions as to how we are to carry out the proxy voting process on your behalf, we will do so. Such instructions must be written and included in or as part of our Agreement.

In an effort to assure that clients' proxy votes are carried out in our clients' best interests and not affected by any conflicts of interest that may exist, we have adopted the following elements as part of our proxy voting policy.

Regardless of the nature of the issue up for vote, we thoroughly and objectively research the voting options and the corporate landscape in order to arrive at a decision that we believe meets the best interests of the client as a shareholder of the company in question. The overriding theme of our policy is to vote client proxies in the manner that we believe is most consistent with the following:

- The client's stated investment objectives
- The client's desired voting interests
- The long-term well-being of the company soliciting the proxy
- An increase in shareholder value

#### **Conflicts of Interest...**

We recognize that conflicts of interest may arise when voting your proxies. A conflict of interest exists when your best interests are contrary to our best interests due to some relationship between the us and/or our associated persons and a company that is soliciting a proxy. Some examples may include:

- The spouse of one of our associated persons is a board member of a company whose management is soliciting proxies to vote on a salary increase for the board.
- We are an affiliated company of a company that has issued a proxy notice to individuals who are our clients.
- We or one or more of our affiliates may manage a pension plan, administer employee benefit plans, or provide brokerage, underwriting, insurance, or banking services to a company whose management is soliciting proxies.

It is our policy to vote proxies in the best interests of its clients regardless of the existence of any conflict of interest.

As authorized in our Agreement, we may exercise complete discretionary voting authority in relation to proxy notices that we receive on your behalf. If no apparent conflict of interest exists in relation to our exercise of our voting authority on your behalf, we shall vote all such proxies as we see fit and in your best interest.

Under certain circumstances, the most prudent action on our part may be NOT to vote a proxy(s). Under such circumstances, we shall ensure that appropriate records are maintained so as to justify not having voted such proxy(s).

#### **How to obtain our proxy voting record...**

We will ensure that a complete record is retained of the initial proxy notice and the subsequent vote that we cast on your behalf. For a copy of our proxy voting record on your behalf, please write or call us at:

FOUR Capital Partners Limited  
1 Ely Place  
London EC1N 6RY  
+44 20 3116 4000  
+44 20 3116 4001...fax  
valerie.evans@FOURcpl.co.uk

## **XVII.(B). Proxy Voting**

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If you have authorized us to vote proxies on your behalf, we will do so in accordance with the information provided above in XVII.(A). Proxies related to the securities you own will be disseminated as dictated by the issuer, transfer agent, or as otherwise set forth in the account opening paperwork you completed for the custodian holding your account/assets. If you have questions related to a particular proxy notice, please call us at 44 20 3116 4113.

## **XVIII. Financial Information**

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### **XVIII.(A). Balance Sheet**

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We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. As a result, we are not required to provide our clients with a copy of our balance sheet from our most recently completed fiscal year.

### **XVIII.(B). Adverse Financial condition**

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In the event that we have discretionary authority or custody of any of our clients' assets or if we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments with our clients. No such conditions exist.

### **XVIII.(C). Bankruptcy-Related Matters**

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FOUR has never been the subject of a bankruptcy petition.

## **XIX. Requirements for State-Registered Advisers**

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As a federally-registered investment adviser, this section of our Brochure is not applicable to us.