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## International Asset Management Limited, LLC

*Independent specialists in tailor-made portfolios of hedge funds since 1989*

### Form ADV, Part 2A

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This brochure provides information about the qualifications and business practices of International Asset Management Limited LLC (IAM). If you have any questions about this brochure please contact us at (212) 235-0404 (US). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or any state securities authorities.

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

## **II. Material Changes from Previous Annual Update**

IAM is wholly owned by International Asset Management Limited ("IAML"). The ownership structure of IAML has changed since IAM became registered as an investment adviser in February 2013. The updated ownership of IAML can be reviewed on Schedule B of the Form ADV Part 1.

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#### **IV. Advisory Business**

- 1. Describe your advisory firm including how long you have been in business. Identify your principal owner(s).**
- 2. Describe the types of advisory services you offer.**
- 3. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.**
- 4. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date 'as at' which you calculated the amounts.**
- 5. Explain your participation in wrap fee programs.**

The principal owner of International Asset Management Limited LLC ("IAM") is International Asset Management Limited (IAML), a United Kingdom registered company. IAML is a specialist, independent, privately owned fund of hedge funds investment management firm and is an independent investment adviser registered with the SEC under Section 203 of the Investment Advisers Act of 1940.

**Principals of IAM are:** Anthony Forward (President) and Mark Ostroff (Chief Executive Officer)

IAM provides investment advisory services to certain private investment funds exempt from registration as investment companies under Advisers Act, as amended, the interests of which are exempt from registration under the Securities Act of 1933, as amended, pursuant to certain private placement exemptions. IAM also offers advisory management services to bespoke segregated portfolios where investors have input over investment decisions. The funds and segregated portfolios may each be referred to as a "client" or collectively as "clients".

As at January 31, 2014, IAM managed approximately US\$199.72 million all of which were managed on a non-discretionary basis.

IAM does not participate in wrap fee programs.

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

- 1. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether fees are negotiable.**

**Note: if you are an SEC-registered adviser, you do not need to include this information in a brochure that is delivered only to qualified purchasers as defined in section 2(a)(51)(A) of the Investment Company Act of 1940.**

- 2. Describe whether you deduct fees from client's assets or bill clients for fees incurred. If clients may select either method disclose this fact. Explain how often you bill clients or deduct fees.**
- 3. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees, mutual fund expenses or brokerage fees.**

4. ***Disclose if clients either may or must pay fees in advance. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period and how the refund amount is determined.***
5. ***If IAM or any of its supervised persons accepts compensation for the sale of securities and or other investment products it must be disclosed.***

#### **Management Fee**

IAM charges each client a management fee based on the amount of assets managed for the client and the level of service required. Generally the fee is a percentage of assets under management, typically between 0.5% and 1.0% per annum.

Fees are payable quarterly in arrears and generally deducted from clients' assets though clients may choose to receive a quarterly invoice rather than have their fees deducted.

#### **Other Expenses**

Clients are responsible for and do incur other expenses separate and apart from IAM's management and performance fee. These expenses typically include custody fees, brokerage services and other transaction fees, and/or expenses associated with the investment vehicle in which their assets are invested.

#### **Other Compensation**

IAM has agreements with certain funds in which clients may be invested pursuant to which it may receive additional compensation from the funds solely for the benefit of such client investments. IAM does not consider such compensation in determining whether to invest in these funds.

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

***Disclose if IAM or any of its supervised persons accepts performance-based fees. Disclose if IAM or any of its supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or asset based fee.***

For certain clients, IAM charges a performance fee based on the capital appreciation of the client's assets under management. The fee is typically a percentage of investment returns per year depending on agreed hurdle rates and high watermarks. The specific performance fee arrangement will be outlined in the agreement between IAM and the client. IAM does not charge other types of fees other than those described.

Side-by-side management does not apply to IAM.

### **VII. Types of Clients**

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

IAM provides services to segregated portfolios and funds. Investors generally comprise sophisticated, high net worth individuals and institutions. Minimum account size for a new segregated portfolio is \$25 million.

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

1. *Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.*
2. *For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.*
3. *If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.*

There are several ways that a new manager will come to the attention of IAM's Research Team.

- By screening our database with the use of "Ratio Grades" to identify outliers (e.g. relatively strong and weak performing hedge funds) and by tracking changes in overall performance over time, so as to focus IAM's investment research efforts to the most appropriate funds within a peer group
- Prime brokers perform an introductory service via Capital Introduction Events where new fund managers present at a seminar to a group of potential investors
- IAM's wide network of industry contacts will notify the IAM team of a new hedge fund launch or a previously unknown manager with exceptional performance
- Direct approach by individual funds that know IAM's reputation
- Reading and monitoring the industry press
- Major conferences when individual hedge funds make presentations or are attendees at the conference.

### Initial Analysis

IAM's Investment Analysts conduct an initial assessment on each hedge fund and enter these as an Initial Analysis into the PRMC System (Portfolio, Research, Monitoring and Client Servicing, informally known as 'Pipeline'). The purpose of the Initial Analysis is to gather a snapshot of the hedge fund and ensure that there are no obvious show-stoppers at this stage that would prevent eventual approval.

The key factors assessed at this stage involve determining if the hedge fund provides, for example, independent monthly pricing, full service administration, full transparency, access to the portfolio manager(s), and have sufficient assets under management for business stability, etc. funds with long hard locks, reduced liquidity, poor cash controls, or cross guarantees etc. would be excluded at an early stage of the analysis.

If no issues are identified at this stage, a preliminary meeting will be scheduled with the manager. At the next Investment Committee ("IC") meeting, the manager will be discussed and a priority (High, Medium, Low) will be allocated. The priority will reflect the requirements of IAM's portfolios. For example, there may be a requirement for managers within a specific strategy, or providing a specific level of liquidity. An IC member will then supervise the research undertaken by the Investment Analyst as a sponsor to the Full Investment Analysis.

## Full Investment Analysis

Through a combination of desk-based research, telephone calls and meetings with the manager, and third parties where relevant, the Investment Analyst will conduct a full investment analysis on five core areas. 5Ps is a term used to encapsulate the 5 most critical factors that IAM evaluates whilst researching each prospective hedge fund. People, Process, Portfolio, Performance and Portfolio Role are all researched in exhaustive detail. Only those funds which match IAM's stringent investment criteria are put forward for approval to the Investment Team. The process is summarised in the following table:

2 Full investment analysis <sup>1</sup>				
<ul style="list-style-type: none"> <li>Investment Analyst grades (A-D) each of the four categories: People, Process, Portfolio and Performance</li> <li>Investment Analyst provides a commentary on the relative benefits to a client's investment portfolio ("Portfolio Role")</li> </ul>				
People	Process	Portfolio	Performance	Portfolio Role
Backgrounds	Strategy/idea generation	Concentration	Track record	Manager mandate
Qualifications	Decision making	Directionality	Correlation	Investment style
References	Portfolio construction	Leverage	Peer comparison	Return profile
Track record	Position sizing	Liquidity	Quantitative analysis	Risk profile
Incentives	Profit / loss taking	Exposure	Qualitative analysis	Differentiating factors
Team aspects	Risk management	Transparency	Market shocks	Scenario analysis

<sup>1</sup>Note: This is not an exhaustive list

Initial analysis is carried out with the main thrust of the key arguments for the manager's relative attractive. Prior to detailed investment research, an Investment Committee member must sign-off of further work being carried out.

Further detail on the questions IAM seeks to answer in relation to each of the above mentioned "Ps" include:

### People

- What is the educational background of the core members of the team?
- What is the professional background of the core members of the team?
- Do we have evidence of track records from previous employment?
- In which type of environment (e.g. small hedge fund, prop desk etc.), has the manager generated superior returns?
- What is the experience of stressed markets?
- What confidence can we draw from references on key individuals in terms of the expertise?
- How does the team interact?
- How is the team incentivized?
- How strong are the individuals at communication with investors?
- Which individuals have we spent time with at the firm?
- What is the culture of the firm?
- How long has this culture existed?
- How long have the key individuals worked together?
- What type of firm are the principals creating?
- Reference and Background Check.

## Process

### Investment process

- Who are the decision-makers?
- How are decisions made?
- How are ideas generated?
- What tools are critical to the investment process (e.g. earnings models, company visits)?
- How are ideas implemented?
- What is the time frame for ideas?
- How can one characterize the manager's style?
- What component of the research process has generated most value?
- How does the manager measure where value is being added?
- Does the added value match the mandate of the manager?

### Investment risk process

- How are positions risk managed?
- How is the overall portfolio risk managed?
- What are the parameters/limits applied (e.g. securities, geographies, strategies, sectors, industries, cap sizes, liquidity buckets)?
- What tools are critical to the risk management process?
- What is the typical liquidity of the portfolio as well as the maximum and minimum?
- What is the typical leverage of the portfolio as well as the maximum and minimum?
- How does the manager define hedging?
- What is the manager's purpose with any type of "short" investment in the portfolio?
- How does the manager ensure diversification?
- How does the manager think about sizing of positions? What is our risk budget of the manager?

### Portfolio

- What securities are held?
- What is the importance of OTCs?
- How is the portfolio constructed?
- What is the time frame of holdings?
- How much of any market can the manager's positioning be?
- What is the manager's timing relative to peers?
- Are there any persistent biases in the portfolio?
- Does the manager have significant overlap in positions with peers?
- How does the manager deal with currency?
- Where and what ultimate size constraints does the portfolio have?
- What is the stated capacity of the firm?
- How could capacity realistically be increased and how is the manager preparing for this?
- What are the type and % of least liquid holdings and changes during cycles?

## Performance

- What has the performance of the manager been?
- What have been the significant drivers and detractors of performance (i.e. attribution across the historic book)?
- How does the performance differentiate itself from peers?
- How does the performance differentiate itself from long-only alternatives?
- Has the performance come with commensurate risk (concentration, directionality, leverage, illiquidity)?
- How consistent has the performance been?
- What mistakes has the manager made during the performance period?
- What are the main sources of return dependency?
- Which peers will the manager most correlate with?
- What drawdown could we realistically expect from the manager?
- What caused the drawdowns experienced and how did the manager react?
- Which historic performance period is the manager most frustrated with?
- During which market environments we will have most confidence in the manager outperforming peers?
- What are the manager's idiosyncrasies versus peers?

## Portfolio Role

- How does the manager define the mandate?
- What is the psychology of the key decision-makers/the PM?
- What does the historical track record suggest about the consistency of performance?
- How is the manager different to IAM's current holdings in the space?
- What does our scenario analysis suggest about the manager?
- How is the manager's style different to their peers?
- What does our Principal Component Analysis suggest about the manager's style?

The findings are assessed and each area will be assigned respective investment grades A – D (high to low).

The analysis will be reviewed by an Investment Team member and further interaction with the main principals at the fund will be arranged. This could take the form of informal meetings or lunches. IAM places a strong emphasis on building relationships with underlying managers. Effective manager relationships are an important source for manager and industry specific news and information. They also prove useful in signalling potential capacity constraints and during negotiating any customised client or portfolio requirements.

The Investment Analyst's main focus is to look for reasons to invest. If no contrary indications arise, the Operational Due Diligence Team will then commence their analysis.

A final Summary Grade will subsequently be derived from these investment grades.

In addition to the above the Analyst will also assess the Portfolio Role of the manager. This will include analysis on the style and profile of the manager's track record. It will also include commentary on the manager's relative benefit to IAM's portfolio.



At this stage Risk Management Team will be tasked to analyse the manager's historical data from a risk exposure perspective and to establish a Risk Budget.

### **Full Operational Due Diligence**

IAM has a Global Head of Operational Due Diligence who is supported by Operational Due Diligence Analysts who focus exclusively on operational due diligence within IAM's Research Team.

IAM makes full use of the network of contacts that includes other fund managers, former employers and service providers when performing reference checks on new managers. In addition, IAM conducts, on a discretionary basis, thorough background investigations on managers.

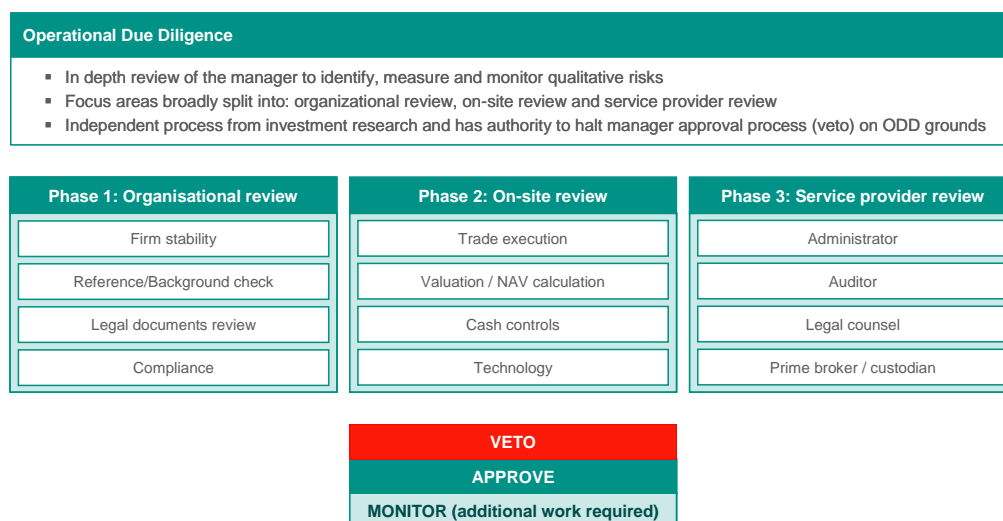
IAM's operational risk assessment is undertaken on all areas of the manager's infrastructure, including middle and back offices. IAM seeks to ensure that there is a complete segregation of duties among the different areas including the front office. IAM analyses and reviews the trading, settlement and reconciliation process and controls, as well as pricing and valuation procedures.

IAM's Operational Due Diligence process can be broken down into three phases applied during the initial review and on-going monitoring post approval. These phases are defined in more detail below. Additionally, each manager is given an Operational Risk Grade which governs the frequency of any monitoring visits subsequent to approval by the IC. Ad-hoc meetings are conducted as needed on a more frequent basis.

The Operational Due Diligence analysis and minutes of all visits are documented and stored in the PRMC System.

The following graphic summarise the main tasks undertaken and the topics investigated by the Operational Due Diligence Team.

## Three phases of Operational Due Diligence process applied:



### Phase 1 – Organisational Review

Once a hedge fund has been identified by the Investment Team as a potential addition to the Approved List of managers, the Operational Due Diligence Team will begin gathering information and documents from the hedge fund manager. This includes the manager's due diligence questionnaire, marketing materials, audited financial statements, and all legal documents associated with the particular fund in which IAM is interested. This includes all offering memoranda and subscription documents. The Organisational Review focuses on, but is not limited to, the following:

**Firm Stability** – the fund structure and organisational charts are reviewed to help determine if the structure of the firm is appropriate and sufficient to support the assets managed and the strategy employed.

**Reference/Background Checks** – all contacts from IAM's global industry network are used, as well as various background check providers including First Advantage (formerly Backtrack), Bishops and Check Fund Manager.Com on a discretionary basis.

**Legal Documents Review** – all relevant legal agreements and documents including all offering memoranda and subscription documents are reviewed for completeness, accuracy, and to highlight anything that would put the investment at risk.

**Compliance** – all written compliance policies including, but not limited to, personal trading policies and potential conflicts of interest are reviewed.

### Phase 2 – On-site Review

Once the Organisational Review is complete and any potential issues have been vetted internally, the Operational Due Diligence Analyst will schedule an on-site visit. It should be noted that, when possible, two Analysts attend the on-site meeting. An on-site visit is required prior to any investment. Normally, the meeting will be with various members of the manager's operational, accounting, and investment teams. The On-site Review focuses on, but is not limited to, the following:

**Trade Execution** – an in-depth review of the "life of a trade" which includes how trades are executed, confirmed, and reconciled. Additionally, the authorised traders, the systems used, and the communications with the service providers of these trades are reviewed.

**Valuation / NAV Calculation** – a thorough review of how a monthly NAV statement for each investor is derived. This includes understanding who is responsible for this calculation, the manager's Valuation policy, the systems used, allocations, and the review process.

**Cash Controls** – understanding how cash is managed within the portfolio and includes understanding where the cash accounts are custodied, the authorised signatories on these accounts, and the cash reconciliation process.

**Technology review** – an assessment of the systems used to determine if they are sufficient to support the trade volumes and strategy employed by the manager. Also reviewed are the backup procedures as well as business continuity and disaster recovery plans.

Throughout all of the above steps, the appropriate segregation of duties and management controls are reviewed to ensure they are sufficient, and that no conflicts of interest exist. Note that not only are the above processes discussed, but evidence of policies, procedures, and systems are required in order to ensure their existence.

### **Phase 3 – Service Provider Review**

Once the on-site visit and any follow up items or meetings are completed, the Operational Due Diligence Analyst will contact the service providers of the relevant fund to confirm the existence of the relationship, the level of service performed, and the assets in the fund vehicle.

Note that IAM's Operational Due Diligence Team separately conducts periodic reviews of the major service providers in the hedge fund industry in order to have an overall opinion on these providers in addition to the relationship with the specific manager under review. The service provider review includes, but is not limited to, the following:

- Fund Administrator
- Auditor
- Legal counsel
- Prime Brokers
- Custodians
- Banks
- Tax (if applicable)
- Valuation Agent (if applicable)
- Others as necessary

### **Recommendation**

Once Phases 1 through 3 are complete, the manager is discussed during the next Operational Due Diligence Team meeting. At this point, it is determined whether the manager meets IAM's standards, is vetoed, or is to be monitored further. The latter decision would usually arise where the manager does not currently meet IAM's standards; however, it is in the process of implementing the necessary changes. This decision is ultimately made by the Global Head of Operational Due Diligence. If a manager meets the required standard, the Operational Due Diligence Analyst will prepare the report that it is to be included in the presentation to the IC. Once prepared, this report is reviewed and critiqued by another member of the Operational Due Diligence Team. This may require additional follow up with the manager before the report and the Operational Risk Grade are finalised. Further, the Operational Due Diligence Team meets prior to the weekly Investment Team meetings to discuss any remaining issues and to receive final approval from the Global Head of Operational Due Diligence.

Once a manager/fund is approved for investment, the Operational Due Diligence Analyst assigned to the manager will conduct periodic on-going monitoring. The frequency of this monitoring is based on the Operational Risk Grade granted to the manager, which is as follows:

A Grade – Annually

B Grade – Semi-annually

C Grade – Quarterly.

The on-going monitoring visits effectively repeat the three phases explained above at each formal round of monitoring. Informally, visits can be scheduled as a result of any issue that arises during the on-going monitoring of the manager by the Investment Analyst, or from any news surrounding the manager, etc.

Counterparty risk has always formed an integral part of IAM's Operational Due Diligence procedures, which include identifying and understanding the overall relationship with the underlying managers' service providers. However, in the new post Lehman world, the importance of this issue from a risk management perspective cannot be underestimated.

As part of IAM's initial and on-going investment process the Operational Due Diligence analysts address the following operational areas:

- All brokerage, custody and trading relationships of the fund are analysed including determining the effect of financing requirements on the firm's strategy
- IAM insists that hedge funds use multiple prime brokers in order to diversify counterparty risk
- Suitable management of excess cash and use of custody accounts for unencumbered assets
- Financing of OTC trading is reviewed in order to understand covenants and collateral arrangements
- IAM assesses the independence of each counterparty and service provider.

As a part of IAM's operational risk assessment, IAM requests copies of a fund's audited financial statements from the hedge fund manager and verifies the relationship with the auditor. The statements are analysed to distil the auditor's opinion and to check for any style drift, as well as reviewing the auditor's notes on their assessment of the fund's financial structure, operational structure and processes.

IAM has not experienced any of the major losses incurred as a result of hedge fund manager fraud, or other major defaults as publicised in 2008 and to date in 2012. Two major factors behind this are the independence of the operational due diligence process from the investment research and portfolio management responsibilities and the key requirement within IAM's operational due diligence process to always identify and understand the overall relationship between underlying managers and the service providers they appoint and use.

All manager positions are reviewed monthly to ensure that they are within the Risk Budget allocation for each manager within the specific portfolio. IAM has developed a proprietary Risk Budgeting process, overseen by IAM's Head of Risk Management which provides a discipline of specific maximum allocations to managers within each portfolio and also gives the Investment Team a framework within which a manager's risk potential can be assessed. The main objectives of the Risk Budgeting process are to (a) quantify potential losses should all negative outcomes coincide, and (b) set allocation limits for each underlying manager.

The Risk Budgeting System uses the most up-to-date readily available information from the managers, e.g. factor sensitivities, largest position, gross exposure, maximum drawdown since inception and portfolio liquidity, to estimate each manager's loss potential. This loss potential is determined according to how each fund reacts to a battery of extreme stress tests and is measured in terms of the four factors IAM considers to be the core causes of hedge fund performance losses:

- Directionality
- Concentration
- Leverage
- Liquidity

Initially the exposure data required for risk budgeting was sourced through the RiskMetrics platform. Later it was replaced with an in-house data collection and stress testing systems due to RiskMetrics not having a full coverage of all required managers, the lengthy process of on-boarding new clients and delays in reporting. Currently, the exposure data is collected via manager reports and portfolio snapshots that are provided according to each manager's transparency policy. The OPERA framework is applied for IAM's risk budgeting process.

For each factor a stress level is defined. For example, one might say that a severe equity crash involves a 20% fall. The stress test is then calculated by multiplying the factor stress levels by the portfolio factor sensitivity and summed over all factors. This stress testing is used to assess the inherent diversification and potential downside risk within any proposed portfolio and can lead to the proposed portfolio being revised to reduce such risks.

By limiting the expected maximum loss contribution of each manager in a portfolio, and by effective strategy and manager diversification, IAM believes that the risk in the portfolio should be contained within acceptable limits. The risk budget for a manager varies with the client's willingness to accept risk. IAM therefore determines a risk budget for each manager within each category of portfolio to reflect the risk appetite of that portfolio. This appetite is determined by the client's mandate and expressed as a maximum loss any one manager should be allowed to contribute to a portfolio's performance. The results assist in determining actual allocations within the risk budget for the managers in a portfolio by implementing an objective, systematic and consistent methodology to provide IAM with a formal control over manager risk.

Once the preferred mix of strategies and underlying managers has been identified, all IAM portfolios undergo a series of quantitative tests. This analysis includes rigorous testing, correlation analysis (internal, external and overall portfolio correlation figures), expected return analysis and efficiency evaluation.

IAM has developed a proprietary system ("PortSim") for simulating and optimising portfolios. Using this software, changes to strategy or manager allocations within a portfolio may be proposed and tested. PortSim generates in-depth analysis of manually or optimised portfolios, including simulated back-tests and future performance projections. PortSim analyses are an integral component of modelling new portfolio proposals or evaluating potential profiling of existing portfolios under consideration because of changes in markets or investment objectives, as well as the regular portfolio reviews conducted by the Portfolio Management Committee.

The aim is to use the application to create and hone a trial portfolio of currently available managers including recommended allocations, which achieves the investor's objectives for target returns, volatility, strategy allocations, investment restrictions etc. The system is designed to enable a large number of trial scenario analyses as parameters are adjusted for different profiles and results.

It is possible to start the process with either an existing IAM portfolio, or an experimental proposed portfolio created by fund selection. Weightings can also be added manually or generated using IAM's optimiser tool. In the latter case, funds and strategies are still selected manually, but the optimiser will decide how much to allocate to each strategy and to each manager within a selected pool based on certain criteria, e.g. maximising returns, minimising volatility, correlation, co-drawdown or down-capture index. Maximum and minimum constraints can be placed on each strategy or manager or combinations of strategies or managers. Certain analysis parameters remain constant: the only funds that can be considered for inclusion are managers on IAM's Approved List or those managers on the verge of IAM approval so that they have been fully considered in the research phase of the investment process and that a multiple of investment professionals are confident about the manager's skills and business infrastructure.

The resulting output from this analysis is reviewed by a number of senior investment professionals who will focus on the relevant qualitative factors. This may lead to further changes in the strategy allocation, and more specifically in the underlying manager mix, as IAM aims to create the best fit of a portfolio for the client in response to changes in market circumstances.

## **IX. Disciplinary Information**

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

IAM and its supervised persons have not been involved in any legal or disciplinary events that are material to a client's or potential client's evaluation of our business or the integrity of IAM's management.

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

***If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer or other related financial industry participants that create material conflicts of interest with clients, disclose this fact and how these conflicts are addressed.***

Not applicable

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

- 1. If you are an SEC-registered adviser briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules.***
- 2. If you or a related person recommends to clients, or buys and sells for client accounts, securities in which you or a related person has material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.***
- 3. If you or a related person invests in the same securities that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.***
- 4. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at about the same time that you or a related person buys or sells the same securities for your own account, describe your practice and discuss the conflicts of interest this presents. Describe generally how you address conflicts that arise.***

IAM has adopted a Code of Ethics to comply with the provisions of SEC Rule 204A-1 imposing on each supervised person a duty to place the interests of clients first, and to report to IAM any actual or potential conflict of interest. The Code of Ethics requires each officer and employee of IAM with access to investments or portfolio information of IAM's Clients (each an "Access Person") to report quarterly and annually theirs and their immediate family members' securities holdings and transaction to IAM's Chief Compliance Officer ("CCO"). In addition, each Access Person must pre-clear any trades in initial public offerings or private placements with IAM's CCO.

IAM provides each supervised person with a copy of this Code of Ethics and any amendments. Each supervised person is required to acknowledge, in writing, his/her receipt of those copies. In addition, each supervised person must annually recertify that he/she has re-read, understands and has complied with the code. The CCO is responsible for verifying that all supervised persons acknowledge receipt. The CCO is also responsible for providing supervised persons adequate training on the principles and procedures of this Code of Ethics, such as periodic orientation or training sessions with new and existing staff to remind them of their obligations under the code.

The Code of Ethics document covers:

- Statement of general principals
- Conflicts of interest
- Prohibited purchases and sales of securities
- Reporting obligations
- Additional restrictions and requirements
- Review and enforcement
- Records
- Code of Ethics training

All clients and prospective clients may obtain a copy of IAM's Code of Ethics by writing to IAM or calling (212) 235-0404 (US).

IAM is committed to limiting potential and actual conflicts-of-interest. IAM has identified and avoided the following potential conflicts-of-interest:

- Marketing of multi-manager and single manager funds at the same time. IAM does not market any single strategy funds.
- Inclusion of in-house single strategy funds in fund of hedge funds. IAM does not offer any in-house single strategy funds.
- Receipt of rebates to the fund of hedge funds manager from hedge funds (with no rebate to clients). IAM passes on ALL rebates to clients.
- Double-charging of fees when fund of hedge funds are given allocations within a fund of hedge fund. IAM does not double charge fees.
- A fund of hedge fund managers' equity ownership or revenue/profit sharing or seeding a hedge fund. IAM only invests in hedge funds not in hedge fund firms or hedge fund revenues/profits.
- The Personal Account Dealing policy requires all staff dealing orders to be pre-approved by the CCO.

## XII. Brokerage Practices

1. *Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.*
2. *Research and other soft dollar benefits - If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions, disclose your practices and discuss the conflicts of interests they create.*

### Selection of Broker-Dealers

N/A

### Soft-Dollars Arrangement

IAM does not enter into soft dollar arrangements.

**Aggregation (Bunching) of Trades:** IAM may aggregate transactions where it believes it is in the best interests of clients to do so. IAM has an allocation policy which ensures fair treatment between clients in respect of transactions.

## XIII. Review of Accounts

1. *Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.*
2. *If you review client accounts on other than a periodic basis, describe the factors that trigger a review.*
3. *Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.*

Since its inception, IAM has sought to provide its clients with a high level of service which is tailored to suit the needs of individual clients and detailed discussions are held to identify and agree those needs. IAM designates a senior member of the IC and at least one client relations representative to each segregated account client. The client relations representative is positioned to promptly respond to any queries and help deliver an appropriate and consistent level of service as well as facilitating access to IAM's senior management. Client servicing and reporting is the responsibility of the same individuals who are at the heart of the investment and portfolio management process enabling clients to be fully briefed and comfortable with the management of their investments.

Client servicing includes regular client meetings at IAM and/or the client's, or their consultant's, offices, customized reports, as well as full accessibility to IAM's senior management and the Portfolio Management, Investment, Asset Allocation and Risk Committees.

IAM prides itself on a tradition of providing the highest levels of transparency in client portfolio reporting. A standard reporting package on offer to bespoke segregated account clients includes:

- Monthly Valuation – Statement of the individual holdings detailing current market value and performance return over the previous month as well as a breakdown of the strategy allocations. Portfolio and market analysis can also be included as well as a detailed liquidity schedule. Typically provided within 15-20 business days after month end.



- **Monthly Review** – Complete portfolio overview and analyses of holdings including regional and strategy breakdowns and performance contribution as well as an investment analysis on the previous month. The report may also contain current and historical investment performance, additions and withdrawals, and underlying transactions. Typically provided within 18-20 business days after month end.
- **Monthly Conference Calls** – Call to discuss the client's portfolio performance over the previous month, any subscriptions or redemptions into/from hedge funds and market developments. Typically held within 15-21 business days after month end.
- **Quarterly Review** – In-depth review and analyses of the client's portfolio performance over the previous quarter including performance contribution analysis. It will also contain an overview of asset allocation and a review of changes in the portfolio and market investment outlook serving to provide a more strategic view of the portfolio. Typically held within four to six weeks after calendar quarter end, subject to the client's preference and availability.

These reports may be customized to the individual client's needs and data requests as appropriate. Segregated clients can, on request, also be provided with detailed profiles and other information on each manager in their portfolio.

#### **Additional industry and market reporting**

To complement the reporting package in relation to the client's portfolio, IAM also provides monthly news bulletins covering major hedge fund strategy trends (usually a week after month end) and on a quarterly basis an extensive review of each major hedge fund strategy in the context of the latest economic developments. IAM's reporting is further supplemented by periodic educational seminars and other events. Consultants can also be provided with a quarterly update on corporate, product and staffing developments and other relevant information.

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

- 1. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest.**
- 2. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.**

***Note: if you compensate any person for client referrals, you should consider whether SEC rule 206(4)-3 or similar state rules regarding solicitation arrangements and/or state rules requiring registration of investment adviser representatives apply.***

IAM has written solicitation arrangements with certain third parties (each a "Solicitor"). Pursuant to each arrangement, IAM pays a referral fee to each Solicitor when they successfully introduce a client or fund investor. The amount of compensation is based on a negotiated percentage of the management fee and performance fee in respect of the funds introduced or as a negotiated level of basis points of the value of the funds introduced or maintained. IAM may also compensate related parties for client referrals; this compensation will be in line with fee levels paid to unrelated third parties.

IAM may enter into similar solicitation arrangements in the future with other third parties. All arrangements will comply with the conditions and requirements of Rule 206(4)-3 under the Advisers Act.

## **XV. Custody of Clients' Cash & Securities**

*If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If clients also receive account statements from you, you must explain that the clients need to compare the account statements they receive from the qualified custodian with those they receive from you.*

IAM does not retain custody of client funds or securities. Client assets are held at a custodian nominated by the client.

## **XVI. Investment Discretion**

*If you accept discretionary authority to manage securities on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority eg execution of power of attorney.*

IAM currently does not maintain investment discretion over client accounts. All investment advisory services are provided on a non-discretionary basis.

## **XVII. Voting Client Securities**

- 1. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.*
- 2. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.*

IAM has adopted Proxy Voting Policies and Procedures pursuant to Rule 206(4)-6 of the Advisers Act. The following is a summary of its Policies and Procedures:

IAM is responsible for the voting of all proxies related to securities that it manages on behalf of its funds.

IAM believes proxy voting is included within its investment discretion and as such it will act prudently and in the fund's best interest when voting proxies.

All conflicts of interest are resolved in the best interests of the clients.

Conflicts can arise when IAM or any of its employees has any financial, business or personal relationship with the issuer of a proxy proposal for a security held in a fund. With respect to potential conflicts of

interest, proxies will be voted in accordance with IAM's predetermined guidelines in all instances where IAM's guidelines state a vote "for" or "against" the particular proposal.

IAM's policies describe a number of significant proxy proposals and how it will vote on these proposals. IAM generally supports the ability of the management of a company soliciting proxies to run its business in a responsible and cost-effective manner while staying focused on maximizing shareholder value. Accordingly, IAM generally votes proxies in accordance with management's recommendations. Nevertheless, IAM reserves the right to make voting decisions on a case-by-case basis and may, from time to time, vote proxies against management's recommendations.

Investors may obtain a free copy of IAM's Proxy Voting Policy upon request by telephone at (212) 235-0404 (US). IAM maintains copies of all proxies and a record of how they were voted so that it may respond to any questions investors may have regarding them.

#### **XVIII. Financial Information of the Adviser**

- 1. *If you require or solicit prepayment of more than US\$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.***
- 2. *If you have the discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than US\$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.***
- 3. *If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.***

There are no financial events that have occurred to IAM that would negatively affect its financial viability.