

**Part 2A of Form ADV: Firm Brochure**

**Item 1      Cover Page**

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This Brochure provides information about the qualifications and business practices of RWC Asset Advisors (US) LLC (the “**Adviser**”). If you have any questions about the contents of this Brochure, please contact us by telephone at (212) 549-0423 or by e-mail at *james.kaufmann@rwcpartners.com*. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

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

Registration of an investment adviser with any state securities authority does not imply any level of skill or training.

**Item 2            Material Changes**

This Part 2A constitutes the Adviser's initial filing.

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**Item 4****Advisory Business****A. General Description of Advisory Firm**

RWC Asset Advisors (US) LLC (the “**Adviser**”), a limited liability company organized under the laws of the State of Delaware, was formed on November 5, 2012. The Adviser’s temporary place of business will be located in New York, New York. The Adviser’s permanent place of business will be located in North Carolina. The Adviser is wholly-owned by RWC Partners (US) Inc., a Delaware corporation formed on November 5, 2012 (“**RWC Partners US Corp.**”). RWC Partners Limited (“**RWC Partners UK Corp.**”), a corporation organized under the laws of England and regulated by the Financial Services Authority (“**FSA**”), is the sole shareholder of RWC Partners US Corp.

**B. Description of Advisory Services (including any specializations)**

The Adviser intends to provide investment advisory services on a discretionary basis primarily to pooled investment vehicles (each, a “**Fund**” or a “**Client**”) intended for non-U.S. retail investors. Each Fund will have a single investment strategy and a set of investment guidelines. In addition, the Adviser generally will not impose investment restrictions on its investment strategies as such restrictions may relate to any investor in a Fund. The Adviser will initially provide investment advisory services to one Fund, RWC US Absolute Alpha Fund (the “**US Alpha Fund**”). The US Alpha Fund is one of several sub-funds of RWC Funds (“**RWC Funds**”), an open-ended collective investment company organized under Luxembourg law as a société anonyme qualifying as a société d’investissement à capital variable, with an “umbrella” structure comprising different sub-funds and classes. RWC Funds is registered with the Registre de Commerce et des Sociétés, Luxembourg, under number B 122 802.

RWC Asset Management LLP (“**RWC Asset Management**”), a limited liability partnership organized under the laws of England and Wales, serves as the investment manager to RWC Funds and, therefore, also serves as the investment manager to the US Alpha Fund. RWC Asset Management is authorized and regulated by the FSA. RWC Asset Management, in its capacity as the investment manager to the US Alpha Fund, has appointed the Adviser as the investment adviser to the US Alpha Fund for purposes of providing investment advice to the US Alpha Fund.

The US Alpha Fund is an Undertakings for Collective Investment in Transferable Securities (“**UCITS**”) fund. The US Alpha Fund currently does not contemplate accepting U.S. investors. To the extent that the U.S. Alpha Fund elects to accept investments from U.S. investors, such investments will only be accepted from those U.S. investors that are “accredited investors” within the meaning of Rule 501 under Regulation D of the Securities Act of 1933, as amended, and “qualified purchasers” within the meaning of Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended.

The Adviser mainly makes recommendations to RWC Asset Management regarding the investment of Client assets, directly or through the use of financial derivative instruments, in equities, equity linked securities, cash, cash equivalents and short-dated instruments. With respect to equity-related investments, the Adviser will predominantly recommend investment of Client assets in securities of US-based companies. The Adviser may also seek exposure to non-US equities to a limited extent. Equity exposure may be achieved through investment in shares, depository receipts, warrants and other participation rights and through investment in convertible securities, index and participation notes and equity linked notes.

To achieve its objective, the Adviser may recommend to RWC Asset Management to hold short positions and/or take additional long positions, through the use of financial derivative instruments. The Adviser’s long positions will be sufficiently liquid to cover at all times the Adviser’s obligations arising from its short positions. The Adviser may recommend the use financial derivative instruments, either listed or

OTC derivatives, such as, but not limited to, contracts for differences, swaps, options, forwards and futures. Fixed and floating rate debt securities may be held on an ancillary basis.

Investment restrictions associated with each Fund are described in the relevant prospectus or offering documents.

**C. Availability of Tailored Services for Individual Clients**

This Item is not applicable.

**D. Wrap Fees**

The Adviser currently does not participate in any wrap fee programs.

**E. Client Assets Under Management**

As of February 26, 2013, the Adviser has approximately \$00.00 Client assets under management. As of that date, the Adviser managed approximately \$00.00 on a discretionary basis and \$00.00 on a non-discretionary basis.

## Item 5 Fees and Compensation

### A. Advisory Fees and Compensation

#### Pooled Investment Vehicles

##### *Asset-Based Compensation*

RWC Asset Management charges management fees (the “**Management Fees**”) with respect to the US Alpha Fund on a monthly basis in arrears for investment management services based on a percentage of assets under management, per the following schedule:

<u>Classes of Shares</u>	<u>Management Fees</u>	<u>Administrative and Operational Fees</u>
Class A Shares EUR	2% of the average total net assets of the Class	Up to 0.35% of the average total net assets of the Class
Class A Shares USD		
Class A Shares GBP		
Class B Shares EUR	1% of the average total net assets of the Class	Up to 0.30% of the average total net assets of the Class
Class B Shares USD		
Class B Shares GBP		
Class C Shares EUR	No management fee applicable.	Up to 0.25% of the average total net assets of the Class
Class C Shares USD		
Class C Shares GBP		

For periods of less than a calendar month, the Management Fee will be prorated for the days remaining in that calendar month. RWC Asset Management will pay the Adviser a portion of the Management Fee. Notwithstanding the foregoing and subject to RWC Asset Management’s approval, the Adviser and a Fund or the Adviser and a Fund investor may agree to a different time and manner upon which the Management Fee is paid. The Adviser, subject to RWC Asset Management’s approval, may waive all or a portion of the Management Fee as to a Fund investor, or may agree with a Fund investor to other changes in the Management Fee with respect to such investor.

##### *Performance Fees*

RWC Asset Management is entitled to receive a performance fee (the “**Performance Fee**”) with respect to the Class A and Class B Shares of the US Alpha Fund. Class C Shares are dedicated to clients of RWC Partners UK Corp. and are not charged a Performance Fee. RWC Asset Management will share a portion of the Performance Fee with the Adviser. The Performance Fee for the US Alpha Fund is calculated at the end of each calendar quarter and with reference to a high water mark. The high water mark is the point after which a Performance Fee becomes payable. The high water mark will be the higher of the net asset value at launch of the relevant share class (“**Class**”), or the net asset value at which the last Performance Fee has been paid.

The Performance Fee for each Class of the US Alpha Fund is calculated as follows:

- (i) On each valuation day, the change in net asset value of each Class is compared to the change in the relevant benchmark.

- (ii) If the difference between the net asset value of a specific Class and the relevant benchmark between one valuation day and the next is positive, it is applied to the portion of assets attributable to that Class and then multiplied by the percentage rate at which the Performance Fee is charged (the “**Performance Fee Rate**”) and added to the Performance Fee accrued since the start of each calendar quarter. If the difference between the net asset value of a specific Class and the benchmark is negative, it is applied to the portion of assets attributable to that Class and then multiplied by the Performance Fee Rate and subtracted from the Performance Fee accrued since the start of the calendar quarter.
- (iii) The Performance Fee accrual will never fall below zero. If at any time during a given calendar quarter, the Performance Fee accrual has been reduced to zero, there will be no further accrual until the net asset value has increased by more than the benchmark.
- (iv) A high water mark will be used to ensure that, following one or more calendar quarters of underperforming the benchmark, the Adviser does not receive a Performance Fee until the net asset value per share of the relevant Class has recovered to the net asset value per share of that Class at the end of the calendar quarter when a Performance Fee was last charged.
- (v) Appropriate adjustments are made for sales, redemptions, dividends and currency conversions.

The benchmarks used for Performance Fee calculation purposes are the 1-month EURIBOR for the EUR denominated Classes, the 1-month \$LIBOR for the USD denominated Classes and the 1-month £LIBOR for the GBP denominated Classes.

#### *Administrative & Operational Fees*

The administrative and operational fees (“**Administrative Fees**”) effectively charged to the US Alpha Fund are set forth above and vary as to Class.

RWC Asset Management will bear the excess of any Administrative Fee above the rate specified for each Class. Conversely, RWC Asset Management will be entitled to retain any amount by which the rate of these fees to be borne by a Class exceeds the actual expenses incurred by such Class.

The Administrative Fees cover the custodian administration agent fees, fees and out-of-pocket expenses of the board of directors of the RWC Funds, legal and auditing fees, publishing and printing expenses, the cost of preparing the explanatory memoranda, financial reports and other documents for the shareholders, postage, telephone and telex, costs of preparing the explanatory memoranda, advertising expenses, as well as any additional registration fees.

#### **B. Payment of Fees**

RWC Asset Management deducts the Management Fee and Performance Fee (if applicable) from Client accounts by instructing the Client’s custodian. RWC Asset Management shall send an invoice to the custodian indicating the amount of the fees to be deducted from the Client account.

In addition, RWC Asset Management will provide the Client with a report itemizing the fee, including the calculation period covered by the fee, the account value and the methodology used to calculate the fee. It is the responsibility of the Client to verify the accuracy of these fees as listed on the custodian’s brokerage statement as the custodian does not assume this responsibility. Clients provide written authorization permitting RWC Asset Management to be paid directly from their accounts held by the custodian as part of the investment management agreement or other agreement, and separate account forms provided by the



custodian.

**C. Other Fees and Expenses**

In addition to paying Management Fees and, if applicable, Performance Fee or other compensation, Client accounts will also be subject to other investment expenses such as custodial charges, brokerage fees, commissions and related costs, interest expenses, taxes, duties and other governmental charges, consulting services, promotional activities, registration fees and other expenses due to supervisory authorities, insurance, interest, the fees of the board of directors of the RWC Funds, the cost of the publication of the net asset value, transfer and registration fees or similar expenses, costs associated with foreign exchange transactions, other portfolio expenses, and costs, expenses and fees (including, investment advisory and other fees charged by investment advisers with, or funds in, which the Client's account invests) associated with products or services that may be necessary or incidental to such investments or accounts.

Client assets may be invested in pooled investment vehicles. In these cases, Clients will bear their *pro rata* share of the underlying fund's operating and other expenses including, in addition to those listed above: sales expenses, legal expenses, internal and external accounting, audit and tax preparation expenses, and organizational expenses. Please refer to Item 12 below for a discussion of the Adviser's brokerage practices.

**D. Prepayment of Fees**

Currently, Clients are not required to pay Management Fees to the Adviser in advance. If a Client does prepay fees to the Adviser in advance, upon the termination of a Client account during the relevant fee period, the Management Fee will be prorated for the days remaining in that fee period and any prepaid, unearned fees will be refunded to the relevant Client.

**E. Additional Compensation and Conflicts of Interest**

This Item is not applicable.

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

As noted in Item 5 above, the Adviser may receive a portion of the Performance Fee entitling the Adviser to a portion of a Client's profits. The Adviser and its investment personnel may provide investment management services to multiple portfolios for multiple Clients. When the Adviser and its investment personnel manage more than one Client account, a potential exists for one Client account to be favored over another Client account as there may be differences in the structure of the Performance Fee. Differences in the Performance Fee structure could create potential conflicts in that the Adviser and its investment personnel could have a greater incentive to favor a Client that provides the Adviser with the most favorable Performance Fee structure versus other Clients that provide the Adviser with an inferior or no Performance Fee structure.

Investment personnel may also have conflicts in allocating their time and services among multiple Clients. Further, it is possible that the various Client accounts managed could have different investment strategies that, at times, might conflict with one another to the possible detriment of a Client's account. One account may seek to participate in a transaction in which another account may have made (or may seek to make) an investment. The two accounts may have conflicting interests and objectives in connection with the transactions, including how they view the operations or activities of the portfolio or issuer, the targeted returns from the transaction, and the timeframe for, and method of, exiting the transaction.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably.

The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. The Adviser seeks to ensure that allocations are generally made *pro rata* based on the asset size of the relevant portfolios. In the event that the Adviser is unable to allocate *pro rata* for reasons other than portfolio rebalancing, details and reasons will be documented. Finally, the Adviser's procedures also require the objective allocation for limited opportunities to ensure fair and equitable allocation among accounts. These areas are monitored by the Adviser's Chief Compliance Officer. Further, the Adviser and its investment personnel endeavor to devote such time to each Client as they deem appropriate under the circumstances to perform their duties and obligations to each such Client in accordance with applicable law and the Adviser's written agreement with each such Client.

**Item 7            Types of Clients**

The Adviser currently provides discretionary investment advisory services to one Fund, the US Alpha Fund. Any initial and additional subscription minimums are disclosed in the offering memorandum of the US Alpha Fund.

**Item 8****Methods of Analysis, Investment Strategies and Risk of Loss****A. Methods of Analysis and Investment Strategies**

The Adviser utilizes a variety of methods and strategies to make investment decisions and recommendations. These methods entail an evaluation of investment opportunities using fundamental, technical, quantitative and qualitative analyses to determine the intrinsic value of securities and other types of instruments.

The Adviser employs the following investment strategies with respect to its Clients:

*Buy and Hold.* The Adviser engages in a buy and hold investment strategy wherein the Adviser buys securities and holds them for a relatively longer period of time, regardless of short-term factors such as fluctuations in the market or volatility of the stock price.

*Equity.* The Adviser's equity strategy focuses on a broad range of equity investment styles, including growth, core, and value, as well as portfolios designed to be "style-neutral". Some Client accounts focus on specific ranges on the capitalization scale, from micro-cap, through small-cap, mid-cap and large-cap, to mega-cap. Other Client accounts will focus on investment opportunities in more than one capitalization category or across all capitalization levels.

*Fundamental Value.* The Adviser engages in a fundamental value investment strategy wherein the Adviser attempts to invest in asset-oriented securities the Adviser believes are undervalued by the market.

*Growth.* The Adviser engages in a growth investment strategy wherein the Adviser recommends to RWC Asset Management to invest Client assets in securities of a company whose earnings the Adviser expects to grow at an above-average rate compared to the company's specific industry or the overall market.

*Hedging.* The Adviser may utilize a variety of financial instruments such as derivatives and options for risk management purposes.

*Leverage.* The Adviser's investment program may utilize a moderate amount of leverage which involves the borrowing of funds from brokerage firms, banks and other institutions in order to be able to increase the amount of capital available for marketable securities investments.

*Relative Value.* The Adviser pursues relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued.

*Short Selling.* The Adviser engages in short selling strategies. In a short sale transaction, the Adviser sells a security it does not own in anticipation that the market price of that security will decline. The Adviser makes short sales (i) as a form of hedging to offset potential declines in long positions in similar securities, (ii) in order to maintain flexibility and, (iii) for profit.

*Technical Analysis.* The Adviser studies past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.

These methods, strategies and investments involve risk of loss to Clients, and Clients must be prepared to bear the loss of their entire contribution/investment.

**B. Material Risks (Including Significant, or Unusual Risks) Relating to Investment Strategies**

Very generally, investing in securities and other investment assets involve risk of loss of the principal amount invested. Clients and investors in a Fund should be prepared to bear any risk of loss. The risk summary contained herein is intended solely as a summary and is not an exhaustive list of risks. Risks associated with a particular Fund are described in the relevant offering documents. Those documents also disclose potential risks for the relevant Fund in greater and more particularized detail than the summary set forth below.

*Issuer-Specific Changes.* Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

*Short Selling Risk.* The Adviser's investment program may include a significant amount of short selling. Short selling transactions expose the Adviser to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Adviser in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Adviser might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

*Relative Value Risk.* In the event that the perceived mispricings underlying the Adviser's relative value trading positions were to fail to converge toward, or were to diverge further from, relationships expected by the Adviser, Client accounts may incur a loss.

*Lack of Diversification.* Client accounts will not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, Client portfolios are subject to more rapid change in value than would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments.

*Leverage.* Performance may be more volatile if a Client's account employs leverage.

*Hedging.* There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser's investment portfolios than if the Adviser did not engage in any such hedging transactions.

*Frequent Trading.* The Adviser's strategy may involve frequent trading which will result in significantly higher commissions and charges to Client accounts due to increased brokerage, which will offset Client profits.

*Technical Analysis Risk.* The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

*Currency.* Shares of a Fund may be denominated in different currencies. The underlying instruments held by the relevant Fund may be denominated in those or other currencies. Accordingly, the value of an investment may be affected favorably or unfavorably by fluctuations in exchange rates, notwithstanding any efforts made to hedge such fluctuations. In addition, prospective Fund investors whose assets and liabilities are primarily denominated in currencies other than the currency of investment of the relevant Fund should take into account the potential risk of loss arising from fluctuations in the rate of exchange between the currency of investment and such other currency. A Fund may enter into back to back currency borrowing or utilize derivatives such as forwards, futures, options and other derivatives to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be undertaken or if undertaken will be effective or beneficial or that there will be a hedge in place of any given time.

**C. Risks Associated with Types of Securities that are Primarily Recommended**

*Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and “growth” stocks can react differently from “value” stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

*Fixed-Income and Debt Securities.* Investment in fixed-income and debt securities such as bonds, notes and asset-backed securities, subject a Client’s portfolios to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio’s income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer’s ability to make such payments will cause the price of that debt to decline. Lastly, investments in debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

*Options.* In connection with the use of options, there may be an imperfect correlation between the change in market value of a security and the prices of the options in the Client’s account.

**Item 9                    Disciplinary Information**

Neither the Adviser nor any of its management persons have been involved in the following:

- A criminal or civil action in a domestic, foreign or military court of competent jurisdiction;
- An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority; or
- A self-regulatory organization (“**SRO**”) proceeding.

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

**A.        Broker-Dealer Registration Status**

This Item is not applicable.

**B.        Commodities-Related Registration**

This Item is not applicable.

**C.        Material Relationships or Arrangements with Industry Participants**

This Item is not applicable.

**D.        Material Conflicts of Interest Relating to Other Investment Advisers**

This Item is not applicable.



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

**A.            Code of Ethics**

The Adviser has adopted a Code of Ethics (the “**Code**”) that obligates the Adviser and its related persons to put the interests of the Clients before their own interests and to act honestly and fairly in all respects in their dealings with Clients. See below for further provisions of the Code as they relate to the pre-clearing and reporting of securities transactions by related persons. Clients or prospective Clients may obtain a copy of the Code by contacting the Adviser’s Chief Compliance Officer by e-mail at *james.kaufmann@rwcpartners.com*.

The Adviser, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of Clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a Client. The Adviser will maintain and enforce written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to Clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the Client or using such information for the Client’s benefit. In such circumstances, the Adviser will have no responsibility or liability to the Client for not disclosing such information to the Client (or the fact that the Adviser possesses such information), or not using such information for the Client’s benefit, as a result of following the Adviser’s policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

**B.            Client Transactions in Securities where Adviser has a Material Financial Interest**

The Adviser or its related persons may invest Client assets in one or more investment companies (and offshore investment vehicles for non-US Clients) for which the Adviser acts as a general partner and/or investment adviser (e.g., a Fund). This practice creates a conflict of interest because the Adviser or related person has an incentive to recommend/buy securities from (or sell securities to) Clients based on its own financial interests, rather than solely the interests of a Client. The Adviser will have policies and procedures in place that are reasonably designed to address conflict of interest situations. These policies and procedures will include appropriate safeguards designed to protect against Client abuses in this area.

**C.            Investing in Securities Recommended to Clients**

The Adviser recognizes that the personal investment transactions of members and employees of the Adviser demand the application of a high code of ethics and will require that all such transactions be carried out in a way that does not endanger the interest of any Client. At the same time, the Adviser believes that if investment goals are similar for Clients and for members and employees of the Adviser, it is logical that there be a common ownership of some securities. Therefore, in order to address conflicts of interest, the Adviser may adopt a set of procedures with respect to transactions effected by its officers and employees (hereafter, “**Employees**”) for their “personal accounts.” In order to monitor compliance with its personal trading policy, the Adviser may adopt a quarterly securities transaction reporting system for all of its Employees. (For purposes of the policy, an Employee’s “personal account” generally includes any account (a) in the name of the Employee, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which the Employee is a trustee or executor, or (c) which the

Employee controls, including Client accounts which the Employee controls and in which the Employee or a member of his/her household has a direct or indirect beneficial interest.

From time to time, trading by the Adviser and its Employees (and certain of their relatives) in particular securities may be restricted in recognition of impending investment decisions on behalf of Clients. If transaction orders for a Client and the Adviser (and/or its Employees and certain of their relatives) are not aggregated, the transaction orders for the Adviser (and/or its Employees and relatives) will be the last orders filled.

The Adviser and its Employees may purchase or sell specific securities for their own account based on personal investment considerations without regard to whether the purchase or sale of such securities is appropriate for Clients. An Employee must adhere to certain procedures when buying or selling a security for a personal account. These procedures will include, among other things: (i) the Employee must confirm that he or she is not in receipt of inside information; (ii) the Employee must seek approval from the Chief Compliance Officer for all trades of securities made for a personal account; and (iii) the Employee must execute all approved trades on the day the approval for such trade is given. If the trade is not executed on such day, the Employee must seek new approval.

**D. Conflicts of Interest Created by Contemporaneous Trading**

See Item 11.C above.

## Item 12 Brokerage Practices

### A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

The Adviser considers a number of factors in evaluating a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, costs, responsiveness, reputation, financial strength and stability, efficiency of execution and error resolution, offering to the Adviser on-line access to computerized data regarding a Client's accounts. The RWC Funds maintains a list of all approved brokers, which is reviewed regularly by the counterparty committee (the "Counterparty Committee") of the RWC Funds. The review covers all execution factors including pricing, services and costs and is designed to identify only those offering best execution. The Counterparty Committee also reviews the applicable best execution analysis quarterly together with the Adviser's evaluations, counterparty solvency analysis and other relevant information.

#### 1. Research and Other Soft Dollar Benefits

The Adviser receives research or other products or services other than execution from a broker-dealer and/or a third party in connection with Client securities transactions. This is known as a "soft dollar" relationship. The Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (*i.e.*, connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

When the Adviser uses Client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Chief Compliance Officer will periodically review and evaluate the Adviser's soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

The use of Client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to recommend to the Counterparty Committee a broker-dealer based on its interest in receiving those products and services.

The Adviser may cause Clients to pay commissions (or markups or markdowns) higher than those

charged by other broker-dealers in return for soft dollar benefits (known as paying-up), resulting in higher transaction costs for Clients.

Research and brokerage services obtained by the use of commissions arising from a Client's portfolio transactions may be used by the Adviser in its other investment activities, including, for the benefit of other Client accounts. The Adviser does not seek to allocate soft dollar benefits to Client accounts proportionately to the soft dollar credits the accounts generate.

The Adviser may participate in "client commission arrangements" pursuant to which the Adviser may execute transactions through a broker-dealer and request that the broker-dealer allocate a portion of the commissions or commission credits to another firm that provides research and other products to the Adviser. The Adviser excludes from use under these arrangements those products and services that are not eligible under Section 28(e) and applicable regulatory interpretations.

## **2. Brokerage for Client Referrals**

In recommending broker-dealers to the Counterparty Committee, the Adviser may consider whether the Adviser or a related person receives Client referrals from a broker-dealer or third party. The Adviser may have an incentive to recommend a broker-dealer based on its interests to receive Client referrals rather than on the Client's interests to receive most favorable execution. To address this conflict of interest, the Counterparty Committee reviews and oversees all broker related matters. The review covers all execution factors, including pricing, services and costs and is designed to identify only those offering best execution. To the extent the Adviser executes Client trades it will execute such trades through broker-dealers that the Counterparty Committee has already pre-approved.

## **3. Directed Brokerage**

The Adviser currently does not have any directed brokerage arrangement with any Clients.

## **B. Order Aggregation**

The Adviser often purchases or sells the same security for many Clients contemporaneously (or near the same time) and using the same executing broker. It is the Adviser's practice, where possible, to aggregate Client orders for the purchase or sale of the same security submitted contemporaneously (or near the same time) for execution using the same executing broker. The Adviser will also aggregate in the same transaction, the same securities for accounts where the Adviser has brokerage discretion. Such aggregation may enable the Adviser to obtain for Clients a more favorable price or a better commission rate based upon the volume of a particular transaction. In cases where trading or investment restrictions are placed on a Client's account, the Adviser may be precluded from aggregating that Client's transaction with others. In such a case, the Client may pay a higher commission rate and/or receive less favorable prices than Clients who are able to participate in an aggregated order. When an aggregated order is completely filled, the Adviser allocates the securities purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. If an aggregated order is only partially filled, the Adviser's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable to Clients. Depending on the investment strategy pursued and the type of security, this may result in a pro rata allocation to all participating Clients. The Adviser or its related persons may also participate in an

aggregate order.

**Item 13            Review of Accounts**

**A.            Frequency and Nature of Review**

Each Client account is reviewed by portfolio manager, Mr. Michael Corcell or his designee on a daily basis to determine whether securities positions should be maintained in view of current market conditions. Matters reviewed include specific securities held, adherence to investment guidelines and the performance of each Client account.

**B.            Factors Prompting a Non-Periodic Review of Accounts.**

Significant market events affecting the prices of one or more securities in Client accounts, changes in the investment objectives or guidelines of a particular Client, or specific arrangements with particular Clients may trigger reviews of Client accounts on other than a periodic basis.

**C.            Content and Frequency of Regular Account Report**

A Fund's investors receive reports from such Fund pursuant to the terms of such Fund's prospectus or as otherwise described in the offering document of such Fund.

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

### **A.            Economic Benefits Received from Non-Clients for Providing Services to Clients**

The Adviser may receive certain research or other products or services from broker-dealers through “soft-dollar” arrangements. These “soft-dollar” arrangements create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser’s interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Adviser on behalf of its Clients. Please see Item 12 for further information on the Adviser’s “soft-dollar” practices, including the Adviser’s procedures for addressing conflicts of interest that arise from such practices.

### **B.            Compensation to Non-Supervised Persons for Client Referrals**

The Adviser does not compensate any third-party for Client referrals to the Adviser for its advisory services nor does it receive any economic benefit from a third-party for providing investment advice or other services to its clients. Thus, it has no cash solicitation arrangements subject to the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, and related SEC staff interpretations or the laws of the relevant state(s).

**Item 15            Custody**

The Adviser does not hold Client funds or securities. An independent institution (a qualified custodian) holds all Client funds and securities in safekeeping. The Adviser may be deemed to have custody of Client assets with respect to Clients for which the Adviser serves as the general partner (or the equivalent).



## Item 16 Investment Discretion

The Adviser provides investment advisory services on a discretionary basis to its Clients. The Adviser determines the buy/sell needs of a Client and may, either directly or indirectly, through RWC Asset Management execute such buy/sell orders in accordance with the RWC Funds' Order Execution Policy. Please see Item 4 for a description of any limitations Clients may place on the Adviser's discretionary authority.

Prior to assuming full discretion in managing a Client's assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Unless otherwise instructed or directed by a discretionary Client, the Adviser has the authority to determine (i) the securities to be purchased and sold for the Client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) (ii) the amount of securities to be purchased or sold for the Client account. Because of the differences in Client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among Clients in invested positions and securities held. The Adviser may consider the following factors, among others, in allocating securities among Clients: (i) Client investment objectives and strategies; (ii) Client risk profiles; (iii) tax status and restrictions placed on a Client's portfolio by the Client or by applicable law; (iv) size of the Client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows.

Although it is the Adviser's policy to allocate investment opportunities to eligible Client accounts on a *pro rata* basis (based on the value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead the Adviser to allocate securities to Client accounts in varying amounts. Even Client accounts that are typically managed on a *pari passu* basis may from time to time receive differing allocations of securities based on total assets of each account eligible to invest in the particular investment type (e.g., equities) divided by the total assets of all accounts eligible to invest in the particular investment. In the exceptional case where the Adviser cannot allocate *pro rata* for reasons other than portfolio rebalancing, details and reasons will be documented.

Securities acquired by the Adviser for its Clients through a limited offering will be allocated pursuant to the procedures set forth in the allocation policies of RWC Asset Management and the Adviser, as the case may be. The policy provides that the Adviser will determine the proposed allocation of limited offering securities after considering the factors described above with respect to general allocations of securities and determining those Client accounts eligible to hold such securities. Eligibility will be based on the legal status of the Clients and the Client's investment objectives and strategies.

The Adviser may effect cross transactions between discretionary Client accounts, except as otherwise noted below. Cross transactions enable the Adviser, through RWC Asset Management or otherwise, to effect a trade between two Clients for the same security at a set price, thereby possibly avoiding an unfavorable price movement that may be created through entrance into the market and saving commission costs for both accounts. Cross transactions include rebalancing transactions that are undertaken so that, after withdrawals or contributions have occurred, the portfolio compositions of similarly managed accounts remain substantially similar. The Adviser has a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions. Cross transactions between Client accounts are not permitted if they would constitute principal trades or trades for which the Adviser or its affiliates are compensated as a broker unless Client consent has been obtained based upon written disclosure to the Client of the capacity in which the Adviser or its affiliates will act.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, the Adviser's error correction procedure is to ensure that Clients are treated fairly and, following error correction, are in the same position they would have been if the error had not occurred. The Adviser has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. It is the Adviser's policy that it must not benefit from trade errors. Thus, if a Client account suffers a loss, this will be absorbed by the Adviser (or through other arrangements as outlined in the relevant Fund's prospectus). Any gains resulting from an error will be absorbed by the Client.

**Item 17            Voting Client Securities**

To the extent that the Adviser accepts proxy voting authority on behalf of its Clients, the Adviser will vote such proxies in accordance with its proxy voting policy.

Each Client may obtain a copy of the Adviser's proxy voting policies and procedures by contacting Chief Compliance Officer, Mr. James Kaufmann by e-mail at *james.kaufmann@rwcpartners.com*.

**Item 18            Financial Information**

**A.           Solicitation of Payments**

The Adviser does not require or solicit prepayment of more than \$500 in fees per Client, six months or more in advance.

**B.           Financial Obligations**

There are currently no financial conditions that are reasonably likely to impair the Adviser's ability to meet contractual commitments to Clients.

**C.           Bankruptcy Petitions**

The Adviser currently is not subject to any bankruptcy petitions at any time during the past ten years.

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

This Item is not applicable.