

**Scottish Widows Investment Partnership Limited (“SWIP”)
Form ADV – Part 2A (the “Brochure”)**

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This Brochure provides information about the qualifications and business practices of SWIP. If you have any questions about the content of this brochure, please contact us at 212-827-3101 and/or deborah.laberge@swip-us.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about SWIP also is available on the SEC’s website at www.adviserinfo.sec.gov.

SWIP may refer to itself as a “registered investment adviser” or “RIA.” You should be aware that registration with the SEC does not imply a certain level of skill or training.

Material Changes

The section entitled “Other Financial Industry Activities and Affiliations” contains additional explanation regarding SWIP’s approach to, and scope of conflicts of interest that may arise as a result of its affiliation with Lloyds Banking Group plc and its subsidiaries. This section discusses only those material changes that have been made since SWIP’s last annual update of its Brochure.

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Advisory Business

Firm Overview

On the 18th November, 2013, Aberdeen Asset Management PLC announced that it had entered into a definitive agreement to form a long-term strategic relationship with Lloyds Banking Group plc. Part of this agreement includes Aberdeen acquiring Scottish Widows Investment Partnership Group Limited.

The transaction is subject to regulatory approvals and we expect these to have been completed by the end of Q1 2014.

Created in 2000, Scottish Widows Investment Partnership Limited ("SWIP") is one of the largest asset management companies in the United Kingdom and Europe. SWIP forms part of the Wealth and International Division within its parent company, Lloyds Banking Group plc, and is the center of its asset management activity. SWIP manages assets for a wide range of institutional clients and does not offer services directly to retail investors.

SWIP is a direct subsidiary of Lloyds Banking Group plc as follows:



As of **31st December 2013**, SWIP had the following in assets under management:

<u>Fund Type</u>	<u>USD (\$)</u>	<u>GBP (£)</u>	<u>Number of Accounts</u>
Discretionary	236,210,440,995	142,617,710,755	704
Non Discretionary	5,791,673,633	3,496,861,661	44
Total	242,002,114,628	146,114,572,416	748

SWIP offers discretionary and non-discretionary investment advisory services to institutional investors. SWIP invests on behalf of its clients in a range of investment strategies, including equities and fixed income in developed and emerging markets across the globe.

SWIP offers investment services tailored to the specific needs of its clients. Except as otherwise described herein, each discretionary portfolio is

managed in accordance with the client's investment objectives, strategies, restrictions and guidelines as communicated to SWIP by the client. SWIP's portfolio managers, internal Risk and control departments are responsible for monitoring a portfolio's compliance with such restrictions and guidelines.

The SWIP product range is broken down into four main business units: Equities, Fixed Income, Real Estate and Investment Solutions. While the Equities, Fixed Income and Real Estate business units focus on investments in particular markets, members of the Investment Solutions business unit are responsible for designing, building and implementing customized investment strategies for clients with complex investment needs.

SWIP adheres to a robust research driven philosophy focusing on identifying undervalued assets through rigorous fundamental research. Implementation of SWIP's global investment views adds an international dimension to SWIP's investment process and also enables SWIP to manage multi-geography portfolios for clients based around the world.

Fees and Compensation

Advisory Fees

Fee arrangements with clients are based upon the specific investment advisory services rendered and the size of the client account, among other factors. SWIP generally charges clients a management fee based on the percentage of assets under management, according to a breakpoint schedule. The following fee schedule is generally representative of fees applicable to a typical US client invested with SWIP.

First \$10 million	70 bps
Next \$40 million	65 bps
Next \$50 million	60 bps
Balance over \$100 million	55 bps
Minimum fee per annum	\$135,000

Fees can be billed directly to clients or deducted from client accounts, at the option of the client as set forth in the investment management agreement (“IMA”) negotiated between SWIP and the client. If fees are deducted from a client’s account, the client’s custodian makes all fee calculations, based on the client’s IMA. SWIP does not calculate the fee, nor does it send a bill. Fees are payable on a quarterly basis in arrears.

Client accounts or funds managed by SWIP will, on occasion and within limits set out in the applicable IMA, take positions in pooled investment vehicles managed by SWIP for U.S. institutional investors. In these cases, SWIP will structure its advisory compensation arrangements, either through fee waivers or rebates, such that these clients are subject to fees at either the client level or the vehicle level, but not both. The foregoing applies only to investments in pooled investment vehicles managed specifically for U.S. institutional investors and not to all investment products managed by SWIP.

Other Fees/Expenses

Clients of SWIP may bear certain other fees, expenses and costs (in addition to SWIP’s advisory fees) which are not included in the advisory fees paid by the client but which are incidental or related to the maintenance of an account or the buying, selling and holding of investments. These could include, but are not necessarily limited to: (1) custodial charges; (2) brokerage fees, commissions and related costs and expenses; (3) governmental charges, taxes and duties; (4) transfer fees, registration fees and other expenses associated with buying, selling or holding investments; (5) withholding taxes payable and required to be withheld by issuers or their agents; and (6) fees associated with investments in pooled investment vehicles. These fees and expenses may vary, depending on the type of investment mandate. For additional information about brokerage practices, please see the section entitled “Brokerage

Practices” below.

To the extent a client’s assets are managed through a limited liability company or similar vehicle, SWIP may pay for the organizational costs of establishing such vehicle or such costs may be borne by the investment vehicle, depending on the circumstances and as disclosed to clients and investors. Any ongoing operating costs will be charged to the vehicle and, indirectly, to all clients invested in such vehicle.

In the US, there is a discretionary bonus for SWIP employees commissioned to sell SWIP’s capabilities to US institutional investors. This is driven by a number of factors including revenue generated, client satisfaction and conduct risk. The scheme is designed to minimize potential conflicts with clients. There are currently no external third party sales-based compensation plans in place in the US.

Within the Lloyds Banking Group plc, the group which SWIP belongs to, a cross-selling compensation plan exists and is applied when new business wins have been generated through cross-selling initiatives within the group. This plan involves notional credits against cross selling targets, not monetary compensation.

Such compensation structures create incentives for employees to recommend a product or service based on the compensation they may receive rather than solely on a prospective client’s needs. Potential conflicts caused by such arrangements are disclosed to clients.

Performance-Based Fees and Side-By-Side Management

SWIP may charge clients a performance fee in addition to a standard management fee based on individual agreements negotiated with its clients. The amount charged typically is calculated based on fund performance versus appropriate benchmark.

SWIP currently does not manage funds for US clients which are eligible for performance fees.

Clients should be aware that a performance fee may create an incentive for an adviser to make investments on behalf of clients that are riskier or more speculative than would be the case absent such an arrangement. In addition, when a performance fee is calculated based on performance relative to a benchmark, it is possible that a client could pay a performance fee even though its portfolio suffered a loss during the calculation period. Because SWIP charges performance fees to some of its clients and not others, portfolio managers at SWIP also could face incentives to favor accounts that charge performance fees over those that do not.

However, SWIP seeks to treat all clients and accounts fairly and equitably in resolving potential and actual conflicts of interest. As a result, SWIP has adopted policies and procedures designed to identify and mitigate actual and potential conflicts of interest.

SWIP's senior management seeks to identify circumstances where conflicts have risen or may arise and escalates these to the Conflicts Officer (Head of Corporate Governance). Employees of SWIP must report all actual and potential conflicts to the Conflicts Officer as they arise and such conflicts are summarized in the Code of Ethics Disclosure Form which will be circulated each year. Additional information about SWIP's Code of Ethics can be found below in the section entitled "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading."

Measures implemented to manage conflicts of interest include:

- Avoiding the conflict in the first instance
- Control of information
- Increased supervision and oversight
- Removal of remuneration links
- Segregation of duties
- Policies and procedures governing, among other things, the allocation of investment opportunities

Where SWIP believes that the controls implemented are not sufficient to ensure, with reasonable confidence, that a potential conflict cannot be appropriately managed, then the nature of any such conflict will be disclosed to a client and the client will be given the opportunity to decide whether or not to begin or continue its relationship with SWIP. Additional information about SWIP's approach to managing conflicts of interest can be found in the sections of this Brochure entitled "Other Financial

Industry Activities and Affiliations” and “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.”

Types of Clients

SWIP provides discretionary and non-discretionary investment advisory services for a broad range of institutional clients, including corporations, public pension funds, non profit organizations, insurance companies and financial institutions globally. SWIP also manages life assurance, pension and investment funds for Lloyds Banking Group plc. In the UK, SWIP also offers its own branded range of funds via the Independent Financial Adviser marketplace. These funds are not available for distribution in the US. SWIP does not provide investment advisory services directly to retail investors.

SWIP seeks to tailor services to the needs of its individual clients. Accordingly, the terms and conditions of client accounts may vary depending on the type of investment services provided to the client and the investment vehicle. SWIP generally does not impose a minimum size for separate accounts. SWIP does, however, charge a minimum fee of \$135,000 per annum. To properly diversify a separate account with security positions large enough to help mitigate incremental trading costs, SWIP prefers to establish separate accounts of at least \$20 million. Our minimum fee is a function of this investable amount.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

SWIP utilizes a research-driven philosophy that focuses on identifying individual undervalued assets through fundamental research in three major asset classes: equity, fixed income and real estate. The equity team delivers this by developing five year forecasts. In fixed income the individual asset approach is complemented by analysis of the macro economic environment and technical factors including supply demand dynamics. In addition to the valuation factors described above, the real estate team ensures that sustainability is a fundamental part of its property activities encompassing acquisition, development and management.

SWIP does not have a “house investment style,” although SWIP’s “bottom up” approach is consistent across the SWIP range of asset classes. While this could lead to a dependency on individual analysts, the ideas generated are subject to scrutiny within the portfolio management teams who challenge the rationale for each holding.

The SWIP Investment Solutions team’s approach to managing multi asset investments focuses on optimizing a portfolio's strategic asset allocation using a version of modern portfolio theory. This is a research oriented activity and its implementation is highly process driven. The forecasts on which models are established rely on the quality of the research undertaken. However, as with the other investment teams, described above, current and prospective investments are subject to debate and analysis.

Risks

Investing in securities, including investing via the strategies employed by SWIP, involves the risk of loss which you should be prepared to bear, including through diversification. You may lose money as a result of your investment. The risks to which a client’s portfolio may be exposed depends on the types of assets in which the portfolio invests and may include the following:

In General:

Fundamental Analysis. In fundamental analysis, securities are selected based on an evaluation of a company’s future earnings potential, security valuations, financial quality and business momentum. The process may result in an evaluation of a security’s value that may be incorrect or, if correct, may not be reflected in the security’s price.

Issuer Risk. The value of an individual security or particular type of security can be more volatile than, and can perform differently from, the market as a whole. The value of securities of smaller issuers can be more volatile than that of larger issuers.

Liquidity Risk. The market for certain investments may become illiquid under adverse or volatile market or economic conditions, making those investments difficult to sell. The market price of certain investments may fall dramatically if there is no liquid trading market.

Market Volatility. Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Different parts of the market can react differently to these developments. Volatile financial markets can result in greater market and liquidity risk and potential difficulty in valuing portfolio instruments.

Reliance on Portfolio Management Team. A portfolio's success depends, to a great extent, on its portfolio management team's ability to select successful investments and the manner in which the portfolio's assets are allocated among the various investments selected.

Risks of Investing in Equities:

Equity Securities. The value of equity securities will rise and fall in response to the activities of the company that issued them, general market conditions and/or economic conditions. Investments in small capitalization companies may involve greater risks because these companies generally have narrower markets, more limited managerial and financial resources and a less diversified product offering than larger, more established companies. Investments in preferred stocks are subject to the risks of common stocks, as well as the risk that interest rates will rise and make the fixed dividend feature, if any, less appealing to investors resulting in a decline in price.

Risks of Investing in Fixed Income :

Fixed Income Securities. The two main risks related to fixed income investing are interest rate risk and credit risk. Typically, when interest rates rise, there is a corresponding decline in the market value of bonds. Credit risk refers to the possibility that the issuer of the bond will not be able to make principal and interest payments. In addition, investments in non-investment-grade debt securities ("high-yield bonds" or "junk bonds") may be subject to greater market fluctuations and risk of default or loss of income and principal than securities in higher rating categories.

Risks of Investing in Real Estate Securities :

In General. The value of the securities of companies involved in the real estate industry, and in may fluctuate. Investments in real estate securities are also indirectly subject to the risks associated with direct ownership of real estate. These risks include declines in the value of real estate, changes in general and local economic and real estate market conditions, changes in debt financing availability and terms, increases in property taxes or other operating expenses and changes in tax laws and interest rates. The value of securities of companies that service the real estate industry

may also be affected by such risks.

Real Estate Investment Trusts ("REITs"). REITs may be affected by changes in the value of the underlying properties owned by the REITs and by the quality of tenants' credit. Moreover, the underlying portfolios of REITs may not be diversified, and therefore subject to the risk of investing in a limited number of properties. REITs are also dependent upon management skills and are subject to heavy cash flow dependency, defaults by tenants, self-liquidation and certain tax risks. By investing in a RE IT, a client will also bear any management or other expenses charged by the REIT.

Risks of Investing in Non-U.S. Securities:

Currency Risk. Non-U.S. securities that trade in, and receive revenues in, non-U.S. currencies are subject to the risk that those currencies will decline in value relative to the U.S. dollar or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged. As a result, investments in non-U.S. dollar-denominated securities and currencies may reduce returns of a portfolio.

Foreign and Emerging Market Equities. Foreign markets, particularly emerging markets, can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market, or economic developments and can perform differently from the U.S. market. Emerging markets can be subject to additional risks, including: a risk of loss due to political instability; exposure to economic structures that are generally less diverse and mature, and to political systems which may have less stability, than those of more developed countries; smaller market capitalization of securities markets, which may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible repatriation of investment income and capital.

Disciplinary Information

Not applicable.

Other Financial Industry Activities and Affiliations.

On the 18th November, 2013, Aberdeen Asset Management PLC announced that it had entered into a definitive agreement to form a long-term strategic relationship with Lloyds Banking Group plc. Part of this agreement includes Aberdeen acquiring Scottish Widows Investment Partnership Group Limited (SWIP and SWIP's related private equity and infrastructure fund management businesses).

The transaction is subject to regulatory approvals and we expect these to have been completed by the end of Q1 2014.

As discussed above, SWIP is an indirect wholly owned subsidiary of Lloyds Banking Group plc. Lloyds Banking Group plc and its affiliates have branches and subsidiaries operating in major financial centers around the world. Due to its affiliation with Lloyds Banking Group plc, affiliates of SWIP operate in a variety of banking and investment related fields.

In addition, SWIP directly manages portfolios owned by other companies within the Lloyds Banking Group plc, most notably Scottish Widows Group Limited, and may purchase or sell securities for these portfolios while executing transactions in the same securities for unaffiliated client accounts.

To manage any potential conflict of interest that may arise from its relationship to Lloyds Banking Group plc, SWIP has adopted policies and procedures governing the allocation of investment opportunities across accounts that are designed to treat clients on an equitable basis over time, with regular reviews conducted to verify the proper operation of these policies and procedures. SWIP does not currently have any significant conflicts of interest other than those normally associated with investment managers with multiple discretionary client accounts. We are committed to equitable treatment of all clients and do not participate in market making, stockbroker or investment banking - activities which typically lead to conflicts of interest.

SWIP requires that employees must at all times be alert to the possibility of conflicts of interest. Employees must not recommend a transaction to a private client nor deal for a discretionary client unless the client has been advised of any material interest which SWIP or a person connected with SWIP has in the transaction or investment. Furthermore, SWIP requires that employees must at all times be alert to the possibility of conflicts of interest arising. If they have any concerns as to any transaction which they believe could result in a conflict of interest then they must not execute that transaction without first raising the matter with their line manager and SWIP Risk.

Treating Customers Fairly ("TCF") is a core principle of our company and the way we conduct our business. SWIP has developed and grown its TCF culture as the industry has evolved in order to ensure we are viewed by customers as being fair, clear and straightforward to deal with. While TCF is critical in how we design, develop, market and re-evaluate our product

range, it impacts all staff in the jobs they do day to day in all parts of the business. In order that we may succeed in delivering first class service in all that we do, we encourage staff to think “TCF” at all times and in all circumstances.

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

SWIP has adopted a code of ethics (the "Code") that sets forth applicable guidelines and procedures to promote ethical practices and conduct by all of its officers, directors and employees. The Code also covers certain regulatory requirements relating to ethics, conflicts, personal account dealing and gifts and hospitality. You may obtain a copy of the Code upon request by contacting us at the information provided on the cover page of this Brochure.

Each new employee is required, on joining SWIP and annually thereafter, to certify that they have read the Code. Each employee is under a duty to exercise his or her authority and responsibility for the primary benefit of clients and may not have outside interests conflicting with the interests of SWIP or its clients. Each employee must avoid any circumstance that might adversely affect or appear to affect SWIP, its clients or his or her duties of complete and care in the discharge of his or her responsibilities. This duty includes the protection of confidential information and SWIP's reputation for trustworthy financial service.

As discussed in the section of this Brochure entitled "Performance-Based Fees and Side-by-Side Management," each manager must identify any actual or potential conflicts which may arise in his or her part of the business and to document in the Division's Procedures Manual how any potential conflict may be mitigated. All potential conflicts must be reported to the Conflicts Officer (Head of Corporate Governance) as they arise and reported in the Code of Ethics Disclosure Form circulated to employees each year.

While employees of SWIP may engage in securities trading for their own accounts, they are subject to certain restrictions on such trading. Shares purchased by an employee are subject to a holding period of 30 calendar days from the date of purchase. In addition, prior approval must be obtained prior to entering into certain types of securities transactions. Employees of SWIP are also required to report details of all personal transactions to SWIP Corporate Governance.

If a SWIP employee knows or reasonably should know that SWIP is contemplating a purchase or sale on behalf of a client of a security the employee wishes to buy or sell, such employee must obtain prior written consent to complete the transaction. Permission may be granted if the Head of Dealing or relevant Team Head determines that neither the SWIP transaction nor the employee's contemplated transaction is likely to materially affect the price or liquidity of the security concerned. If permission is granted, the employee generally must execute the transaction on the same day (unless the illiquid nature of the security requires a longer time frame) or reapply for permission.

SWIP may recommend investment products managed by SWIP or an affiliate or shares of affiliated companies, such as Lloyds Banking Group

plc, to a client where the client's objectives and mandate permit this. Such recommendations could create a conflict between the interests of SWIP or its affiliates and the interests of such client. Consistent with its fiduciary duties, SWIP will not recommend or cause a client to enter into transactions for the purpose of benefiting SWIP or any of its affiliates and addresses such conflicts through internal policies and procedures, as discussed in more detail in the section of this Brochure entitled "Performance-Based Fees and Side-By-Side Management."

Brokerage Practices

As a general rule, SWIP receives discretionary (or non-discretionary) investment authority from its clients at the outset of an advisory relationship. Depending on the terms of the client's agreement with SWIP, SWIP's authority may include the ability to select brokers and dealers through which to execute transactions on behalf of its clients, and select the commission rates, if any, at which transactions are effected. In making decisions as to which securities are to be bought or sold and the amounts thereof, SWIP is guided by the mandate selected by the client and any client-imposed guidelines or restrictions. Unless SWIP and the client have entered into a non-discretionary arrangement, SWIP generally is not required to provide notice to, consult with, or seek the consent of its clients prior to engaging in transactions.

Selection of Brokers and Dealers

SWIP makes every effort to select brokers in a manner that is consistent with SWIP's duty to seek best execution. To this end, SWIP utilizes a broker assessment system that reviews past performance and credit worthiness in light of the factors set forth below. SWIP has no pre-negotiated minimum or maximum commission levels or volume targets with any broker.

In choosing brokers and dealers, SWIP seeks "best execution." What constitutes "best execution" and determining how to achieve it are inherently uncertain. In evaluating whether and how to use a particular broker or dealer will provide best execution, SWIP considers a range of factors. In addition to quantitative factors such as transaction costs, SWIP may consider a number of other factors, including, among others, (1) the size and type of transaction; (2) access to liquidity; (3) execution efficiency; (4) capital utilization; (5) the value of brokerage and research services provided by the broker; (6) clearance and settlement services; (7) financial responsibility/counterparty credit statistics; (8) responsiveness to inquiries or issues; (9) confidentiality; (10) knowledge of the specific security and its industry group; (11) the availability of securities to borrow for short sales; (12) block trading capabilities; (13) access to markets; and (14) the ability to limit market impact.

Commission Rates

Approximately every six months SWIP meets with every major equity broker used. At those meetings SWIP discusses service levels received and the commission rate to be paid for execution and, separately, for the provision of research. Commission paid to brokers is monitored on an on-going basis. A similar process is undertaken for fixed income dealers, generally on an annual basis.

SWIP has an equity commission negotiation process. All commissions are considered negotiable, and rates generally vary by

geographic region. In addition, in less liquid markets, SWIP may be required to pay higher commissions. SWIP pays no commission on fixed interest trades.

SWIP has a centralized dealing team for the equity desks for the purpose of monitoring and controlling commission-related transactions. This also allows us to utilize our strengths as one of Europe's largest investment managers to seek best execution of equity trades on behalf of our clients. Fixed income transactions, which are not commission based, are the responsibility of the fixed income dealing desk. Property transactions, because of their specialist nature, are the responsibility of the property team.

Commission Sharing Arrangements

SWIP has entered into Commission Sharing Arrangements ("CSAs") with its largest global counterparties. Under these CSAs the executing broker keeps the execution- related portion of the commission. The balance is then paid to suppliers of execution and research services. Typically, the majority of this balance may be retained by the CSA brokers for their in-house research, with the remainder divided between other brokers, industry specialists and market consultants, and other services. SWIP is required to monitor the uses to which such commission is put and ensure they fall under the Financial Conduct Authority's ("FCA") definitions of either execution or research. Any services that do not meet these requirements are paid for directly by SWIP. The list of services bought with dealing commission is approved by the SWIP Executive Committee.

In entering into CSAs, SWIP considers the following benefits that accrue to its clients: (i) potential conflicts between the need to reward research and achieve best execution are avoided; (ii) SWIP can give counterparties a clearer message on what research it will pay for and how much will be paid for that research; (iii) potential increased efficiency in the industry; and (iv) a general decrease in commission rates across the industry. In the past, SWIP has commissioned customized research from third parties like industry specialists and marketing consultants. CSAs make this easier operationally and SWIP expects to make more use of this type of product without increasing total research costs.

The amount of compensation an account pays a broker or dealer who provides those services and/or products may be higher than what another, equally capable broker or dealer might charge. SWIP engages in CSAs only when it believes the commission paid is reasonable in relation to the value of the brokerage and research services received. Furthermore, this practice does not relieve SWIP from its duty of seeking best execution. It is SWIP's policy to disclose its use of CSAs to all prospective clients.

SWIP may use CSAs to acquire a variety of "research" and "brokerage" services and products for which clients would not otherwise be required to pay. Section 28(e) of the Securities Exchange Act of 1934 permits

SWIP, under certain circumstances, to cause client accounts to pay a broker or dealer a commission for effecting a transaction in excess of the amount of commission another broker or dealer would have charged for effecting the transaction, in recognition of the value of either proprietary or third-party brokerage and research services provided by the broker or dealer. To be protected under Section 28(e), SWIP must, among other things, determine that the commissions paid are reasonable in light of the value of the brokerage and research services and products acquired.

For purposes of Section 28(e), “research” means services or products used to provide lawful and appropriate assistance to SWIP in making investment decisions for its clients. The types of “research” SWIP expects to acquire include (but are not limited to): (1) reports on or other information about particular companies or industries; (2) economic surveys or analyses; (3) portfolio optimization services; (4) computerized quotation (in respect of dealing); (5) analytical software; and (6) other products or services that may enhance SWIP’s investment decision making. “Brokerage” services and products are those used to effect portfolio transactions for SWIP’s clients or to assist in effecting those transactions (such as computer systems and facilities used for such tasks as communicating orders electronically to executing brokers).

SWIP has a conflict of interest when it uses CSAs for research and brokerage services and products. If CSA’s were not utilized, SWIP itself would have to pay for such services and products. Given this, SWIP may have an incentive to use brokers or dealers participating in CSA arrangements.

SWIP may use commission sharing agreements for “mixed use” products and services—products and services that are used in part for research or brokerage purposes and in part for other purposes. When a mixed use product or service is obtained, SWIP must allocate the value of such services between research and brokerage. Since that portion of a service that is not research or brokerage must be paid for from SWIP’s own assets, it has a conflict of interest when making this allocation. SWIP believes that its allocation procedures are reasonably designed to ensure that it appropriately allocates the anticipated use of such services to their research and non-research uses.

Order Aggregation

In the event that a number of accounts managed by SWIP are contemporaneously purchasing or selling the same security, the orders may be aggregated and/or the transactions may be averaged as to price and allocated equitably to each account pursuant to written allocation procedures. SWIP believes aggregating orders is in the best interests of clients, as aggregation may allow SWIP to negotiate more favorable commission rates and reduce other transaction costs clients might have otherwise paid had such orders been placed independently. Additionally, aggregation may reduce market impact, allowing clients to obtain better prices on the securities SWIP buys or sells on their behalf. There may be circumstances where SWIP could but chooses not to aggregate transactions. In those circumstances, the benefits described above would be lost.

Review of Accounts

Reviews

Portfolios are reviewed periodically as follows:

- Daily post-trade and pre-trade compliance checks are undertaken, with exceptions logged and tracked by the Operational Risk team within SWIP's Compliance department.
- Portfolio performance is reviewed on a monthly basis by the respective Strategic Investment Unit (SIU) Director for the account.
- Portfolios are reviewed on a quarterly basis by the client director responsible for that client's portfolio. Commission and portfolio turnover are monitored on a quarterly basis by team heads and breaches of agreed turnover levels are reported to SWIP's Board of Directors.

In addition, all accounts are subject to governance and investment risk oversight by the SWIP Investment Risk Committee. This includes ensuring an effective investment risk management process is in place across all funds and that the risk profile of each fund is appropriate for its investment objectives. The committee reviews exception reporting for sophisticated funds in the form of a Valuation at Risk and Exposure Exceptions Report and the Investment Risk Report. The Investment Risk Committee approves risk management processes for new funds and the proposal of any new instruments to be added to the universe of instruments from an investment and client mandate perspective. Any significant issues are reported to the SWIP Executive.

Written Reports to Clients

Separate Accounts

SWIP's client reports for separate accounts typically consist of a summary monthly report, a quarterly report and a comprehensive annual report.

We have set out our minimum reporting standards in the table below. However, additional specific requirements and delivery timelines for these reports may be negotiated with clients on a case-by-case basis.

Monthly client reports generally include:

- Details of the Client's Account Team
- Valuation and Performance Summary
- Regional and Sector Weightings
- Top 10 Active Security Weightings
- Fund Characteristics for example Yield, P/E, growth rate etc.
- Portfolio Market Valuation Statement, details to stock level
- Portfolio Transactions

In addition to the items listed in the monthly report, quarterly reports generally include:

- Economic and Market Commentary
- Security Level Performance Attribution
- Economic and Investment Outlook

The annual report consists of all items in the quarterly report and the following:

- Main Transaction Activity Review

Commingled Private Funds

Audited annual financial statements of each commingled private fund shall be sent to investors within 120 days of the fund's fiscal year end. In addition, a commingled private fund may also provide unaudited periodic reports to investors from time to time. In general, a commingled private fund's financial statements will be prepared in accordance with U.S. generally accepted accounting principles. Each commingled private fund will also provide investors with a Schedule K-1, reporting to each investor the taxable items of income, gain, loss and deduction for the prior fiscal year-end.

Other Reports to Clients

As one of the largest asset management companies in the United Kingdom and Europe, SWIP has experience across many asset classes and substantial resources such as our Quantitative Analysis Group and our robust Risk Office. We can offer a client access to these resources for consulting and educational purposes as needed (e.g. when investigating new international investment strategies such as international real estate, in-depth information on global economic and investment trends).

US clients are serviced by a team consisting of a US Client Director and Relationship Manager and these individuals in turn are supported by our London based client service team. The US Client Director has overall responsibility for the client relationship. The Relationship Manager serves as the primary day to day contact for our US clients and acts as the liaison between the client and SWIP.

Our client service team works closely with our investment team and together they are available for semi-annual on-site client meetings. Whenever necessary, our client servicing team is also willing to coordinate additional communication meetings via video or telephone conference calls between our clients and portfolio managers.

Client Referrals and Other Compensation

In relation to the US SWIP does not have agreements with third party marketing firms and uses its own internal sales force.

Custody

SWIP does not have custody of client funds or securities. State Street IMS, located in London, serves as SWIP's back office and has responsibility for completing monthly separate account reconciliations with the custodian or record keeper appointed by a client. State Street IMS also prepares a monthly portfolio valuation report for each separate account client. These are individual client reports that are distributed to clients by SWIP's Client Directors. Each report includes details about portfolio holdings and transactions including income receipts or distributions which occurred during the period.

Clients are encouraged to carefully review and compare all reports and valuations received from both SWIP and State Street.

Investment Discretion

SWIP generally has complete discretion over the selection and amount of securities to be bought or sold for clients (within the parameters established by the relevant IMA or other governing document and subject to any possible legal investment restrictions).

In making decisions as to which securities are to be bought or sold and the amounts thereof, SWIP is guided by the mandate selected by the client and any client-imposed guidelines or restrictions. Unless SWIP and a client have entered into a non-discretionary arrangement, SWIP generally is not required to provide notice to, consult with, or seek the consent of its clients prior to engaging in transactions.

SWIP clients invested in a separate account determine their investment risk appetite at the beginning of the client relationship. Any limitations placed on the management of a separate account will be described in the IMA negotiated between SWIP and the client.

The IMA review process will routinely involve the Client Director, Portfolio Manager, and the Risk, Finance, Performance, Quant, Investment Services, Mandate Adherence, and Legal Departments. The responsible individuals in these teams are advised they are responsible on behalf of their team and this includes briefing the executive member to whom they ultimately report. For equity mandates, portfolio managers are responsible for ensuring that Global Equities team and the Director of Equities are comfortable with any new or amended mandate. Other departments within SWIP may also need to be involved in this process, depending on the circumstances.

Voting Client Securities

Voting is an invaluable shareholder right and an integral part of corporate governance. SWIP sees voting as a fiduciary duty, and aims to exercise voting rights on behalf of clients in a consistent and considered way. If a separate account client has its own voting policies, SWIP's role in the voting process will be in accordance with such policies. If a client does not have its own voting policies, standard practice is to vote on all resolutions put forward at company meetings, whether an annual general meeting or extraordinary general meeting, for the companies we invest in, and to vote all shares in our control where we have authority to do so. SWIP will also vote proxies for companies incorporated outside the United States, as determined by the client's investment management agreement.

Where SWIP does not have voting authority, clients will receive proxy solicitations directly from the issuer, from the client's custodian or from a transfer agent. SWIP will provide guidance to these clients regarding proxy solicitations. Questions about particular solicitations should be directed to, in the first instance, the contact information provided on the cover page of this brochure.

SWIP's general proxy voting policy is to support management recommendations as long as SWIP is satisfied with management's corporate governance stance and with its business conduct. SWIP will vote in favor of proposals that it expects will: (i) enhance value; (ii) protect shareholder rights; and (iii) ensure high standards of stewardship, disclosure, transparency and accountability.

SWIP may abstain on a resolution if it disagrees with certain elements of it or if a company has committed to review or address SWIP's concerns within a specified timescale.

SWIP will vote against a resolution when a matter of significance is unresolved, or if SWIP feels the resolution would not be in the client's best interests. However, before taking such action, SWIP will make reasonable efforts to seek a favorable resolution from the company prior to the meeting at which votes are cast. When voting overseas, SWIP take account of local best practice and may decline to vote if doing so would be impractical or unduly burdensome.

On request, SWIP provides clients copies of its complete proxy voting policies as well as, for a client who has granted proxy voting authority to SWIP, information about how that client's proxies were voted.

Financial Information

Not applicable.