

**ALKEN ASSET MANAGEMENT LLP**

**CRD Number 161300**

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This Brochure provides information about the qualifications and business practices of ALKEN ASSET MANAGEMENT LLP.

If you have any questions about the contents of this Brochure, please contact us at +44 (0) 20 7440 1900 or email [alken-team@alken-am.com](mailto:alken-team@alken-am.com) . You may also visit our website at [www.alken-am.com](http://www.alken-am.com) .

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about ALKEN ASSET MANAGEMENT LLP also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and on the website of Financial Conduct Authority ("FCA") at [www.fca.org.uk](http://www.fca.org.uk)

ALKEN ASSET MANAGEMENT LLP  
3<sup>rd</sup> Floor, 61 Conduit Street, London, W1S 2GB, United Kingdom

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**Item 2: Material changes**

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The Brochure will be updated on an annual basis and the only material changes to the initial Brochure issued as of 3 April 2012 is the description of managed accounts clients: high net worth individuals, pension plans, foundations / charities, and other institutional clients.

**Item 4: Advisory Business**

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ALKEN ASSET MANAGEMENT LLP (“FIRM”, “the Firm”) provides portfolio management services to management companies of open-ended investment vehicles and it also manages segregated mandates that meet institutional investors’ requirements. The Firm currently manages or advises management of total assets of approx. €3.9bn. The Firm is based in London. Alken Asset Management LLP was incorporated as a limited liability partnership (No: OC314034) on 5th of July 2005 and it was authorised by the Financial Services Authority, the United Kingdom financial regulator, on 4th of January 2006 (FRN: 440658).

Alken Asset Management LLP was previously named Vauban Asset Management LLP. The name change took place on 11th Dec 2006. The company number and ownership remained unchanged.

Alken Asset Management is an independent investment company controlled by Walewski Limited, a limited company incorporated and domiciled in the UK that holds 96.8% of the Firm. It has outsourced its trading desk to an affiliated party, Alken Finance LLP (incorporated and domiciled in the UK (No OC0359683); authorised and regulated by the FCA (FRN 537282).

The Firm’s clients comprise regulated management companies of collective investment schemes (“funds”), and high net worth individuals, pension plans, foundations / charities, and other institutional clients through managed accounts (“managed accounts”). The Firm manages assets for these clients in a variety of strategies which are unified by a central research team and a focus on investment strategies in European equities.

The majority of the regulated funds for which the Firm has a management delegation are subject to the UCITS V European Directive and as such the Firm is required to follow specific rules. These rules are designed to ensure that a fund meets strict diversification and other requirements. The objective is to control the amount of risk that may be taken within a specific portfolio and to ensure that such risk is not unduly concentrated in individual securities or with any single counterparties. By contrast, the managed accounts managed by the Firm are governed by their respective investment guidelines. These give the Firm a wider ability to invest in underlying assets without the same strict diversification requirements.

Each fund and sub fund for which the Firm has a management delegation may contain a number of different share classes, which differ as to matters such as reporting currency, minimum investment, redemption terms, treatment of income and fees.

The Firm’s strategies will typically be invested mostly in European equities. Before determining an appropriate asset allocation, the Firm obtains a thorough understanding of each client’s financial situation, return objectives and risk profile. Should clients wish to impose restrictions on investing in certain types of securities, then the Firm discusses and documents these requirements at the outset of the relationship.

As at 31 March 2013, the Firm managed US\$ 5.1bn equivalent, all of which is managed on a discretionary basis.

**Item 5: Fees and Compensation**

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Management Fees

The Firm charges each client a management fee, which is charged on a quarterly basis (adjusted for cash flows). Management fees charged are generally based on a fixed %. This percentage will depend on the client type, the strategy and the size of the mandate.

Fees are payable in arrears and are charged only in respect of the period for which the fund or the managed account was managed.

Other fees

Other fees that may be charged to clients are set out below:

*Administrator fees (generally applicable to funds)*

Fees are charged on a sliding scale depending on the amount of assets managed. The administrator will also be reimbursed any reasonable out-of-pocket expenses or costs necessarily incurred in the performance of its duties.

*Prime broker and custodian fees*

Prime broker and custodian fees will not exceed normal commercial rates. They may also levy transaction charges and other charges which can include Value Added Tax.

*Other fees and expenses*

Other fees and expenses charged may include the following:

(a) charges and expenses of legal advisers, accountants and independent auditors, (b) brokers' commissions, broker funding costs (c) all taxes or stamp duties and corporate fees payable to governments or agencies, (d) Directors' fees (if any) and expenses, (e) interest on borrowings if applicable, including borrowings from the Prime Broker and Custodian, (f) communication expenses with respect to investor services and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents, (g) the cost of insurance for the benefit of the Directors, (h) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business, (i) the cost of obtaining and maintaining the listing of shares on a stock exchange (if applicable) and (j) some other organisational and operating expenses.

Please see the section on "Brokerage practices" for a description of other brokerage charges.

**Item 6: Performance-Based Fees**

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The Firm may also charge performance fees:

Where performance fees are charged, these are calculated in respect of discrete periods based on the excess performance relative to a defined benchmark. Depending on the terms

performance fees are deducted from the account on monthly quarterly or on an annual basis.

### **Item 7: Types of Clients**

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ALKEN ASSET MANAGEMENT LLP provides investment management / advisory services to professional or well informed investors. Minimum account sizes will normally not be below an equivalent of USD 10.000.000,00.

The Firm's clients comprise regulated management companies of collective investment schemes ("funds"), and high net worth individuals, pension plans, foundations / charities, and other institutional clients through managed accounts ("managed accounts").

### **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

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EXAMPLE TEXT

#### **Methods of Analysis**

The Firm's method of analysis includes deep fundamental research of potential investee companies. This is carried out with a view to ascertaining their intrinsic value, with a particular focus on drivers of profitability, cash generation and capital allocation. The main sources of information the Firm uses include:

- Company reports,
- Internal Research
- Research materials provided by third parties
- Meetings with companies
- News sources

#### **Investment Philosophy**

The investment style of the FIRM could be characterised as followed: bottom-up, blend (value/growth), active management, contrarian, all-capitalisations.

The FIRM investment philosophy concentrates on five major objectives:

- Seek out companies that are undervalued: We believe we can consistently add value by identifying companies that are selling at a discount of more than 30% relative to their intrinsic value. Typical investment cases include undervalued assets, forgotten companies and unidentified growth opportunities.
- Look for high profitability and growth potential: We invest in companies that have high (or growing), return on capital employed and sales growth potential.

- Prefer management with a good track record, humble, focused and motivated: Our experience shows that management with the right characteristics consistently outperforms the market.
- Concentrate on the stocks with the most potential: We focus our efforts on the most promising companies and look to maximise our overall profits, rather than the number of profitable investments.
- Avoid market excesses: We monitor the overall equity market valuation as a reality check to our stock-picking analysis.

The main focus of investments is listed European equities and consequently the accounts should benefit from a good degree of liquidity under normal market conditions. The strategies' typical investment horizon is 3 years and beyond.

### **Risk of Loss Factors**

Investing in securities involves risk of loss that clients should be prepared to bear. Investors should consider the following factors before investing in any of the strategies provided by the Firm.

The Firm's strategies may embed the following list of risk factors which do not purport to be a complete enumeration of the risks involved:

- Equity Risks
- Market Risks
- Credit Risks
- Liquidity Risks
- FX Risks
- Tax Risks

Prospective investors are urged to consult their professional advisers and the fund prospectuses before deciding to invest in the funds.

### **Item 9: Disciplinary Information**

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The Firm has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Firm have been subject to such action.

### **Item 10: Other Financial Industry Activities and Affiliations**

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The FIRM is authorised and regulated by the FCA in the UK as a BIPRU €50k limited licence firm. Its Firm Reference Number is 440658. The authorisation that it holds means that the Firm is permitted to provide discretionary management and advisory services to professional clients. The Firm is not permitted to deal with retail clients.

Alken Finance LLP (incorporated and domiciled in the UK (No OC0359683) authorised and regulated by the FCA (FRN 537282) is an affiliated company to the Firm, to which the firm has outsourced its trade execution.

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

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The Firm has in place a Code of Ethics which sets out the procedures in place governing personal trading. The Code of Ethics is available to clients or prospective clients upon request and includes the following provisions:

- All personal brokerage accounts used by staff and their spouses and dependent children (“related persons”) must be notified to the Firm.
- Prior approval may be required before a trade can be executed.
- Copies of contract notes are received by the Firm.
- Initial and annual holdings reports are submitted to the Firm by all staff. These are checked back to the original approvals and contract notes where appropriate.

No securities are bought or sold for client accounts in which the Firm’s related persons have a material financial interest. Such activity is considered to be an alignment of interest between the related persons and the client.

Personal trading rules do not permit related persons to purchase securities for their own accounts at times when the funds or accounts managed are actively trading in such securities.

**Item 12: Brokerage Practices**

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**General arrangements**

The rules to which the Firm is subject in the UK forbids it from paying commission except where there would be a benefit to the client from doing so.

The Firm maintains a list of brokers with whom it may deal for the funds managed. This list is regularly reviewed and brokers are added or deleted according to the Firm’s view of the quality and cost of the service provided. Brokers are used by the Firm at its own discretion.

Brokerage costs paid by the Firm are paid in respect of research and execution services received. Brokers with whom the Firm trades are therefore selected on the basis of the following execution factors, with particular emphasis being given to the price:

- Price
- Costs
- Speed
- Likelihood of execution and settlement
- Size
- Nature
- Other considerations relevant to the execution of an order

Trades are pre-allocated on a client by client basis. Where possible trades will be bulked for execution so that pricing across clients is as equitable as possible.



**Item 13: Review of Accounts**

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Each account that the Firm manages is subject to a periodic review in order to ensure that it remains within the investment guidelines agreed with the client. The frequency of the review is at least monthly.

These reports comprise of analysis of risk and return drivers during the period in question, major asset allocation changes, benchmark as well as a review of any trading or operational factors.

Statements are sent to clients with managed accounts on a regular basis by the custodians, depending on agreement between the clients and their custodians. These reports contain a detailed analysis of the holdings as at the reporting date and transactions during the period. In addition the manager may send reports in agreement with the clients which analyses the portfolios risk and return characteristics along with commentary on the market and the portfolio itself.

**Item 14: Client Referrals and Other Compensation**

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FIRM is not remunerated by any party other than its clients. The Firm receives no economic benefit for providing investment advice or other advisory services to its clients whether directly or indirectly.

The Firm has third party marketers who act in the following jurisdictions:

- I) France

The third parties are paid by way of a percentage of revenue that their clients generate for the Firm.

**Item 15: Custody**

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All accounts managed by the Firm are on custody with external independent custodians and with whom the clients have a direct agreement. FIRM does not send out account statements.

**Item 16: Investment Discretion**

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FIRM has discretionary authority to manage the accounts on behalf of its clients.

With the managed accounts, clients may request from time to time that the Firm must not invest in specific assets or utilise specific investment techniques. FIRM is able to customise its approach to each individual client.

Prior to accepting an appointment to act as a discretionary manager for a client, FIRM conducts a full “know your customer” assessment. This is performed so that the Firm

understands each client's investment objectives and is then able to manage the portfolio in a suitable manner.

**Item 17: Voting Client Securities**

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Depending on the terms of its investment management mandate The Firm will vote or not on AGM resolutions. The Firm's vote will be in favor or against the resolution based on our clients perceived best interests. We will undertake to ensure that companies understand the rationale. It is not The Firm's intention to seek an independent audit opinion on its engagement and voting process.

**Item 18: Financial Information**

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Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about FIRM's financial condition.

FIRM does not require or solicit pre-payment of any type of client fees in advance. The Firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

**Item 19: Requirements for State-Registered Advisers**

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This section is not applicable.