

Form ADV Part 2A

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This Brochure provides information about the qualifications and business practices of City of London Investment Management Company Limited (“CLIM”). If you have any questions about the contents of this Brochure, please contact us at 610-380-2110 or [compliance@citlon.co.uk](mailto:compliance@citlon.co.uk). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

CLIM is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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

## **Item 2 – Material Changes**

This Brochure dated September 2015 is an amendment to our previous Brochure dated May 2015 and has been prepared in accordance with SEC rules. This section of the Brochure is dedicated to disclosing specific material changes that have been made to it since the last annual update.

Since the date of our last Brochure, there have been no material changes.

Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year (June 30). We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Michael Brophy, US Chief Compliance Officer at 610-380-3621 or michael.brophy@citlon.com. Our Brochure is also available on our web site [www.citlon.co.uk](http://www.citlon.co.uk) and [www.citlon.com](http://www.citlon.com), also free of charge.

Additional information about CLIM is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 4 – Advisory Business**

### **History of the Firm**

City of London Investment Management Company Limited (“CLIM” or the “Firm”) is a wholly owned subsidiary of City of London Investment Group, PLC (“CLIG”) and was founded in 1991 by Barry Olliff, the current CEO/CIO. The company was formed out of Olliff & Partners PLC (“O&P”), an agency stockbroker specializing in U.K. investment trusts founded by Mr. Olliff in 1987.

As part of the brokerage research effort, O&P identified significant pricing inefficiencies particularly in those funds giving emerging markets exposure. CLIM was established in 1991 to capitalize on these inefficiencies and the first active emerging markets product, a UK unit trust named The Emerging Markets Country Trust, was launched in September 1991. CLIM launched a U.S. institutional product in 1994 and further institutional funds for North American clients were launched as emerging markets benchmarks developed. Currently, U.S. institutional business contributes the larger part of the Firm’s assets under management.

CLIG is listed on the London Stock Exchange and now operates from four centres, London, Philadelphia, Singapore, and Dubai, managing the assets for primarily institutional investors. These funds continue to exploit the same types of inefficiencies identified in 1991 and are managed according to the same basic philosophy and processes.

### **Description of Advisory Services**

CLIM provides investment advisory services to pooled investment vehicles, investment companies registered under the Investment Company Act of 1940, and foreign registered mutual funds based on the investment objectives and restrictions as set forth in each prospectus or similar offering document. In addition, CLIM provides investment advisory services to other separate account clients based on individual objectives, client restrictions and guidelines of each client, as outlined by the client in the investment management agreement, and other factors deemed relevant by the client and disclosed to CLIM. In some instances, clients have similar investment objectives but are charged different fees. The variation in fee structure of these accounts and funds is generally reflective of asset size, the differing levels of service required to be provided to that type of account, and the complexity of managing the account. CLIM will be paid a fee at a certain annual rate of assets under management within the ranges described below under “Fees and Compensation.”

As of August 31, 2015, CLIM managed approximately \$3.5 billion of client assets on a discretionary basis.

## Item 5 – Fees and Compensation

The specific manner in which fees are charged by CLIM is established in a client's written agreement with the Firm. CLIM will generally bill its fees on a monthly or quarterly basis in arrears based on assets outstanding at the close of each month, quarter or the average of the month-ends within a quarter. Management fees will be prorated for each contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

### Separate Account:

1.0% (100 basis points) per annum on the total assets of the Account. *Fees are negotiable.*

Set up and operating costs for a separate account would relate to the specific Custodian and Trustee appointed by the Client.

### Commingled:

The investment management fee is 1.25% per annum which includes payment by City of London of custody and administration fees. The fund pays for brokerage fees, commissions, transfer taxes, and other costs in connection with the acquisition and disposition of portfolio securities. In addition, the fund bears the cost of professional fees and expenses, which include the services of its independent auditors, tax preparers, and legal counsel. *Fees are negotiable.*

CLIM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Closed- and Open-end funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to CLIM's fee, and the Firm shall not receive any portion of these commissions, fees, and costs. To the extent that we invest client assets in affiliated unregistered commingled funds, we will ensure that clients are not double-charged.

CLIM may have different fee schedules for products and services offered in other jurisdictions outside of the United States.

Item 12 further describes the factors that CLIM considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

### Performance-Based Fees

CLIM does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### Side-by-Side Management

Actual or apparent conflicts of interest may arise when a portfolio manager has day-to-day management responsibilities with respect to more than one client account. The management of multiple accounts may result in a portfolio manager devoting unequal time and attention to the management of each account. A potential for conflict exists for CLIM to intentionally or unintentionally treat one account more favorably than another. This potential conflict could arise in the following situations:

1. Different Fee Rates - when one portfolio has a higher fee than another portfolio; or
2. Employee Investments - when CLIM employees have invested personal funds in an account managed by CLIM.

The potential conflict of interest is that CLIM could have an incentive to direct profitable trades, or otherwise grant preferential treatment, in these situations to the disadvantage of other client accounts. To address this potential conflict of interest, CLIM has adopted Side-by-Side Management policies. Further, the Compliance Group analyzes patterns of trading among various client accounts managed by CLIM to ensure the allocation of investment opportunities is equitable, and that there is no intentional or unintentional favorable treatment of any one client.

## **Item 7 – Types of Clients**

CLIM generally provides portfolio management services to institutionally-oriented clients including: corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, state or municipal government entities, registered mutual funds, private investment funds, trust programs, sovereign funds, foreign funds such as UCITs and SICAVs, and other U.S. and international institutions.

The Firm does not generally set account minimums for segregated contractually managed arrangements, however the Firm's pooled vehicles have more than one account minimum (the relevant pooled scheme prospectus/offering document should be referred to). These minimums may be waived by the managing entity of the pooled vehicle in its sole discretion.

## Privacy Policy

CLIM recognizes and respects the privacy concerns of our customers. The Firm is strongly committed to protecting the privacy of client information and will not disclose any non-public personal information about our customers or former customers to anyone, except as permitted by law. In order to service your account and effect your transactions, we may provide your personal information to our affiliates and to financial service providers that assist us in servicing your account and have a need for such information, such as a broker-dealer, custodian or administrator. CLIM may also provide client information to a third party in situations where clients have given us consent to do so, at the request of a regulator or where we are required to disclose the information by law or regulation. The Firm requires third-party service providers to protect the confidentiality of your information and to use the information only for the purposes for which we disclose the information to them. CLIM maintains physical, electronic and procedural safeguards that comply with federal standards to guard your non-public personal information. The Firm has adopted privacy policies and procedures that are designed to prevent the unauthorized disclosure and use of client non-public personal information.

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

### *The Investment Philosophy*

City of London Investment Management's investment philosophy is value oriented and seeks to provide long-term capital growth via stock selection and active country allocation.

It should be emphasized that CLIM's investment strategy differs from that of a traditional manager. Closed-end funds are the primary investment medium, as CLIM believes that closed-end funds offer a unique way to gain international equity exposure due to a number of factors:

Closed-end funds, by virtue of their fixed capital structure, trade on the various stock markets at a price that reflects supply and demand. Demand, or lack thereof, is reflected in the funds trading at a premium or a discount to net asset value (NAV). New funds tend to be offered when a country or region appears attractive, and might initially trade at a premium. This demand generally causes other similar funds to be launched, causing premiums to erode over time. Historically, within two years of launch, most closed-end funds trade at discounts to NAV. The discount bears no statistical relationship to the NAV of the fund or its benchmark. Further, funds offering similar exposure, listed in different financial centers often trade at vastly different discounts.

1. In purchasing closed-end funds, greater emphasis is placed upon the analysis of international equity market closed-end fund managers, their products, and particularly the discount at which they trade, than upon the direct financial analysis of international companies. CLIM's performance is generated from four primary

factors: country and currency selection, NAV performance of the underlying funds and the exploitation of discount movements.

2. With four strategically placed offices around the world (Philadelphia, London, Singapore and Dubai), CLIM is able to take advantage of pricing anomalies across various stock exchanges by purchasing funds often offering virtually identical country exposure at different discount levels. Buying discounted funds offers the potential for both enhanced upside participation, as a return multiplier in rising markets, and downside protection, buffering against losses in down markets.

CLIM implements its philosophy via a three stage investment process.

### The Investment Process

#### Top Down - Stage One

CLIM's macroeconomist collects relevant economic data on the 45 countries that comprise the universe. CLIM supplements outside data with in-house research to form a database of key, leading economic indicators for the country universe. A continuous assessment of political risk in each country is an integral part of the process including the degree of political stability and whether the political situation in each country is conducive to foreign investment. While necessarily subjective, the process assesses the maturity of the political system and institutional framework, the level of democracy, fairness of the election process, the election calendar and foreign policy stance. The stage one process also takes into account whether the government is eager to maintain good relations with multilaterals and co-operates with neighboring states through a regional economic/political forum.

#### Top Down - Stage Two

The macroeconomist analyzes the collated information in depth and ranks the 24 developed market and 21 emerging market countries based upon a number of key economic criteria, such as:

- Annual % rate of growth in real GDP
- Industrial production % change on year ago
- Consumer Price Index % change on year ago
- Trade balance (latest 12-month period)
- Current account balance (latest 12-month period)
- Foreign reserves (latest versus year ago)
- Currency exchange rate versus USD (latest versus year ago)
- Sovereign Credit Rating (S&P)
- Short-term interest rates (%)
- Forecast stock market price/earnings ratio
- EBITDA Growth forecast (%)



- 6-month stock market index estimate (MSCI Index)
- 3-month currency forecast versus USD (+/-)

Other factors include:

- Economic policy framework (monetary/fiscal policy mix)
- Overall health of government finances (budget deficit as a % of GDP),
- Level of inward foreign investment and current account coverage, or level of capital flight (if applicable),
- Exchange rate regime (fixed, free-floating, 'managed float'), and hence, the ability of a country to absorb external economic shocks through exchange rate adjustment.

### Top Down/Bottom Up - Stage Three

Using a dynamic and ongoing process, the Investment Management Team reviews the recommendations, then re-ranks the countries based upon the relative value available within the CLIM universe of closed-end funds. Next, the bottom up stock selection process will identify a number of closed-end funds to give the desired country exposure, guided by CLIM's country allocation model. In effect, the best performing funds at the widest discounts to NAV are selected, to give the most potentially profitable country exposure. Some of the funds selected will potentially be subject to a corporate event (liquidation, open-ending, etc.) that may lead to an accelerated return of capital at NAV.

The following four valuation components summarize the key drivers in our stock selection process:

1. The historical, net performance of the closed-end fund in NAV terms, versus its benchmark.
2. The current discount to NAV of the fund compared to its historical average and its peer group.
3. Pre-determined fund liquidation dates, if any.
4. The potential for the fund's discount to NAV to narrow due to unitization, a share buy-back program or some other form of corporate activity.

CLIM's investment strategy is distinctive because it capitalizes on the pricing efficiencies and discount anomalies existing in the closed-end fund sector as opposed to traditional analysis of equities. The benefits of using closed-end funds as the vehicle for our investment philosophy are: a broader diversification of investments, participation in the proven performance of numerous high quality managers at a significant discount to the value of the underlying assets and a significant component of outperformance from exploiting the discount volatility that closed end funds exhibit.

CLIM considers itself an expert in closed-end funds, and has effectively carved out a specialist niche in this area. Specifically, we add value through:

- Proprietary “real-time” NAV estimates used to calculate discounts for buy/sell execution.
- Global trading capability with offices in London, Philadelphia, Singapore and Dubai.
- Proprietary database of all closed-end funds in Global Closed End Fund (CEF) universe.
- Correlation of 90% or better for fund’s NAV performance versus its benchmark.

The investment strategies are primarily managed on a Team approach across the Firm’s four offices in the U.S., U.K., Singapore and Dubai. CLIM believes its competitive advantage is the fact that the investment team is not based solely in one location. The team can trade throughout a 24-hour day, taking advantage of the cheapness of a security in one market relative to other markets.

### **Closed-End Fund Strategies**

#### **Emerging Markets Closed-End Fund**

The objective of the strategy is to achieve long-term capital growth by investing in emerging markets. Its policy is to make such investments primarily through closed-end country funds whose assets are invested principally in emerging markets. CLIM manages assets in this strategy against the following indices: S&P Emerging Frontier Super Composite Broad Market Index, S&P/IFC Investable Composite Index, and the MSCI Emerging Markets Composite Index as well as customized benchmarks.

#### **Emerging Markets Plus**

The objective of the strategy is to achieve long-term capital growth by investing in securities providing exposure to global equity markets. Its policy is to make such investments primarily through closed-end country funds whose assets are invested principally in global equity markets. The strategy’s Benchmark Index is the MSCI Emerging Markets (MSCI EM) Index, an unmanaged capitalization-weighted index composed of 27 emerging market country indexes.

#### **Global Developed Markets**

The objective of the strategy is to achieve long-term capital growth by investing in securities providing exposure to global equity markets. Its policy is to make such investments primarily through closed-end funds whose assets are invested principally in global equity markets. The strategy’s Benchmark Index is the MSCI All Country World Index ex US, a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

### Frontier Markets

The objective of the strategy is to achieve long-term capital growth by investing in securities providing exposure to global emerging markets and frontier global emerging markets. Frontier global emerging markets are the least developed of developing markets, and include markets in sub-Saharan Africa, South Asia, Eastern Europe and the Caribbean. Its policy is to make such investments primarily through open-end and closed-end country funds whose assets are invested principally in emerging markets.

The strategy invests in certain markets determined by CLIM to be “frontier markets,” initially identified as 32 markets considered Emerging or classified as Frontier by the major index providers (i.e. Morgan Stanley Capital International and/or Standard & Poor’s/International Finance Corporation). The strategy’s Benchmark Index is the S&P/IFCG Extended Frontier 150 Index which is comprised of the largest and most liquid stocks from a pool of over 30 emerging and frontier markets that are currently not included in the S&P/IFCI (Investable) Index.

### Tactical Income

The objective of the strategy is post-tax total return, consisting of current income and potential capital appreciation. The strategy seeks to achieve its objective by investing in the common stock of closed-end management investment companies (“CEFs”) selected by the Investment Manager that invest significantly in equity, fixed-income or other income-producing securities. The strategy will adopt a multi-sector approach around a balanced equity/fixed-income neutral allocation. Shares of CEFs in which the strategy invests will be listed and traded on a national securities exchange. The strategy’s benchmark will be a 50% S&P500 / 50% Aggregate Bond Index blend.

### China “A” Share

The objective of the strategy is to achieve long-term capital growth by investing in China. Its policy is to make such investments primarily through closed-end China funds whose assets are invested principally in the securities of companies incorporated in China or whose primary activity is based in China. The strategy’s Benchmark Index is the FTSE Xinhua China A 600 Index.

### **Equity Strategies**

As opposed to the Closed-End Fund strategies, the Equities’ strategies invest directly in listed straight equities, not funds, as a means to obtaining their relevant investment exposure.

The investment process is very much theme oriented with possibly several themes identified and being followed at any one time. Themes usually arise from a combination of world economic/geopolitical events and demographic trends, developing with varying

degrees of intensity in different countries at different times. The identification of such themes is based on extensive research and assessment of numerous factors, including macroeconomic, political, and legal developments worldwide. A theme refers to an underlying trend that is modifying the current situation in a specific area. This trend can be originated by a fundamental change in demand or supply of a specific good, service, technology or commodity. As an example, an incremental increase in demand for a certain commodity may be caused by new consumers entering the market, and supply of a certain commodity may be constrained because of geological, environmental, financial or technological issues, among other factors. A specific theme in the Energy sector, as a practical example, is the fundamental change in the demand/supply balance brought up by the emergence of a new middle class in India and China. The immediate consequence is an increase in the price of crude oil and its effect is reflected in the earnings growth of oil companies. From that theme, other alternative energy-generation themes emerge, like coal, uranium, solar, wind, etc. given that there is an obvious need for added energy supplies.

This approach allows the fund to capitalize on the expansive growth of specific sectors in specific countries while limiting the volatility by diversifying away company/sector specific risks. Countries that have an emerging middle class show a clear path of convergence to the consumption patterns seen in developed countries. It is because of this reason that CLIM has identified both sectors and stocks that exhibit “growth type” behavior and also stocks that provide deep value.

With regards to portfolio construction, the Equities’ strategies apply a Core and Satellite approach. Core positions usually encompass +/-70% of the assets and are selected from the best blue-chip companies in each sector, usually large index constituents, and provide sector exposure, while reducing volatility, risk, and tracking error. The satellite positions encompass the remaining +/-30% of the funds’ assets and are usually out-of-index, small to medium capitalization companies with sizeable competitive advantages or resources in the ground, trading at large valuation discounts with respect with the large companies, that in our view are candidates to becoming index constituents and/or increasingly becoming attractive takeover targets. The satellite positions are a significant source of added alpha.

The division of CLIM’s top down vs. bottom up portion of the investment process for this strategy is described in the below:

- a) Top down country and/or sector allocation through the analysis of global macroeconomic fundamentals, political environment and world industry and consumer trends. This analysis, that is heavily reliant on City of London’s macroeconomist as explained in the Closed-End Fund’s Strategies, allows the Portfolio Manager to identify themes, countries and sectors that are considered likely to provide investors with the highest returns within the natural resources universe, concomitant with an acceptable level of risk. The output of this stage is the production of a list of countries and sectors that will be overweight, neutral and underweight with respect to the relevant benchmarks in the following quarter.

- b) Bottom up research into specific companies with a view to identifying those that match the guidelines set in the top down sector/theme allocation. This research includes an in-depth analysis of quantitative and qualitative factors, including balance sheet and cash flow strength, financial and technical ratios, revenue and earnings estimates, quality of management, including analysis of professional skills and ethical behavior, and industry specific metrics, such as reserves and resources in the ground and their location, ore grade, access to water and infrastructure, capital expenditure needed to develop the asset into a functioning mine, etc. The Portfolio Manager then considers a stock's relative valuation to its own historical levels, market liquidity, as well as relative valuation to peers on a P/E, EV/EBITDA, ROE, and qualitative metrics' basis.

CLIM is aware of the weightings within the Benchmark Indices and aims to provide a spread of exposure to the economies of emerging markets. The strategies, however, are actively-managed and the investment team will make conscious asset allocation decisions to position the Strategies to under or over weight particular securities or industry sectors using the investment methodology described above.

### Natural Resources

The Natural Resources strategy evolved as a result of CLIM's involvement in emerging markets, which dates to the Firm's inception in 1991. In 2002 and 2003, CLIM's investment team started to delve deeper into the stages of country development from "developing" to "developed", especially China and India, and the implications thereof, namely, the rise in the consumption of natural resources. Consequently, based on research in this arena and the existing in-house expertise in the management of equities, CLIM's investment team decided to capitalize on the growing demand for natural resources. The Natural Resource strategy was launched in April 2004.

The primary driver for the Natural Resources portfolio construction is identification of themes within the natural resources sector which the team believes will outperform going forward.

Unlike other investment vehicles in the natural resource space, which are usually focused on a limited number of sectors within the natural resources universe, CLIM's Natural Resource strategy's theme-oriented approach leads to a more comprehensive diversification over numerous sectors, including precious metals, base metals, diversified mining, energy, and soft commodities. Themes arise from world geopolitical events and demographics, and they develop with varying degrees of intensity in different geographical areas at different times. This approach allows the strategy to capitalize on the expansive growth of specific sectors in specific regions while limiting the volatility by diversifying away company/sector specific risks. The vast majority of the world's resources are located in countries considered emerging markets. Given CLIM's expertise, we are uniquely positioned to add value by selecting companies with an emerging market presence. These

companies are generally less followed but well positioned and fundamentally sound. That inefficiency creates a distinct potential source of alpha.

## **Risk Factors**

Investing in securities involves risk of loss that clients should be prepared to bear.

Investment in the strategies involves certain risks and considerations that investors should evaluate before making a decision to invest. The following is a brief description of some of the factors that should be considered by prospective investors.

Investors should be aware of the following risks which are, or could be, relevant to any decision whether to invest in the Trust:

### **Foreign Investments**

The investment strategies will invest in the securities of issuers located outside the investor's domestic market. Investing in such non-domestic securities involves special risks and considerations not typically associated with investing in domestic securities. Potential investors should consider the substantial risks involved when investing in securities issued by non-domestic companies and governments. These include risks associated with political and economic developments, higher operating expenses, foreign withholding and other taxes that may reduce investment return, reduced availability of public information concerning issuers and the fact that foreign issuers are not generally subject to uniform accounting, auditing and financial reporting standards or to other regulatory practices and requirements comparable to those applicable to U.S. issuers. Other risks include those resulting from fluctuations in currency exchange rates, revaluation of currencies and the possible imposition of currency exchange blockages. (See the discussion under "Currency Risks" below.)

Non-domestic securities may trade with less frequency and volume than domestic securities and therefore may exhibit greater price volatility. Investments in non-domestic securities may also involve higher custodial costs than domestic investments and additional transaction costs with respect to currency conversions.

The economic outlook for any particular country or region may differ favorably or unfavorably from the investor's domestic economy in such respects as growth of gross domestic product, rates of inflation, capital reinvestment, resources, self-sufficiency and balance of payments position. The securities markets, values of securities, yields and risks associated with the securities markets of various markets in which the strategies invest may change independently of each other. Also, securities and dividends and interest payable on those securities may be subject to taxes in the jurisdictions in which the strategies invest, including taxes withheld from payments on those securities. In some jurisdictions, tax regimes may be purposefully ambiguous, arbitrarily enforced and intentionally discriminatory towards foreigners. Such tax and other regulations, as well as

exchange controls (currently applicable or introduced in the future) may affect the value and marketability of, and the returns derived from, the strategy's investments.

### Emerging Market Risks

Emerging securities markets tend to be smaller, less liquid and more volatile than the major securities markets in the United States. Generally, emerging securities markets are characterized by a relatively small number of actively traded issues and high price volatility. These and other factors may make it difficult to dispose of the securities that the strategies hold, particularly when large numbers of investors desire to dispose of securities at the same time. In addition, these factors may limit the supply of securities available for investment by the strategies. This may affect the rate at which the strategies are able to invest in listed securities of issuers in emerging markets, the purchase and sale prices for such securities and the timing of conversions, purchases and sales.

There is less publicly available information about the issuers in emerging markets than is regularly published by issuers in the United States. Also, there is generally less government supervision and regulation of exchanges, brokers and issuers in emerging markets than there is in the United States. The legal infrastructure and accounting, auditing and reporting standards in certain emerging markets in which the strategies may invest do not provide the same degree of investor protection or information to investors as would generally apply in more developed countries.

In certain emerging markets, investments by foreign investors may require official consent or be subject to limitations. In addition, repatriation of investment income, capital and the proceeds of sales may require government registration and/or approval. The strategies could be adversely affected by delays in or a refusal to grant any required government approval or by the lack of availability of foreign exchange. The economies of emerging markets can be heavily dependent on international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, managed adjustments in relative currency values, other protectionist measures imposed or negotiated by the countries with which they trade and international economic developments generally.

The strategies will be subject to the risks of government control, political instability and social unrest with respect to its investments in emerging markets that could, in turn, have an adverse effect on the strategies' operations and performance. Governments of many emerging markets have exercised and continue to exercise substantial influence over many aspects of the private sector. In some cases, certain emerging market governments own or control many companies in their respective country. As a result, government actions in the future could have a significant effect on economic conditions in an emerging market, which, in turn, may adversely affect companies in the private sector, general market conditions and prices and yields of certain of the securities held by the strategies. Expropriation, confiscatory taxation, nationalization, government-imposed freezes, political, economic or social instability or other developments, such as military coups, have occurred in the past in certain emerging markets. These conditions or events could adversely affect the assets

of the strategies held in particular emerging markets should they recur. The strategies may also experience greater difficulty in its ability to protect and enforce its rights against governmental and private entities in certain emerging markets.

### Currency Risks

The strategies may invest in non-dollar denominated instruments which may be subject to exchange rate fluctuations. The funds in which the strategies invest may, in turn, invest in investments denominated in the local currency of the relevant market. Because the securities in which the strategies may invest will be generally quoted in local currency, these securities must increase in value at a rate in excess of any rate of decline of the relevant currency against the U.S. dollar in order to avoid a decline in their equivalent U.S. dollar value. Accordingly, a future decline in the value of the local currencies against the U.S. dollar may result in a corresponding decline in the value of the securities held by the strategies that are denominated in local currency. The currencies of certain emerging markets have been subject to significant devaluations in the past, and there can be no assurance that similar devaluations will not take place in the future. Inflation and rapid fluctuations in inflation rates have had and may continue to have adverse effects on the economies of emerging markets. The returns to investors may, therefore, be affected by exchange rate fluctuations. Local interest rates and monetary policy, as well as other government fiscal and labor policies, also can adversely impact the strategies' currency values.

### Local Financial Intermediary Risk

As certain of the strategies' transactions will be undertaken through local brokers, banks or other organizations in emerging market countries, the strategies will be subject to the risk of default, insolvency or fraud of such organizations. The strategies are also dependent upon the general soundness of the banking systems of these countries. There can be no assurance that any money advanced to such organizations will be repaid or that the strategies would have any recourse in the event of default.

### Hedging Transactions

Most of the strategies are permitted to engage in various hedging transactions in an effort to hedge foreign currency exchange risks. Such transactions may impose certain costs on the strategies and involve certain risks, such as the possible default of the other party to the transaction, the imperfect nature of the hedge or the ineffectiveness of the transaction in a particular situation, and the possible accentuation of losses or reductions in gains of the underlying portfolio securities. The strategies are not obligated to engage in hedging and assume no obligation to do so.

Most of the strategies do not intend to invest in derivatives, although they may do so as a means of lowering the costs of its investments without exposing the strategies' assets to the risk of substantial loss. Purchasing put and call options on securities and stock indices



can be expected to involve an additional degree of risk of loss if the strategies were to undertake these activities. The assessment of the risks associated with a particular investment will take into account not only the security involved but also the financial conditions of the counterparty to the transaction. The strategies ability to pursue these transactions may be limited by applicable regulations.

#### Short Transactions

Certain strategies may sell securities short. A short sale of a security involves the risk of an unlimited increase in the market price of the security, which could result in an inability to cover the short position and thus a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

#### Business Continuity Risk

CLIM has adopted a business continuity plan to maintain critical functions in the event of a partial or total building outage affecting our offices or a technical problem affecting applications, data centers or networks. The plan is designed to limit the impact on clients from any business interruption or disaster. Nevertheless, our ability to conduct business may be curtailed by a disruption in the infrastructure that supports our operations and the regions in which our offices are located.

#### Counterparty Risk

A portfolio may be exposed to the credit risk of counterparties with which, or the brokers, dealers, custodians and exchanges through which, it deals in connection with the investment of its assets, whether engaged in exchange-traded or off-exchange transactions.

#### Investment Company and Exchange-Traded Fund (“ETF”) Risk

An investment in an investment company or ETF involves substantially the same risks as investing directly in the underlying securities. An investment company or ETF may not achieve its investment objective or execute its investment strategy effectively, which may adversely affect your portfolio’s performance. A portfolio must pay its pro-rata portion of an investment company’s or ETF’s fees and expenses. Shares of a closed-end investment company or ETF may trade at a premium or discount to the net asset value of its portfolio securities.

#### Issuer Risk

The value of a security may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer’s goods or services, as well as the historical and prospective earnings of the issuer and the value of its assets.

### Market Risk

The value of a portfolio's assets will fluctuate along with the markets. The value of your investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events that affect large portions of the market.

### Operational Risk

A portfolio may suffer a loss arising from shortcomings or failures in internal processes, people or systems, or from external events. This risk can arise from many factors ranging from routine processing errors to potentially costly incidents related to, for example, major systems failures.

### Pricing Risk

If market conditions make it difficult to value some investments, we may internally value these investments using more subjective methods such as fair value pricing. In these cases, the value determined for an investment could differ from the value realized upon such investment's sale.

### Cybersecurity Risk

CLIM, like all companies, may be susceptible to operational and information security risks. Breaches in cyber security include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cyber-attacks. Cyber security failures or breaches of CLIM or its service providers or the issuers of securities in which CLIM invest have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability of CLIM's clients to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs. CLIM and its clients could be negatively impacted as a result. While CLIM and its service providers have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified.

### Natural Resources

Investing in natural resources involves a number of risks that may not affect other types of investments, including changes in commodities prices due to real and perceived inflationary trends and political developments, changes in the demand for certain natural resources and the cost assumed by natural resource companies in complying with environmental and safety regulations. By focusing on the natural resources sector, the Natural Resources strategy carries much greater risks of adverse developments than a portfolio that invests in a wider variety of industries.

The securities of companies in the natural resources sector may experience more price volatility than securities of companies in other industries. Some of the commodities used as raw materials or produced by these companies are subject to potentially severe price fluctuations over short periods of time as a result of industry wide supply and demand factors. As a result, companies in the natural resources sector often have limited pricing power over supplies or for the products they sell and may incur storage costs that exceed the custodial and/or brokerage costs associated with other types of investments, which can affect their profitability. In addition, companies in the natural resources sector may be subject to special risks associated with natural or man-made disasters. The Natural Resource strategy's concentration in the securities of companies with substantial natural resource assets will expose the portfolio to the price movements of natural resources to a greater extent than a more broadly diversified portfolio. Because the strategy invests primarily in this economic sector, there is the risk that the strategy will perform poorly during an economic downturn or a slump in demand for natural resources.

#### Limited Access to Stock Markets, Market Volatility and Limited Liquidity in China

CLIM may seek to realize gains on certain of the China "A" Share strategy's investments in Chinese portfolio companies by selling into the public markets of China. Securities markets in China have a limited operating history, and tend to be less developed, smaller, less liquid and more volatile than the securities markets of the United States and certain developed countries. In addition, limited access is accorded to foreign investors, including the strategy, to trade on Chinese securities markets. Currently, foreign investors are permitted, subject to applicable regulations, (a) to acquire securities of companies listed on a Chinese stock exchange issued by the listed company, and (b) to dispose of listed securities (whether acquired in such manner or in private transactions prior to such company becoming listed), but cannot otherwise engage in the secondary market trading of securities of listed Chinese companies except (i) for B shares that are listed on Chinese stock exchanges (which B share market is very small in size with low liquidity) and (ii) through qualified foreign institutional investors ("QFII") scheme on the A shares market, the main segment of Chinese securities market.

The following are the three main risk elements to each strategy's portfolio that CLIM monitors:

#### 1. Fund Underperformance Relative to the Benchmark

To monitor portfolio performance versus the benchmark, CLIM produces daily internal valuations, which show relative outperformance of the portfolio versus the benchmark. The valuations also detail security positions together with country allocation versus the relevant benchmark. These daily portfolio snapshots enable the Investment Management Team to review the performance of the portfolio, evaluate changes in the portfolio's risk profiles and to make any necessary changes to the portfolio. All this information, generated

by our Investment Management System, is reviewed and monitored by CLIM's Compliance Department as well as the Investment Management Team.

## 2. Exceeding Country and Security Limits Set by Investment or Regulatory Guidelines

CLIM's system for monitoring portfolio limits includes daily monitoring of the investment guidelines. Investment Guidelines are derived from the Investment Management Agreement, any regulatory limits and any internal guidelines such as limits against the benchmark of the Strategy. All of this "limit" information is fed into our internal system. Every day the Fund Accounting Department produces a portfolio valuation, which shows the portfolio measured against its limits. The Compliance Department produces a daily exception report identifying any potential limit excesses. The Investment Management Team, the Compliance Department and the Fund Accounting Department all review these sheets to ensure that no limits have been breached.

## 3. Liquidity Risk

The top down stage evaluates liquidity in the overall market – Markets exhibiting poor liquidity would receive a lower allocation, all else being equal, in the investment process. At the stock specific level, liquidity is an important screening factor for any prospective individual purchase. CLIM examines current and historical trading volumes, free float and market capitalization when considering stock purchases. At the portfolio level, liquidity is analyzed and controlled by a proprietary "liquidity screen". This screen subdivides the portfolio via market capitalization – pre determined bands are established that maintain a level of overall liquidity commensurate with the portfolio structure, objectives and investment guidelines.

CLIM aims to limit the portfolio's downside risk and loss potential by monitoring a number of factors. The portfolio weighted average discounts to NAV are monitored daily in order to track whether securities are becoming cheaper or more expensive, plus generally in a falling market, discounts narrow, rather than widen. We also manage the beta of the portfolios (countries such as France, Germany and the UK are high beta, while Japan and Switzerland are low beta and provide defensive characteristics). In addition, we monitor the rate of change of the 40 and 100 day moving averages of the portfolio benchmark indices and track their standard deviations as a measure of whether developed markets are overbought, fair value or cheap relative to their historical rate of change levels. This assists CLIM in managing cash within a tight band of between 0-5% of the portfolio. Liquidity screens are also used to monitor the trading liquidity of the portfolios so that the market capitalizations remain well diversified. The Investment Management Team reviews portfolio reports and performance and attribution reports on a daily basis.

## **Item 9 – Disciplinary Information**

Neither CLIM nor its management persons have been subject to legal or disciplinary events that are material to its advisory business or that would be material to its existing or prospective clients' evaluation of its advisory business or the integrity of its management.

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

CLIM's parent (City of London Investment Group PLC) is the tax matters “partner” and a de minimis investor in the Firm's US-domiciled institutional products.

CLIM serves as the manager to various Delaware Statutory Trusts which enable certain qualified investors to pool their investments. The funds are not registered under the Investment Company Act of 1940. Each is governed by an Agreement and Declaration of Trust between BNY Mellon Trust of Delaware, the Beneficial Owners (as defined) and CLIM, as Investment Manager. The Bank of New York Mellon is responsible for the custody and safekeeping of the assets.

## **Item 11 – Code of Ethics**

CLIM has adopted a Code of Ethics (the “Code”) in accordance with Rule 204A-1 under the Advisers Act. The Code is based on CLIM's fiduciary duty to its clients. The fundamental tenants of the Code include: (1) place the interests of clients first at all times; (2) conduct personal securities transactions in a manner so as to be consistent with the Code and avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility; (3) refrain from taking inappropriate advantage of the relationship with the clients; (4) maintain the confidentiality of security holdings and financial circumstances of clients; and (5) maintain independence in the investment decision making process.

As a fiduciary, CLIM and its employees owe an affirmative duty of care, loyalty, honesty, and good faith to act in the best interests of its clients. Generally, the Code imposes the following five basic requirements on CLIM and its employees: (1) they must comply with all applicable federal law; (2) they must avoid all conflicts of interest and disclose all material facts concerning any conflict that may arise with respect to any client; (3) their conduct must conform with the ethical standards set forth in the Code; (4) their personal securities transactions must comply with the Code; and (5) they must obtain prior approval for securities transactions as required under the Code.

In addition, at the commencement of employment and thereafter annually, all employees must sign an acknowledgment that they have received, read and understand all provisions of the Code and agree to be subject to the Code, and any amendments. Generally, the Code requires employees to obtain pre-clearance of all covered transactions in their own personal accounts as well as accounts held by relatives that are members of their household. In addition, employees must report all investment holdings in these accounts. The Code also requires that employees report all transactions in securities, with limited exceptions, to the Chief Compliance Officer no later than 30 days after the end of the

calendar quarter. The Code exempts non-interested board members from pre-clearance requirements on personal securities transactions.

To avoid any potential conflict of interest, the Code prohibits employees from buying or selling any security for his or her account if he or she knows at the time of the transaction that the security is being purchased or sold, or is being considered for purchase or sale by a CLIM client.

Employees are prohibited from participating in an Initial Public Offering (“IPO”). Employees must obtain pre-clearance to participate in any private placement.

In addition, no employee may engage in short-term trading, as defined in the Code, of any security.

A copy of CLIM’s Code of Ethics is available upon request at [info@citlon.co.uk](mailto:info@citlon.co.uk) or [client.servicing@citlon.com](mailto:client.servicing@citlon.com).

#### CLIM’s Approach to Potential Conflicts of Interest

Various parts of our brochure discuss potential conflicts of interest that arise from our asset management business model. We disclose these conflicts due to the fiduciary relationship we have with our clients. Where potential conflicts of interest arise from our fiduciary activities, we take steps to mitigate, or at least disclose, them. Conflicts arising from fiduciary activities that we cannot avoid are mitigated through written policies and procedures. Potential conflicts may arise from new products or services, operational changes, new reporting lines and market developments.

#### Gifts and Entertainment

CLIM has policies and procedures in place, including the Code, which prohibits employees from accepting gifts, entertainment and other things of material value that may create a conflict of interest or give the appearance of a conflict of interest. Additionally, our employees may not offer gifts, entertainment or other things of material value that could be viewed as attempting to unduly influence the decision-making of any client or other business partner. In general, our policies dictate that giving and receiving gifts or participating in entertainment cannot occur if the value and/or the frequency of the gift or entertainment is deemed excessive or extravagant. The policies impose specific dollar restrictions and require compliance approval of gifts and entertainment.

#### Directorships and Outside Business Activities

Employees are permitted to serve on the boards of directors of non-profit organizations such as educational institutions, charitable foundations or other civic organizations. Employees are not permitted to serve on the board of directors of any publicly traded

company without prior authorization. Authorization is generally based upon a determination that the board service would be consistent with the interests of the firm and the clients under their management. In general, all Employees' Outside Business Activities are tracked and reviewed by CLIM's Compliance Group to ensure they do not conflict with the duty that we owe to clients.

#### Material Non-Public Information

CLIM's investment personnel, in the course of research or other related activities, may from time to time acquire confidential or material, non-public information that may prevent CLIM from purchasing or selling particular securities for certain clients. Consequently, certain clients could realize a positive or negative impact to overall performance. We maintain policies and procedures for handling material, non-public information.

#### Initial Account Funding

CLIM may purchase and sell securities for accounts funded with our own assets, which also is known as "seed capital." These accounts are intended to establish a performance history for a new or potential product or service. CLIM may earn a profit on our seed capital investments.

#### Participation or Interest in Client Transactions

CLIM provides investment advisory services to pooled investment vehicles set up as Delaware Statutory Trusts as described in their offering documents. The trusts participate in the buying and selling of securities recommended to separate account clients and have a financial interest in these securities. CLIM's role in the trusts is described in detail in the Offering Memorandum that investors execute prior to subscribing to an interest in the trusts.

If CLIM invests any portion of a separate account client's assets in funds for which it acts as investment adviser (see Fees and Compensation above), it shall provide the client with a rebate of the investment management fee in the form of additional shares in the fund. The amount of shares will be based on the fund's NAV at the end of the quarter. The purpose of this rebate is to ensure clients do not pay advisory fees greater than those specified by the investment management agreement.

## **Insider Trading and Material, Non-Public Information**

CLIM's Code of Ethics includes a prohibition against insider trading and sets out the procedures applicable in the event an employee obtains material, non-public information.

### **Item 12 – Brokerage Practices**

Generally, CLIM has authority to determine without client consent the amount of securities or other instruments to be bought and sold and the specific securities or other instruments to be bought and sold. Limitations on the ability of an account to engage in transactions may include restrictions in the registration statement, offering material or investment management agreement applicable to the account and regulatory diversification, concentration or other limitations. In transactions in the United States, brokerage commissions are negotiated and a particular broker-dealer may charge different commissions according to such factors as the difficulty and size of the transaction and the volume of business done with such broker-dealer, whereas on foreign exchanges these commissions are generally fixed and are generally higher than brokerage commissions in the United States.

CLIM is a fiduciary that owes each of its clients a duty of care and loyalty. The Firm is required to execute securities transactions for its clients in a manner such that the net proceeds to the client are the most favorable under the circumstances. It is CLIM's policy to select brokers or counterparties to execute client transactions in a manner that is consistent with the best interests of its clients and to employ a trading process that attempts to maximize the value of a client's portfolio within the client's stated investment objectives and constraints. In selecting a broker-dealer, CLIM may consider various relevant factors, although no one factor is determinative in CLIM's decision-making process. These factors include one or more, but are not limited to, best price, current market conditions, time constraints, liquidity, volatility in the markets, volatility in the particular type of security or asset, size and type of transaction, the nature and character of the market for the security or asset in the transaction, confidentiality, execution efficiency, settlement capabilities, financial condition of the broker-dealer, full range and quality of the broker-dealer's services, the responsiveness, reputation, reliability and experience of the broker-dealer, the reasonableness of any commissions or spreads, difficulty of execution, ability and willingness to commit capital to the transaction, past effectiveness in executing illiquid or difficult types of securities or assets or difficult types of orders and the value of brokerage and research services provided.

Best execution means that the net proceeds to a client are the most favorable under the circumstances. Best execution does not mean that the client always must obtain the lowest possible commission cost. It is CLIM's policy to establish the methods to be followed to ensure that it is seeking to achieve best execution of its clients' portfolio transactions while complying with all applicable regulatory standards and the investment guidelines of its clients. All Brokers are subject to initial vetting and thereafter regular performance review by the Trade Management Oversight Committee, which comprises the Chief Investment



Officer, Investment Managers, Head of Administration and the Chief Compliance Officer. CLIM will always seek Brokers that provide an efficient service at a commission rate that is competitive and in line with market norms or better. The rate negotiated is reviewed on a regular basis by the Trade Management Oversight Committee.

### Directed Brokerage

CLIM may accept client instructions for directing the client's brokerage transactions to a particular broker-dealer. Clients must acknowledge that such an arrangement may detract from CLIM's ability to obtain best execution and obtain volume discounts given the range of eligible brokers available. There may be a disparity in commission charges with clients who do not have directed brokerage arrangements. Clients must specify the approximate target percentage or dollar amount of transactions to be directed.

### Soft Dollar Arrangements

CLIM may receive unsolicited research from various brokers, but does not make use of any soft dollar arrangements.

### Trade Aggregation and Allocation

When the same investment decision is made for more than one client on the same day, CLIM may place orders to buy or sell the same security for a number of clients. Whenever possible, orders to purchase or sell the same security for multiple accounts are aggregated. CLIM will not aggregate investment transactions for accounts unless the transaction is consistent with the Firm's duties to its clients, the terms of the applicable investment advisory agreement and each account's investment objectives, restrictions and policies.

CLIM's general policy is to aggregate orders for one or more clients in the same security if the investment decisions for such clients are made contemporaneously or, before an order for one client has been executed, a decision to purchase or sell the same security is made on behalf of another client. The orders for two or more clients should be aggregated only if CLIM determines that:

- Aggregation is consistent with CLIM's duty to obtain best execution;
- Aggregation is consistent with the terms of the investment advisory contract of each participating client; and
- No advisory client will be favored over any other client.

CLIM's policy is to allocate investment opportunities among various clients (including the sequence of placing orders) in a manner believed by the Firm to be fair and equitable to each client over time. The allocation of investment opportunities will never favor any client account over the detriment of another client. In addition, the allocation of investment opportunities will not favor the Firm.

The key elements of the procedures for implementing this policy are summarized below:

CLIM's trading procedures incorporate a systemic allocation model which requires Fund Managers to identify on the dealing sheet, the basis of allocation for each trade undertaken.

CLIM may manage multiple accounts with similar investment objectives and strategies or may manage accounts with different objectives or strategies that may trade in the same securities. Despite these similarities, the Firm's portfolio decisions about each client's investments and the performance resulting from these decisions may differ from those of other clients.

CLIM will not necessarily purchase or sell the same securities for client accounts at the same time or in the same proportionate amounts for all eligible clients. It is expected, however, that client accounts with similar investment objectives may trade many of the same securities at the same time. When the Firm purchases thinly traded securities or oversubscribed public offerings, it may not be feasible to allocate a transaction pro rata to all eligible clients. Therefore, not all clients will necessarily participate in the same investment opportunities or participate on the same basis.

CLIM shall allocate investment opportunities among its clients (including the sequence of placing orders) in a manner believed by the Firm to be fair and equitable to each client over time. In making these allocations, CLIM should take into account the following factors:

- The client's investment objectives and strategies.
- The composition, size and characteristics of the account.
- The client's country weightings.
- The cash flows and amount of investment funds available to each client.
- The amount already committed by each client to a specific investment.
- Each client's risk tolerance and the relative risk of the investment.
- The marketability of the security being considered.

If it is not possible, in a single transaction or at a single price, to effect trades in a particular security that is appropriate for multiple accounts, the portfolio manager may if feasible compute and give to each participating client account the average price for that day's transactions in the securities.

#### Foreign Exchange ("FX") Transactions

CLIM may execute currency transactions on an active basis, except where market restrictions in some emerging currencies exist and execution for trade settlement is arranged by the custodian directly. In addition, certain of our asset management clients may direct their currency trades to their custodian banks for execution via standing instructions, and in such cases as well as in the case of restricted emerging currencies, we may not know the precise execution time of the FX trade and cannot influence the exchange rates applied to these trades.

## Trade Errors

CLIM's goal is to execute trades seamlessly in the manner intended by the Firm as being in the best interests of the client and consistent with CLIM's investment decision. While errors can occur for a variety of reasons, the consequences and the required corrective measures that are appropriate may differ depending upon the nature of the error or the account affected. CLIM's goals in correcting trading errors are as follows:

- To identify any errors in a timely manner,
- To correct all errors so that any affected account is placed in the same or no worse a position than it would have been had the error not occurred,
- To ensure that all costs associated with correcting an error are borne by CLIM (or another party, if that party is at fault) and are not passed on to the client, and
- To assess what actions are required to prevent a recurrence of the error.

## Internal Cross Trades

CLIM may determine that it is appropriate and in the best interest of each client if one client account purchases a security from another client account that is selling the same security ("internal cross trades"), such as when accounts need to raise cash/liquidity per client request or other factors specific to a client or when the Firm is rebalancing client portfolios. In such circumstances, CLIM may be able to reduce or eliminate transaction costs by arranging for one client account to buy or sell a portfolio security directly from or to another client account. These transactions will generally be executed at the mid-point of the bid and ask price at the time the order is placed.

With regard to ERISA accounts, CLIM will ensure compliance with the requirements under the statutory exemption added by the Pension Protection Act of 2006. The exemption allows for internal cross trades of securities involving large ERISA employee benefit plans under specified circumstances.

In no instance do we receive additional compensation when crossing trades for client accounts. We will seek to ensure that the terms of the transaction, including the consideration to be paid or received, is fair and reasonable, and the transactions are done for the sole benefit of all participating clients.

### **Item 13 – Review of Accounts**

Client accounts are monitored regularly based on each client's investment objective and investment guidelines, the Firm's investment policies, and compliance with statutory and regulatory requirements by the Investment Management Team and Compliance Group. Client accounts are monitored on a pre- and post-trade basis through CLIM's trade order management system. The system has programmed rules and restrictions that are monitored through daily exception reports.

The performance and attribution of all accounts are reviewed on a daily basis at investment meetings held between all of the Firm's offices. All available Investment Management personnel take part in these meetings as do representatives from Client Servicing, Corporate Governance, Business Development, Fund Accounting and Compliance. In addition, the Chief Investment Officer supervises the accounts and the management of the accounts. The Board of CLIM and the Board of CLIM's parent entity both review investment management reports on a quarterly basis.

The Investment Management Team also meets formally on a weekly basis to review portfolio weights, country allocation, as well as the performance of each strategy for the prior week, month-to-date, quarter-to-date and year-to-date.

Clients may receive different levels of service from CLIM, or have varying access to the Firm's investment and other personnel. CLIM makes decisions about the level of service offered to any client or group of clients based on a review of client needs and firm business considerations. Clients will receive monthly and quarterly fact sheets as well as quarterly economic outlook overviews. The fact sheets include information on account performance and allocations.

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

In the past CLIM retained placement agents, by written agreement, to introduce it to potential US based investors for its US investment funds and non US investors for its offshore and non-US accounts. While there are currently no active agreements going forward, our previous placement agents continue to receive a percentage of all management fees received by the firm from such clients for specified periods of time after the first point of investment. As stated these placement agents are paid out of management fees received by CLIM, clients/investors do not pay any additional fee in relation to the services that the placement agents provide to the firm.

## **Item 15 – Custody**

CLIM does not act as custodian for any assets in the accounts we manage for our clients. Clients must make their own arrangements for custody of securities in their account(s). Such custodians may be broker/dealers, banks, trust companies, or other qualified institutions. Qualified custodians will typically provide Clients with account statements no less frequently than quarterly relating to the assets held within the account managed by CLIM.

CLIM urges Clients to carefully review the qualified custodian's statement upon receipt to determine that it completely and accurately states all holdings in their account and all account activity over the relevant period. If a Client has any questions, concerns, or notes any discrepancies between the qualified custodian's report and any reports provided by CLIM, we encourage you to contact promptly both CLIM and your qualified custodian. Please note that the information on the statements from CLIM and the statements from your qualified custodian may differ slightly for reasons including but not limited to: the use of different pricing sources, pending trades, the use of trade-date data versus settlement-date data, corporate actions, the payment of dividends, and tax reclaims.

CLIM does not have actual physical custody of any Client assets or securities invested in the funds and private funds managed by CLIM. Rather, the funds' assets are held by an independent qualified custodian. The funds are audited annually and investors receive annual financial statements by the funds' independent public accounting firm.

CLIM may on occasion inadvertently receive Client assets from a third party, such as stock certificates, dividend checks or other checks in the name of a Client. In those instances, CLIM will forward the Client assets to the Client or the qualified custodian, no later than five business days following CLIM's receipt of such assets. If CLIM does not forward the assets to the Client or qualified custodian (because, for example, it cannot identify the appropriate Client), CLIM will return the Client assets to the third party, no later than five business days following CLIM's receipt of such assets.

## **Item 16 – Investment Discretion**

CLIM furnishes continuous investment advice to advisory clients pursuant to an investment management agreement under which each client delegates investment management discretion to CLIM. CLIM manages assets according to a variety of closed-end fund and equity strategies. In exercising its judgment in managing client accounts, CLIM takes into account the individual objectives, restrictions and guidelines of each client, as communicated by the client, and other factors deemed relevant by the client and disclosed to CLIM. Generally, to the extent that a client wishes to impose limitations on the management of its account or that CLIM manages an account consistent with its investment policy statement or guidelines, CLIM will review any such documentation provided by a client prior to the inception of an account. To the extent that any such guidelines or

limitations are not acceptable by CLIM, it will work with the client to make appropriate revisions to such documentation in a manner that is mutually acceptable to both parties. In addition, CLIM furnishes investment supervisory services to US and Irish registered open-end investment companies and private funds, including commingled Delaware Statutory Trusts, based on the investment objectives and restrictions as set forth in each fund's prospectus or similar offering document.

Client portfolios with similar investment objectives within the same investment strategy are generally managed similarly with a goal that each such client account would have the same percentage of the portfolio invested in the same securities (subject to differences arising from a variety of factors, including, but not limited to, client restrictions and liquidity of underlying securities, when the portfolio was opened and cash flows into and out of the portfolio). Investment opportunities are generally allocated to those accounts, which CLIM determines, in its sole discretion, to have an investment mandate and profile consistent with the type of security and which CLIM determines, in its sole discretion, should be included in the portfolio. All such allocation decisions are subject to client guidelines and restrictions. Limited investment opportunities will be allocated to client accounts in a manner in which CLIM, in its sole discretion, determines is equitable to its clients. Factors considered by CLIM include, but are not limited to, the availability of alternative investments, the extent to which the allocation would represent a meaningful position for the account, the liquidity of the security and the availability of cash to settle the transaction. Client requests for particular securities may also be considered.

#### **Item 17 – Voting Client Securities**

CLIM has adopted and implemented policies and procedures that it believes are reasonably designed to ensure that proxies are voted in the best interests of clients, in accordance with its fiduciary duties and SEC Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). CLIM’s authority to vote the proxies of its clients is established by advisory contracts or comparable documents, and the proxy voting guidelines have been tailored to reflect these specific contractual obligations. In addition to SEC requirements governing advisers, CLIM’s proxy voting policies reflect the long-standing fiduciary standards and responsibilities for ERISA accounts set out in Department of Labor Bulletin 94-2, 29 C.F.R. 2509.94-2 (July 29, 1994).

CLIM has established its Proxy Voting Policies and Procedures in a manner that is generally intended to support the ability of 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, CLIM generally votes proxies in accordance with management’s recommendations. This reflects basic investment criteria that good management is shareholder focused. However, all proxy votes are ultimately cast on a case-by-case basis, taking into account the foregoing principal and all other relevant facts and circumstances at the time of the vote. For this reason, consistent with its fiduciary duty to ensure that proxies are voted in the best interest of clients, CLIM may from time to

time vote proxies against management's recommendations, in accordance with the guidelines set forth in its Proxy Voting Policies and Procedures.

CLIM reviews each proxy to assess the extent, if any, to which there may be a material conflict between the interests of clients on the one hand and CLIM's interests (including those of our directors, employees and other similar persons) on the other hand (a "potential conflict"). CLIM performs this assessment on a proposal-by-proposal basis, and a potential conflict with respect to one proposal in a proxy does not indicate that a potential conflict exists with respect to any other proposal in such proxy. If CLIM determines that a potential conflict may exist, it will promptly report the matter to the Compliance Group. The Compliance Group will determine whether a potential conflict exists and is authorized to resolve any such conflict in a manner that is in the collective best interests of clients (excluding any client that may have a potential conflict).

CLIM may refrain from voting proxies for the following reasons:

1. Client has indicated to CLIM that it is responsible for voting proxies for their account;
2. The effect on client's economic interests or the value of the portfolio holding is indeterminable or insignificant;
3. CLIM weighs the costs and benefits of voting proxy proposals relating to foreign securities and makes an informed decision with respect to whether voting a given proxy proposal is prudent. CLIM's decision takes into account the effect that the vote of our clients, either by itself or together with other votes, is expected to have on the value of our client's investment and whether this expected effect would outweigh the cost of voting;
4. If a jurisdiction imposes a share blocking restriction which could limit CLIM's ability to transact in the security;
5. Client's proxy voting policies or guidelines conflict with CLIM's requirement that voting enhance the value of the shares; or
6. The shares are on loan as part of a securities lending program.

Unless otherwise directed by a client in writing, CLIM is responsible for voting all proxies related to securities that it manages for clients. A client may from time to time direct CLIM in writing to vote proxies in a manner that is different from the guidelines set forth in these Proxy Voting Policies and Procedures. CLIM will follow such written direction for proxies received after our receipt of such written direction.

Clients may obtain a copy of CLIM's proxy voting policy upon request. Clients who would like to review our proxy voting policy or information relating to how the Firm voted with respect to the mandates that the Firm manages for them can obtain this by requesting this from their usual contact at the Firm or upon request at [info@citlon.co.uk](mailto:info@citlon.co.uk) or [client.servicing@citlon.com](mailto:client.servicing@citlon.com).

## **Item 18 – Financial Information**

CLIM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.