

Item 1 Cover Page

Lloyd George Management (Europe) Limited

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This brochure provides information about the qualifications and business practices of Lloyd George Management (Europe) Limited. If you have any questions about the contents of this brochure, please contact the Controls and Compliance Department at 852-2845-4433 or via controlandcompliance@lloydgeorge.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by the state securities authority.

Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser should provide you with information through which you determine to hire or retain an Adviser.

Additional information about Lloyd George Management (Europe) Limited is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

This is a new brochure.

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Brochure

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Item 4 Advisory Business

A. Describe your advisory firm, including how long it has been in business. Identify its principal owner(s).

Lloyd George Management (Europe) Limited (“LGM(E)”) is an investment advisor firm formed in 1995. LGME is registered with the Financial Services Authority in the United Kingdom since 21 December 1995.

The Principal Owners of LGM(E) are:

- 1) Lloyd George Management (B.V.I.) Limited
- 2) Bank of Montreal

Bank of Montreal (“BMO”), the ultimate parent company within BMO Financial Group, holds 100% of the share capital of Lloyd George Management (B.V.I.) Limited, the parent company of LGM(E). LGM(E) is part of BMO’s Private Client Group and operates within BMO Asset Management’s umbrella structure of global asset managers.

B. Describe the types of advisory services the firm offers. If the firm holds itself out as specializing in a particular type of advisory service, explain the nature of that service in detail. If the firm provides investment advice only with respect to limited types of investments, explain the type of investment advice the firm offers, and disclose that the advice is limited to those types of investments.

LGM(E) is part of Lloyd George Management (“LGM”*) and is a limited liability company incorporated in the United Kingdom that provides portfolio management services for its clients, specializing in Asia, global emerging markets and frontier markets equities. The services which LGM(E) provides to a particular client depends upon the investment objectives and restrictions of the client, as set forth in the documents governing LGM(E)’s agreement with the client.

LGM(E) provides discretionary investment advice to 1) clients through segregated accounts and 2) funds sponsored by LGM (“LG Fund(s)”). Both (1) and (2) are referred to as “Client(s)”. None of the LG Fund(s) are registered in the United States (“US”).

Except as otherwise described herein, investments for segregated accounts are managed with the client’s investment objectives, strategies, restrictions and guidelines as communicated to LGM(E) by the client.

* *Lloyd George Management (“LGM”) stands for Lloyd George Management (B.V.I.) Limited and its subsidiaries, which include Lloyd George Management (Europe) Limited (“LGM(E)”).*

C. Explain whether (and, if so, how) the firm tailors advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.

LGM(E) will tailor its advisory services to its client’s individual needs based on the details obtained from meetings and conversations with clients. If clients wish to impose certain restrictions on investing in certain securities or types of securities, LGM(E) will

address those restrictions with the client to ensure these are in line with the client's requirements and ensure that these restrictions will be met.

The investments of each LG Fund are managed in accordance with the investment objectives, strategies and guidelines applicable to such LG Fund and are not tailored to any particular investor in the LG Fund. LGM(E) does not provide individualized investment advice to such investors; therefore, the investors should consider whether a particular LG Fund meets their investment objectives, risk tolerance and financial situation. LGM specializes in providing investment management services in both "long" and "long/short" equity portfolios of Asia, global emerging markets and frontier markets equities.

D. If the firm participates in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how it manages wrap fee accounts and how it manages other accounts, and (2) explain that the firm receives a portion of the wrap fee for its services.

Not applicable as LGM(E) does not provide portfolio management services to wrap fee programs.

E. If the firm manages client assets, disclose the amount of client assets it manages on a discretionary basis and the amount of client assets on a non-discretionary basis. Disclose the date "as of" which it calculated the amounts.

LGM(E) manages client assets and as of December 31, 2011 has the following assets under management:

Discretionary assets:	US\$476,240,000
Non-discretionary assets:	US\$ 0

Item 5 Fees and Compensation

A. Describe how the firm is compensated for the firm's advisory services. Provide the fee schedule. Disclose whether the fees are negotiable.

The fees paid to LGM(E) are detailed in each Client's investment advisory agreement and generally include: (1) an annual or annualized management fee expressed as a percentage (up to 2%) of the Client account's assets under management with LGM(E) or (2) a combination of (1) and a performance-based fees calculated based upon a percentage (up to 20%) of the Client account's net capital appreciation. The specifics of any fee arrangements are subject to negotiation with the Client.

Performance-based fees, if any, charged by LGM(E) will be in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended and is based on a formula which includes realised capital losses and unrealised capital depreciation and provides that such compensation is based on gains less losses in the client's account for a period of not less than one year.

- B. Describe whether the firm deducts fees from clients' assets or bills *clients* for fees incurred. If *clients* may select either method, disclose this fact. Explain how often the firm bills clients or deducts its fees.**

Fees are normally deducted monthly or quarterly in arrears from Client's assets or as otherwise specified or agreed under the Investment Management Agreement ("IMA") or the LG Fund's prospectus.

- C. Describe any other types of fees or expenses *clients* may pay in connection with the firm's advisory services, such as custodian fees or mutual fund expenses. Disclose that *clients* will incur brokerage and other transaction costs, and direct clients to the section(s) of the firm's brochure that discusses brokerage.**

Apart from the fees referred to in Item 5A above, the clients will also be subject to other expenses including fees paid to the brokers (relating to securities transactions) and the custodian (relating to account custody) etc. Please also refer to Item 12 for brokerage practices.

For LG Funds, fees and expenses generally include a management fee, a custodian fee and an administration fee. All fees and expenses are described in each fund's prospectus.

- D. If the firm's *clients* either may or must pay your fees in advance, disclose this fact. Explain how a *client* may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how the firm will determine the amount of the refund.**

Not applicable as fees are paid in arrears.

- E. If the firm or any of the firm's *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, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.**

Not applicable

Item 6 Performance-Based Fees and Side-By-Side Management

If the firm or any of its *supervised persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle) – disclose this fact. If the firm or any of its *supervised persons* manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that the firm or its *supervised persons* faces by managing these accounts at the same time, including that the firm or its *supervised persons* have an incentive to favor accounts for which the firm or its *supervised persons* receive a *performance-based fee*, and describe generally how the firm addresses these conflicts.

LGM(E) accepts performance-based fees, please refer to item 5A above.

There is an inherent conflict of interest when a firm charges performance-based fees to some accounts and management fees based on a percentage of assets under management to other accounts, in that an advisor is incited to favor the accounts from which it will earn higher compensation. To mitigate this conflict, the firm maintains trading policies and procedures and a Code of Ethics that are intended to deliver consistency and fairness, that no one client is favored over another. The internal controls which are set up for this purpose are periodically reviewed and tested by LGM's Controls and Compliance Department.

Item 7 Types of Clients

Describe the types of *clients* to whom the firm generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If the firm has any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

LGM(E) generally provides investment advice to pension funds, foundations, government organisations, high net worth individuals, third-party as well as LGM sponsored funds.

For segregated accounts, the general minimum account size is US\$50 million but the limit may be waived in the sole discretion of LGM management.

For LG Funds, please refer to the relevant LG Fund's prospectus or application form which specifies the minimum subscription amount.

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

A. Describe the methods of analysis and investment strategies the firm uses in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that *clients* should be prepared to bear.

In making investment decisions on behalf of the Clients, LGM(E) utilizes third party research in addition to software, database and statistical models and the internal research of the LGM(E) investment team. LGM(E)'s investment decisions on behalf of the Clients reflect its experience and judgment in the relevant markets.

Subject to the Clients' investment guidelines and restrictions as well as relevant regulatory requirements, LGM(E) may invest on behalf of its Clients, directly or indirectly in a wide variety of investments and instruments, including and without limitation, equities, equity-related instruments, fixed income and derivative instruments. The foregoing may be invested for speculative or hedging purposes and leverage may also be used, in accordance with the clients' objectives and guidelines.

Clients should be reminded that all investments involve a degree of risk. Past performance is not necessarily a guide to future performance. The value of and income from any investment can fall as well as rise, and may be affected by changes in currency rates of exchange or taxation. An investor may not get back the original amount invested. Investments in emerging, frontier and underdeveloped markets may involve a higher element of risk due to political and economic instability. If you require information about the suitability of an investment, please contact an independent financial adviser.

- B. For each significant investment strategy or method of analysis the firm uses, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If the firm's primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**

Please refer to 8A above.

- C. If the firm recommends primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

LGM(E) does not recommend primarily a particular type of security.

Item 9 Disciplinary Information

If there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of the firm's advisory business or the integrity of the firm's management, disclose all material facts regarding those events.

- A. A criminal or civil action in a domestic, foreign, or military court or competent jurisdiction in which your firm or a management person**

- 1. was 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;**

No

2. is 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;

No

3. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation; or

No

4. was the subject of any *order*, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, the firm or a *management person* from engaging in any *investment-related* activity, or from violating any *investment-related* statute, rule, or *order*.

No

- B. An administrative *proceeding* before the SEC, any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority* in which the firm or a *management person*

1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or

No

2. 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

- (a) denying, suspending, or revoking the authorization of the firm or a *management person* to act in an *investment-related* business;

No

- (b) barring or suspending the firm's or a *management person's* association with an *investment-related* business;

No

- (c) otherwise significantly limiting the firm's or a *management person's* *investment-related* activities; or

No

- (d) imposing a civil money penalty of more than \$2,500 on the firm or a *management person*.

No

C. A self-regulatory organization (SRO) proceeding in which the firm or a management person

- 1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or**

No

- 2. 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.

No

Item 10 Other Financial Industry Activities and Affiliations

- A. If the firm or any of its *management persons* are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.**

No

- B. If the firm or any of its *management persons* are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.**

No

- C. Describe any relationship or arrangement that is material to the firm's advisory business or to its *clients* that the firm or any of its *management persons* have with any *related person* listed below. Identify the *related person* and if the relationship or arrangement creates a material conflict of interest with *clients*, describe the nature of the conflict and how the firm will address it.**

- 1. broker-dealer, municipal securities dealer, or government securities dealer or broker**

Not applicable

- 2. 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)**

Not applicable

3. other investment adviser or financial planner

LGM(E) is part of BMO's Private Client Group, a service mark of BMO, and operates within BMO Asset Management's umbrella structure of global asset managers. When appropriate, employees of LGM may provide information, marketing materials and disclosure documents to clients or potential clients of companies that are constituents of BMO Asset Management in a number of different countries and regions. These products or services are only offered to such investors in those countries and regions in accordance with applicable laws and regulations.

In addition, Lloyd George Investment Management (Bermuda) Limited ("LGIM(B)"), a fellow subsidiary of LGM(E), provides investment advice and recommendations to LGM(E) in exchange for a proportion of advising fee received by LGM(E) under a Sub-Advisory Agreement.

4. futures commission merchant, commodity pool operator, or commodity trading advisor

Not applicable

5. banking or thrift institution

Bank of Montreal is the ultimate parent company of LGM(E). Please refer to Item 4(A) for details.

6. accountant or accounting firm

Not applicable

7. lawyer or law firm

Not applicable

8. insurance company or agency

Not applicable

9. pension consultant

Not applicable

10. real estate broker or dealer

Not applicable

11. sponsor or syndicator of limited partnerships.

Not applicable

D. If the firm recommends or select other investment advisers for the firm's *clients* and it receives compensation directly or indirectly from those advisers that creates a material conflict of interest, or if the firm has other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how it addresses them.

Not applicable

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. If the firm is an SEC-registered adviser, briefly describe the firm's code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that the firm will provide a copy of its code of ethics to any *client* or prospective *client* upon request.

LGM(E) and its affiliated companies within LGM have adopted various policies including a Code of Ethics ('the Code') which set out the minimum standards the firm expects its staff to follow, in order to ensure that it is discharging its fiduciary duties and obligations to its Clients at all times. These obligations include: the responsibility at all times to place the interests of Clients first; not to take advantage of client transactions, and to avoid any conflicts or the appearance of conflicts, with the interests of Clients.

The Policies and Procedures on Personal Securities Transactions (within the Code) address the potential conflicts of interest which may arise by personal trading of employees, officers and other affiliated persons. These policies restrict the markets, timing and other circumstances under which certain employees may purchase or sell a security for their personal account. Employees are required to obtain prior approval from the firm before any personal trading of securities and to periodically report their securities holdings including any interests held in LG Funds.

The Code also includes policies and procedures in prevention of insider trading as well as for other circumstances where a conflict of interest may arise. You may obtain a copy of the Code by writing to: Controls and Compliance Department, Lloyd George Management, Suite 3808, 1 Exchange Square, Central, Hong Kong.

- B. If the firm or its *related person* recommends to *clients*, or buys or sells for *client* accounts, securities in which the firm or a *related person* has a material financial interest, describe the firm's practice and discuss the conflicts of interest it presents. Describe generally how the firm will address the conflicts that arise.**

Please refer to Item 11A above for details.

- C. If the firm or a *related person* invests in the same securities (or related securities, *e.g.*, warrants, options or futures) that the firm or a *related person* recommends to *clients*, describe the firm's practice and discuss the conflicts of interest this presents and generally how the firm will address the conflicts that arise in connection with personal trading.**

Please refer to Item 11A above for details.

- D. If the firm or a *related person* recommends securities to *clients*, or buys or sells securities for *client* accounts, at or about the same time that the firm or a *related person* buys or sells the same securities for the firm's own (or the *related person's* own) account, describe the firm's practice and discuss the conflicts of interest it presents. Describe generally how the firm will address conflicts that arise.**

Please refer to Item 11A above for details.

Item 12 Brokerage Practices

- A. Describe the factors that the firm considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).**

In general, LGM(E) will place portfolio transaction orders on behalf of Clients' accounts with one or more broker-dealer firms which LGM(E) selects to execute the transactions. In selecting executing broker-dealer firms, LGM(E) uses its best efforts to obtain execution of portfolio transactions at prices which are advantageous in LGM(E)'s judgment to the client and at a reasonably competitive spread or (when a disclosed commission is being charged) at reasonably competitive commission rates. In seeking such execution, LGM(E) will use its best judgement in evaluating the terms of a transaction, and will give consideration to various relevant factors, including, without limitation, the full range and quality of the broker-dealer's services, including the value of the brokerage and research services provided, the responsiveness of the broker-dealer to LGM(E), the size and type of the transaction, the nature and character of the market for the security, the confidentiality, speed and certainty of effective execution required for the transaction, the general execution and operational capabilities of the broker-dealer, the reputation, reliability, experience and financial condition of the broker-dealer, the value of services rendered by the broker-dealer in other transactions, and the reasonableness of the spread or commission, if any.

LGM(E) aims to minimize counterparty risk by carrying out internal due diligence reviews on all counterparties and by selecting reputable internationally recognized counterparties.

- 1.a-f Research and Other Soft Dollar Benefits.** If the firm receives research or other products or services other than execution from a broker-dealer or a third party in connection with *client* securities transactions (“soft dollar benefits”), disclose the firm’s practices and discuss the conflicts of interest it creates.

Not Applicable

- 2. Brokerage for *Client* Referrals.** If the firm considers, in selecting or recommending broker-dealers, whether the firm or a *related person* receives *client* referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

Not Applicable

- a. Disclose that the firm may have an incentive to select or recommend a broker-dealer based on the firm’s interest in receiving client referrals, rather than on your clients’ interest in receiving most favorable execution.**

Not Applicable

- b. Explain the procedures the firm used during its last fiscal year to direct *client* transactions to a particular broker-dealer in return for *client* referrals.**

Not Applicable

- 3. Directed Brokerage.**

- a. If the firm routinely recommends, requests or requires that a client direct the firm to execute transactions through a specified broker-dealer, describe the firm’s practice or policy.**

LGM(E) does not routinely recommend, request or require that a client direct us to execute transactions through a specified broker-dealer. Directing use of a specific firm or firms may affect the timeliness of executions for the directed account and may also result in a less advantageous price being realised by the account.

- b. If the firm permits a *client* to direct brokerage, describe the firm’s practice. If applicable, explain that the firm may be unable to achieve most favorable execution of *client* transactions. Explain that directing brokerage may cost *clients* more money. For example, in a directed brokerage account, the *client* may pay higher brokerage commissions because the firm may not be able to aggregate orders to reduce transaction costs, or the *client* may receive less favorable prices.**

As mentioned in Item 12A(3a) above, LGM(E) does not routinely recommend, request or require that a client direct it to execute transactions through a specified broker-dealer; however, in some circumstances, the client may direct LGM(E) to execute a portion of its transactions through a specific firm or firms,

such broker-dealer(s) must also be on LGM(E)'s authorized broker-dealer list. By directing trades to a specific brokerage firm, the account may not participate in potential savings on execution costs resulting from volume discounts that LGM(E) might otherwise be able to obtain for clients which have not directed LGM(E) to send their trades to designated brokers. In addition, client directed brokerage on behalf of employee benefit plan clients may be subject to special requirements under the Employee Retirement Income Security Act of 1974 ("ERISA").

B. Discuss whether and under what conditions the firm aggregates the purchases or sales of securities for various *client* accounts. If the firm does not aggregate orders when the firm has the opportunity to do so, explain the firm's practice and describe the costs to *clients* of not aggregating.

Investment decisions to buy or sell securities for any account are the product of many factors, including, but not limited to, the particular client's investment objectives, available cash resources, the relative size of the client's portfolio holdings of the same or similar securities, the size of investment commitments generally held by the client and the opinions of the persons responsible for making investments for such account. Thus, a particular security may be bought or sold for certain clients even though it could have been bought or sold for other clients at the same time. In some cases, a particular security may be bought for certain clients when other clients are selling that security. In certain instances, in accordance with any applicable legal requirements, a client may sell a particular security to another client. At other times, two or more clients may participate in an aggregated order, where they are simultaneously engaged in the purchase or sale of the same security. In such cases LGM(E) will allocate the security transactions (including so-called "IPO's" or "new issues") among the participating clients pursuant to its trading policies and procedures as follows: (1) aggregation is allowed only where consistent with a client's advisory agreement, with this Form ADV and applicable registration statements, as well as with the duty to execute securities transactions at advantageous prices and at reasonably competitive commission rates; (2) if an aggregated order cannot be filled completely, allocation among orders will be made pro rata based on the number or percentage of shares specified in the order provided that the following exceptions may apply: consideration in allocation may be given to (i) a client with specialised investment policies or instructions that coincide with the particulars of a specific offering; and (ii) the relative size of a client's portfolio holdings in the same or similar investments; (iii) the percentage of uninvested cash per account; and (iv) whether the allocation would be so de minimis that it would provide no material benefit to the client and / or present difficulty in expecting an advantageous disposition; (3) LGM(E) will receive no additional compensation or remuneration of any kind as a result of aggregating orders. As a result of such allocations, there may be instances when a client's account does not participate in a transaction (including an IPO) that is allocated among other clients. LGM(E) believes that aggregated transactions can, in many instances, produce better executions for clients, but, in certain instances, they could have a negative effect on the size of the position obtained for or disposed of or the price paid or received by the particular client. Depending on such factors as the size of the order and the type and availability of a security, orders may be executed throughout the day rather than being aggregated. When these orders are placed, they may experience sequencing delays and market impact costs, which LGM(E) will attempt to minimize. When appropriate, trade rotation among accounts participating in these trades will be used in accordance with LGM's policy to

treat all accounts fairly and equitably over time. Central Dealing may depart from the above procedures if, in the exercise of its reasonable judgment, it determines that such a departure is advisable.

When trading restrictions are placed by the client on a particular account, the restrictions may prevent the account from participating in the allocation of a larger simultaneous aggregated transaction. Thus, when LGM(E) is directed to execute orders for a client account through a specific broker-dealer firm or firms, or directed to restrict or prohibit trading through a specific broker-dealer firm or firms or to include a specific broker-dealer firm in a competitive bidding process, these orders will normally be placed after completion of non-directed orders so as to avoid conflicts in the trading marketplace.

Item 13 Review of Accounts

A. Indicate whether the firm periodically review *client* accounts or financial plans. If the firm does, describe the frequency and nature of the review, and the titles of the supervised persons who conducts the review.

The frequency of the review of such accounts, the nature of the review and the factors which may trigger review can vary widely among particular accounts, depending upon the client's investment objectives and circumstances and upon the complexity, portfolio structure and size of an account. The portfolio manager is responsible for reviewing all accounts for which he or she is the principal account manager. There are currently 6 portfolio managers.

A regular intensive review is undertaken at or prior to the time appraisal reports (monthly or quarterly) is sent to clients. However, interim reviews of various degrees may be triggered by numerous factors, such as: significant equity price changes; new economic forecasts; investment policy changes of LGM; asset additions or reduction to the account by the client; and / or changes in a client's objectives, instructions, or circumstances.

B. If the firm reviews *client* accounts on other than a periodic basis, describe the factors that trigger a review.

Review of client accounts and reports as mentioned in Item 13A above are usually done on a monthly and/or quarterly basis to clients, however, we will also perform reviews upon client's request.

C. Describe the content and indicate the frequency of regular reports the firm provides to *clients* regarding their accounts. State whether these reports are written.

LGM(E) aims to accommodate clients' reporting requirements, typically with written monthly and quarterly reports and annual face to face meetings with the portfolio manager (and/ or quarterly conference calls). Contents of the monthly reports typically include performance, portfolio and market commentary, and portfolio profile. In addition to this information, quarterly reports also include portfolio characteristics, portfolio valuations and transaction summaries.

Item 14 Client Referrals and Other Compensation

A. If someone who is not a *client* provides an economic benefit to the firm for providing investment advice or other advisory services to the firm's *clients*, generally describe the arrangement, explain the conflicts of interest, and describe how the firm addresses the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

Nobody except LGM(E)'s clients provide economic benefit to LGM(E) for providing investment advice or other advisory services.

B. If the firm or a *related person* directly or indirectly compensates any *person* who is not the firm's *supervised person* for *client* referrals, describe the arrangement and the compensation.

Certain LGM(E)'s related persons have entered arrangements with other parties to compensate those parties for having solicited and referred certain investment advisory clients to LGM. These parties generally will be compensated in cash equivalent to a portion of the investment advisory fees earned by LGM from each client. Special facts and circumstances applicable to a particular client may require negotiation of different compensation to be paid by LGM to the parties with respect to such client. The clients referred to LGM will not be charged additional investment advisory fees by LGM by reason of the compensation paid under such arrangement.

Item 15 Custody

If the firm has *custody* of *client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to the firm's *clients*, explain that *clients* will receive account statements from the broker-dealer, bank or other qualified custodian and that *clients* should carefully review those statements. If the firm's *clients* also receive account statements from the firm, its explanation must include a statement urging *clients* to compare the account statements they receive from the qualified custodian with those they receive from the firm.

Not applicable as LGM(E) does not hold custody of client funds or securities.

Item 16 Investment Discretion

If the firm accepts *discretionary authority* to manage securities accounts on behalf of *clients*, disclose this fact and describe any limitations *clients* may (or customarily do) place on this authority. Describe the procedures the firm follows before it assumes this authority (e.g., execution of a power of attorney).

LGM(E) generally has discretion over the selection and amount of securities to be purchased or sold in client accounts without obtaining prior consent or approval from the client for each transaction. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed by LGM(E).

Discretionary authority will only be provided upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an Investment Advisory/Management Agreement containing all applicable limitations to such authority. All discretionary trades made by LGM(E) will be in accordance with each client's investment objectives and guidelines.

Item 17 Voting Client Securities

A. If the firm have, or will accept, authority to vote *client* securities, briefly describe the firm's voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) its *clients* can direct its vote in a particular solicitation. Describe how the firm addresses conflicts of interest between the firm and its *clients* with respect to voting their securities. Describe how *clients* may obtain information from the firm about how the firm voted their securities. Explain to *clients* that they may obtain a copy of the firm's proxy voting policies and procedures upon request.

Unless clients specified to the contrary in the agreement, LGM(E) is responsible for the proxy voting of stocks held in the accounts on behalf of the clients. LGM(E) has adopted and implemented proxy voting policies and procedures which it believes to be reasonably designed to ensure that proxies are voted in the best interest of its clients, and in accordance with fiduciary duties, with the Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended and with the long-standing fiduciary standards and responsibilities for ERISA accounts set out in the Department of Labor Bulletin 94-2 C.F.R. 2509.94-2 (July 29, 1994) of the United States of America.

LGM(E) will normally vote proxies in accordance with these guidelines unless it determines that it is in the best economic interests of the clients to vote contrary to the guidelines. LGM's voting guidelines generally address issues related to boards of directors, auditors, enquiry based compensation plans, and shareholder rights.

A conflict of interest may exist, for example, when an issuer who is soliciting proxy votes also has a client relationship with LGM(E). When a conflict of interest arises, in order to ensure that proxies are voted solely in the best interests of the clients, LGM(E) will vote in accordance with LGM's written guidelines or seek client's instructions before voting.

You may obtain a copy of the proxy voting policy by writing to: Controls and Compliance Department, Lloyd George Management, Suite 3808, 1, Exchange Square, Central, Hong Kong.

- B. If the firm does not have the authority to vote *client* securities, disclose this fact. Explain whether *clients* will receive their proxies or other solicitations directly from their custodian or a transfer agent or from the firm, and discuss whether (and, if so, how) *clients* can contact the firm with questions about a particular solicitation.**

There are a number of clients who do not provide LGM(E) with the authority to vote client securities. In these instances, clients will receive their proxies directly from their custodian. Should clients have any questions regarding their proxies they are welcome to contact LGM(E) with any queries which they have.

Item 18 Financial Information

- A. If the firm requires or solicits prepayment of more than \$1,200 in fees per *client*, six months or more in advance, include a balance sheet for the firm's most recent fiscal year.**

Not applicable, as LGM(E) does not require or solicit pre-payment of fees in advance.

- B. If the firm have *discretionary authority or custody* of *client* funds or securities, or the firm requires or solicits prepayment of more than \$1,200 in fees per *client*, six months or more in advance, disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to *clients*.**

LGM(E) has discretionary authority over client accounts and is not aware of any financial condition that will likely impair its ability to meet contractual commitments to clients.

- C. If the firm have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.**

Not applicable as LGM(E) has not been the subject of a bankruptcy petition.

Item 19 Requirements for State-Registered Advisers

Not applicable as LGM(E) is not applying as a State-Registered Adviser.