

**Form ADV Part 2A  
Brochure**

**Liongate Capital Management LLP**

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This Brochure provides information about the qualifications and business practices of Liongate Capital Management LLP (“Liongate LLP” or the “RIA”). If you have any questions about the contents of this Brochure, please contact us on +44 20 7073 4600.

Liongate LLP 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 with which you determine whether or not to hire or retain an Adviser. Furthermore, the information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Liongate LLP also is available on the SEC’s website at <http://www.adviserinfo.sec.gov>

This Brochure was updated as at June 2015.

## **Item 2 – Material Changes**

Effective April 2015, the Liongate Group, which comprises Liongate LLP and other entities (referred to below as “Liongate” or the “Group”), has a new leadership structure and has appointed Tim Stumpff as President with overall leadership responsibility for the firm. Tim Stumpff had been serving as CFO and COO since 2014. He was previously the President of Morley Financial Services, a USD 18bn AUM institutional fixed income manager. Tim brings more than 20 years of experience in the financial services industry to Liongate.

In addition to this, Matthew Annenberg and Rick Teisch have been appointed Co-CIOs of Liongate with oversight of all investment portfolios. Matthew Annenberg joins Liongate from Principal Global Investors’ (Liongate’s majority owner) Multi Asset Advisors group, a multi-manager platform with over USD 29bn of AUM, where he serves as CIO. He has been in this role since 2012. Prior to that, Matthew was a Managing Director with K2 Advisors, an institutional fund of hedge funds manager. Matthew brings more than 25 years of investment and finance experience to Liongate and holds the Chartered Financial Analyst designation.

Rick Teisch has been serving as Liongate’s U.S. Head of Research, and has been with the firm since 2011. Prior to joining Liongate, Rick was a Managing Director at Cliffwater, a leading alternative consulting and advisory firm. Rick has over 20 years of investment and finance experience, including more than 14 years in the hedge fund industry.

Randall Dillard, the previous CEO and CIO, and Jeff Holland, are no longer actively involved with Liongate.

As noted in the previous Brochure, during 2014, Liongate appointed a new Chief Compliance Officer (“CCO”), Candice Thorpe; and Randall Hobbs, the previous CFO/COO/CCO, is no longer employed by the firm.

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 Paul Bentley, Managing Director & Head of Investor Relations at +44 20 7073 4600 or [pbentley@liongate.com](mailto:pbentley@liongate.com).

June 2015

Additional information about Liongate is available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with Liongate LLP.

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Brochure

Supplement(s)

## **Item 4 – Advisory Business**

### **A. Description of the advisory firm and Principal owner**

Liongate LLP was formed in 2003 as a Limited Liability Partnership in the United Kingdom. It is an investment adviser and became authorised and regulated by the UK Financial Conduct Authority (“FCA”) on 1<sup>st</sup> September 2003. We were also granted registration as an Investment Advisor by the US SEC in July 2010. The Group maintains registrations with other relevant authorities in the jurisdictions in which we operate.

In May 2013 the Principal Financial Group® (“PFG”) acquired 55% of Liongate LLP and the wider Liongate Group (“Liongate”). PFG has a diversified global asset management arm referred to as Principal Global Investors (“PGI”). PGI’s investment capabilities encompass a range of equity, fixed income and real estate investments. Globally, PGI manages USD 331bn across over 20 office locations worldwide. The PGI network of specialized investment boutiques manages assets for a broad range of investors around the world. The scope of PGI’s investor base spans over 70 countries and includes a number of the world’s largest and most respected retirement funds.

As at the end of June 2015, Liongate manages circa USD 445 million in assets, serving clients through its offering of multi-strategy and strategy specific funds of hedge funds and tailored offerings. Liongate employs around twenty seven individuals and has offices in London, New York, India and Malta.

Liongate LLP is an investment research and advisory firm, it also performs ancillary services such as execution, marketing and investor relations. In addition to Liongate LLP, other primary companies within the Liongate Group are set out below and collectively referred to as the “Investment Managers”:

- Liongate Capital Management (Cayman) Limited (“Liongate (Cayman)”) – an Investment Manager which is a limited company in the Cayman Islands. Liongate LLP provides investment advice to this entity. Liongate Cayman is a relying advisor subject to SEC oversight.
- Liongate Capital Management Limited (“Liongate (Malta)”) – an Investment Manager which is a limited company in Malta. Liongate LLP also provides investment advice to this entity.

The Owners:

The owners of Liongate LLP are specified below with approximate percentage ownership interests:

- PFG (55% controller);

PGI is the diversified global asset management arm of PFG. PGI's investment capabilities encompass a range of equity, fixed income and real estate investments.

- Liongate Partners (45%):

Randall Dillard, Jeffery Holland and Ben Funk are the founding partners of Liongate who maintain equity stakes in the Group.

**B. Types of Advisory Service**

Liongate LLP is an investment advisory and research firm specializing in advising its clients on investments primarily in a variety of investment vehicles typically referred to as hedge funds managed by third parties. Its clients are the two overseas investment management firms within the Liongate Group, the Investment Managers, namely Liongate (Cayman), based in the Cayman Islands, and Liongate (Malta), based in Malta.

Liongate LLP provides investment advice to the Investment Managers on investments in funds of hedge funds. Liongate LLP also provides advice on the allocation of assets of the funds/accounts managed by Liongate (Cayman) and Liongate (Malta).

All investment advice is provided by Liongate LLP to the Boards of Directors of the Investment Managers so Liongate LLP does not have ultimate discretion over investment management decisions.

The Liongate Group manages assets for a variety of clients, predominantly including collective investment vehicles and pension funds.

Our Investment Philosophy can be broadly summarized as follows:

1. Select Profitable Strategies

- Understand the effect of macroeconomic changes on hedge fund strategies;
- Select strategies and managers which are best positioned to profit from imminent economic conditions.

2. Dynamically Re-Allocate Capital

- Maintain sufficient liquidity to enable dynamic re-allocation
- Shift portfolios actively to capture market opportunities

3. Keep the Portfolio Diversified

- Construct a diversified mix of strategies
- Maintain a diversified roster of managers

4. Deliver Consistent Risk-Adjusted Returns

- Continuous and in-depth qualitative and quantitative analysis
- Risk control/require managers to provide a minimum level of portfolio transparency

Liongate may use moderate levels of leverage to facilitate the reallocation of investment portfolios, allowing for rapid deployment of capital to take advantage of identified market opportunities. Liongate may also use of leverage to supplement the assets of its clients or to leverage the investment portfolio. We however do not seek to use leverage to amplify investment returns, nor do we seek to invest in inappropriately levered hedge fund strategies.

Liongate invests in a wide range of hedge fund strategies as outlined in Item 8 below.

One of the focuses of Liongate is to allocate assets within the Liongate Multi-Strategy Fund which has around USD 196 million under management as of 30 June 2015. The Liongate Multi-Strategy Fund is Liongate's flagship product and the most actively traded fund. This is a diversified portfolio of hedge funds with the aim of delivering a consistent annual return to investors of LIBOR plus >5% per annum. Liongate aims to limit the maximum allocation to any individual fund to ten per cent.

Full information on investment guidelines can be found in the Offering Memorandum for each Liongate fund.

Liongate LLP also provides investor relations services to its clients.

### **C. Tailored Investment Advice**

Each fund managed by Liongate is subject to investment guidelines.

As an example, for our flagship Liongate Multi-Strategy Fund the manager and strategy guidelines are:

- Minimum investment in 30 managers.
- Maximum allocation to any individual fund 10%.
- Maximum allocation to any asset management company 15%.

The Liongate Multi-Strategy Fund has the following strategy exposure limits, which have been established to maintain diversity:

- Equity Long/Short 0%-40%
- Event Driven 0%-30%
- Multi-Strategy 0%-30%
- Distressed 0%-30%
- Convertible Arbitrage 0%-30%
- Equity Market Neutral 0%-30%
- Volatility Arbitrage 0%-30%
- Global Macro 0%-30%
- Fixed Income 0%-30%
- Sector Specialist 0%-30%
- Merger Arbitrage 0%-30%
- Emerging Markets 0%-30%

Additional investment guidelines can be found in the Offering Memorandum for each fund.

### **D. Client Assets**

The total AUM for the Liongate Group as of 30 June 2015 was USD \$445m, all of which was managed by Liongate LLP on a non-discretionary basis. On a discretionary basis, USD \$359 of total AUM was managed by Liongate Cayman and USD \$86 was managed by Liongate Malta.

### **Item 5 – Fees and Compensation**

In consideration for the services that Liongate LLP provides to the Investment Managers, Liongate LLP receives a percentage of all fees charged to the clients and ultimately underlying investors of the funds by the Investment Managers.

Pursuant to the Offering Memorandums and Investment Management Agreements or Mandate of each client, the Investment Managers are entitled to receive management and/



or performance fees which are charged to the clients and ultimately underlying investors of the funds. The management fee is usually a fixed percentage per annum of monthly Assets Under Management. Management fees are earned and paid to the Investment Managers by their clients on a monthly basis. Performance fees are usually charged as a percentage of the gain experienced by each client and ultimately underlying investor of the funds. Performance fees crystallize annually, quarterly or semi-annually dependent on the client and/or the share class of the fund.

As Liongate LLP is a non-discretionary manager, it is not involved in any rebate of fees to the underlying investors of the funds.

Liongate does not accept any fees or commissions from hedge fund investments for including them in the investment portfolios of the funds.

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

All fees earned by Liongate are outlined in Item 5.

#### **Item 7 – Types of Clients**

Liongate LLP's clients are the Investment Managers. The clients of the investment managers are predominantly institutional.

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

##### **Methods of Analysis**

##### Asset Allocation by Investment Strategy ("Top-down" Approach)

Liongate's Investment Team manages the portfolios dynamically, reallocating monthly towards investment strategies which are positioned to perform well in the current macro environment and away from those strategies which are not expected to perform well. The investment strategy or strategies that are believed to offer the most attractive opportunities (on a risk-adjusted basis) will be offered the largest allocations, within predefined strategy diversification limits. It is possible that one or more underlying investment strategies will be totally excluded from the portfolio at any given time if it is believed that it does not lend itself to adequate returns or has become, or is likely to become, asymmetrically biased to the downside.

## Manager Due Diligence

- Initial Screening

Each member of the Qualitative Research Team is assigned primary responsibility for each investment theme within the portfolio, with a secondary analyst assigned secondary responsibility for each theme. The analysts are responsible for knowing managers of interest within their assigned focus. Our Qualitative Research Team meets hundreds of managers each year in initial exploratory meetings, with a focus on managers within those strategies which are favoured currently by the Investment Team. Each exploratory meeting is documented with a Hedge Fund Pipeline Report. This Report presents a summary of the items discussed and includes a quantitative assessment of the manager which is prepared by the Quantitative Research Team. The Qualitative Research Team give a recommendation as to whether or not the fund should be considered for further consideration.

The Analysts propose those managers which are believed to offer the most consistent, risk-adjusted performance returns.

The Investment Team holds weekly Research Meetings where those funds recommended on the Hedge Fund Pipeline Report for further consideration are discussed. Funds are either approved or rejected for further consideration by the Investment Team. Funds approved for further consideration subsequently undergo extensive qualitative analysis, quantitative analysis and operational due diligence.

- Qualitative Analysis of Managers

The basis for the qualitative analysis of individual managers involves in-depth interviews and research. On-site due diligence is conducted by at least the Analyst with primary responsibility for the manager's investment strategy and is usually attended by at least one member of the Investment Team. The review focuses in detail on the investment process, risk management, capacity issues, and liquidity concerns and provides a qualitative assessment of the experience and edge the manager may demonstrate. Each review results in an in-depth and detailed Qualitative Due Diligence Report (typically 20-30 pages long) in which the Analyst gives a formal opinion as to the pros and cons of the manager under review.

- Quantitative Analysis of Managers

The quantitative analysis is completed by the Quantitative Research Team, working with the Senior Risk Analysts. The objective of this analysis is two-fold:

- 1) To assess whether the subject fund generates excess return; and
- 2) To determine to what extent the subject fund adds diversification and value to the portfolio. The analysis, which results in a detailed Quantitative Analysis

Report, is conducted primarily using the firm's proprietary risk system (PRiMa), and the externally provided system Risk Data. The report covers, amongst other things, factor exposure analysis, value-added performance evaluation over customized benchmarks, stress tests, market scenario modeling, Value-at-Risk measures and the potential impact on the portfolio and tail event analysis.

- Operational Due Diligence of Managers

Should the qualitative and quantitative analysis prove favorable, the process would progress to the Operational Due Diligence review. The operational due diligence process involves assessment of the managers' infrastructure and business processes, its relationship with trading counterparts, the independence of their administrator, as well as a review of audited reports, use of leverage etc. The process involves reviewing the fund documents (incorporation, offering memorandum, trading agreements, etc.), terms, structure, and valuations. We conduct due diligence discussions with the manager (including the manager's Chief Investment Officer, CFO, COO, Head of Risk and Head of Marketing), the auditor and the administrator. We perform background checks on the fund, management company and key individuals. We cross-reference information from a number of sources, which allows for better identification of any inconsistencies. The process is documented in the Operational Due Diligence Report, with each fund given either a "Pass" or "Fail." The Head of the Operational Due Diligence Team has absolute veto power over the possible use/continued use of a manager. If a manager fails the operational due diligence review process, Liongate will not invest with the manager (and will redeem current investments if it is a manager currently being used).

### Portfolio Construction

The portfolio construction process is designed to ensure that the allocations to investment strategies and managers are consistent with the portfolio's risk and return objectives. The objective of this process is to construct a well-diversified portfolio that minimises common exposures between funds and takes into account the potential effects of an unfavourable or changing market environment using particular stress test assumptions at the fund and portfolio level. Special consideration is given to understanding the aggregate risk exposures in the portfolio, to ensure that portfolio positioning is consistent with the defined top-down view. Liongate does not pursue a model portfolio but instead seeks to construct a portfolio within our investment guidelines and consistent with our current top-down views. In order to achieve this we typically make small reallocations on a monthly basis, around 3-5% of capital, within each portfolio, which translates to strategy reallocation of approximately 40% throughout the year. We do not have minimum target weights to any individual strategy, however, we use maximum weights to ensure diversification. We believe that this dynamic reallocation process represents a significant competitive advantage as it allows our portfolios to be significantly more flexible than our competitors.

All final investment recommendations are made by the Liongate LLP Investment Team, with final sign off by the Co-CIOs, subject to the veto power of the Head of ODD. These

recommendations are then considered by the Boards of the Investment Managers who make the final decision.

### Investment Strategy

Liongate invests in a wide range of hedge fund strategies including (but not necessarily limited to) the following:

- **Equity Long/Short:** Purchase and short sale of common stock driven by fundamental research. Manager's focus can vary by sector, capitalization range and region. The strategy may involve varying levels of directional exposure.
- **Multi-Strategy:** Investing in a variety of market strategies with exposures to each, varying over the market cycle.
- **Event Driven:** This strategy involves taking positions in securities based on expectations about an extraordinary corporate event or catalyst that has or is expected to occur, often employing derivatives and potentially leverage to boost returns. Catalysts include earnings announcements, takeovers, recapitalizations, spin-offs, restructurings etc.
- **Volatility Arbitrage:** Volatility traders treat "volatility" as an asset. These funds invest in a variety of instruments exploiting the changing characteristics of their volatility over time.
- **Emerging Markets:** Investing in equity, debt or derivatives of less developed markets which tend to have less creditworthiness, higher inflation and volatile growth.
- **Fixed Income:** Exploitation of mispricing in fixed income securities and their derivatives. Managers can focus on credit, capital structure, liquidity and/or duration trades.
- **Equity Market Neutral:** Being long and short stocks within the same sector, industry, market capitalization or country to create a portfolio that is neutral to all market factors.
- **Distressed:** Trades or investments in equities, bonds or claims of companies in or emerging from financial difficulties, or undergoing a restructuring process.
- **Global Macro:** Identifying disparities in the relationship between price and underlying value in any of the world's capital, currency, commodity and derivative markets, or by taking a view on the direction of a market or investment.

### Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Key risks that Liongate's clients should be aware of are as follows:

**Operational Risks:**

- Loss of key staff
- Fund valuation errors
- Failure of outsourced service providers
- Trade ticket errors
- IT systems failure
- Failure to comply with taxation requirements
- Breach of regulatory rules

**Business Risks:**

- Loss of fund sub-management agreement
- Loss of a large investor
- Poor investment recommendation/decision
- Poor investment performance
- Damage to reputation

**Credit Risk:**

- Bad debt risk
- Liquidity risk
- Concentration risk

**Market Risk:**

- Changes in exchange rates
- Long term market down turn

**Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Liongate or the integrity of Liongate's management. Liongate has no information applicable to this Item.

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

Liongate (Cayman), a Cayman limited company that is a relying advisor, is one of Liongate's Investment Managers of private funds and mandates in respect of which Liongate LLP provides investment advice. Liongate (Cayman)'s personnel are subject to Liongate LLP's supervision and control. Liongate (Cayman) is a 9.1% indirect controller of Liongate LLP.

Liongate (Malta), a Maltese limited company, is one of Liongate's Investment Managers of private funds and mandates in respect of which Liongate LLP provides investment advice. Liongate LLP is under common control with Liongate (Malta). As an entity with access to

Liongate LLP's books and records, Liongate (Malta) has entered into a participating affiliate agreement with Liongate LLP.

Liongate Capital Management (US) LP ("Liongate US") and Liongate Capital Management (India) Private Limited are research entities within the Liongate Group which are under common control with Liongate LLP. These entities have also entered into participating affiliate agreements with Liongate LLP. Liongate US also shares offices with PGI, LLC (as defined below).

Liongate LLP is under common control with Principal Global Investors, LLC ("PGI, LLC"). PGI, LLC is an investment adviser registered with the Securities and Exchange Commission. PGI, LLC is also registered with the US Commodity Futures Trading Commission ("CFTC") as a Commodity Trading Advisor and is a member of the National Futures Association ("NFA"). PGI, LLC advises Qualified Eligible Persons under CFTC Regulation 4.7. PGI, LLC offers portfolio management services for various strategies including fixed income, equities and commercial real estate products. Liongate LLP has arrangements with PGI, LLC which provide that PGI, LLC will furnish certain personnel, services, and facilities used by the Liongate LLP and that Liongate LLP will reimburse PGI, LLC for its expenses incurred in that regard. Liongate LLP utilizes certain PGI, LLC's personnel, resources, and services in fulfilling its contractual obligations to its clients. PGI, LLC's employees maintain portfolio accounting records and provide support for the marketing and client services activities of Liongate LLP. Liongate LLP and PGI, LLC have certain common officers. PGI, LLC is a member of the National Futures Association and registered as a commodity trading advisor with the Commodity Futures Trading Commission.

Liongate LLP is under common control with Principal Global Investors (Europe) Limited ("PGIE"). PGIE is an FCA regulated investment manager, managing both funds and segregated mandates across a broad range of investment strategies. Liongate LLP has arrangements with PGIE which provide that PGIE will furnish certain personnel used by Liongate LLP and that Liongate LLP will reimburse PGIE for its expenses incurred in that regard.

Liongate LLP is under common control with Princor Financial Services Corporation ("Princor"), a retail investment adviser and a broker-dealer registered with the Securities and Exchange Commission and a FINRA member firm that markets a variety of proprietary and non-proprietary mutual funds, unit investment trusts and limited partnerships. Liongate LLP currently does not conduct any brokerage business with Princor.

Liongate LLP is under common control with Principal Funds Distributor, Inc. ("PFD"), a broker/dealer. PFD is the principal underwriter for an investment company, Principal Funds, Inc. Liongate LLP currently does not conduct any broker business with PFD.

Liongate LLP is under common control with Principal Financial Advisers, Inc., a registered investment adviser with the Securities and Exchange Commission.

Post Advisory Group, LLC ("Post"), an investment adviser registered with the Securities and Exchange Commission is under common control with Liongate LLP. Post, in general, offers services in managing client funds invested in high yield debt securities and distressed securities.

Columbus Circle Investors, ("Columbus Circle"), an investment adviser registered with the Securities and Exchange Commission is under common control with Liongate LLP. Columbus Circle in general offers services in managing client funds invested in equity securities.

Spectrum Asset Management, Inc. ("Spectrum"), a registered broker-dealer and an investment adviser registered with the Securities and Exchange Commission, is under common control with Liongate LLP. Spectrum in general offers services in managing client funds invested in preferred securities. Spectrum is also a member of the National Futures Association and registered with the Commodity Futures Trading Commission.

Edge Asset Management, Inc. ("Edge"), an investment adviser registered with the Securities and Exchange Commission, is under common control with Liongate LLP. Edge in general offers services in managing client funds invested in equity securities.

Morley Capital Management, Inc. ("Morley"), an investment adviser registered with the Securities and Exchange Commission, is under common control with Liongate LLP. Morley in general offers services in managing client funds invested in stable value.

Origin Asset Management, ("Origin"), an investment adviser registered with the Securities and Exchange Commission, is under common control with Liongate LLP. Origin in general offers services in managing client funds invested in global (ex U.S.) equity securities. On occasion, Liongate LLP and its affiliates may share investment and compliance information with Origin.

Finisterre Capital LLP, ("Finisterre"), an investment adviser registered with the Securities and Exchange Commission, is under common control with Liongate LLP. Finisterre in general offers services in managing client funds invested in emerging market fixed income securities. On occasion, Liongate LLP and its affiliates may share investment and compliance information with Finisterre. Finisterre is a member of the National Futures Association and registered as a commodity trading advisor and a commodity pool operator with the Commodity Futures Trading Commission.

Principal Enterprise Capital, LLC. ("PEC"), an investment adviser registered with the Securities and Exchange Commission, is under common control with Liongate LLP. Principal Enterprise Capital, LLC is the manager for a single client, an entity that was created for the benefit of an unaffiliated third party and includes a trust for the benefit of affiliated employees of Principal Life Insurance Company. PEC identifies structures, creates and manages strategic investments of equity capital primarily in private real estate operating companies ("REOCs"). REOCs are entities that generally acquire, develop, redevelop and operate commercial real estate properties and are the entities in which investments are made.

Principal Real Estate Investors, LLC ("PrinREI") is an investment advisor registered with the Securities and Exchange Commission and is under common control with Liongate LLP. PrinREI offers portfolio management and investment advisory and sub-advisory services concerning primarily equity real estate and commercial mortgage investments to affiliated and non-affiliated persons. Liongate LLP and PrinREI have other common directors.

Principal Management Corporation ("Principal Management"), an investment adviser registered with the Securities and Exchange Commission, is under common control with Liongate LLP. Principal Management offers portfolio management, transfer agent and shareholder services to the family of mutual funds organized by PFG.

Liongate LLP is under common control with Principal Life Insurance Company. Principal Life is licensed as an insurance company in all 50 states and the District of Columbia.

Liongate LLP is under common control with Delaware Charter Guarantee & Trust Company ("Delaware Charter"), a company that acts as a trustee through which individuals may direct the investments of their IRA. Liongate LLP and Delaware Charter have common directors and officers.

Liongate LLP is under common control with Principal Asset Management Company (Asia) Limited ("PAMCA"), a Hong Kong asset management company. Liongate Capital and PAMCA have common directors and officers.

Liongate LLP is under common control with Principal Bank, an FDIC insured limited purpose trust saving bank. Liongate Capital and Principal Bank have common directors and officers.

Liongate LLP is a part of a diversified, global financial services organization with many types of affiliated financial services providers, including but not limited to broker-dealers, insurance companies and other investment advisers. Liongate LLP may enter into arrangements to provide services or otherwise enter into some form of business



relationship with these foreign affiliates. Additional disclosure of these relationships will be provided upon request.

Liongate may enter into arrangements with underlying investment managers, such as side-letters on behalf of its clients. Where Liongate is unable to manage any conflicts that may arise out of such arrangements these will be disclosed to clients.

### Conflicts of Interest

Liongate seeks to identify and effectively manage conflicts of interest and where this is not possible, to clearly disclose the nature and/or sources of conflicts of interest to a client before undertaking business on its behalf. Specific types of conflicts which may or have arisen are addressed below.

Liongate, its affiliates and their respective holding companies, holding companies' shareholders, any subsidiaries of their holding companies and any of their directors, officers, employees, agents and affiliates (collectively referred to as "Affiliates") may be involved in other financial, investment or other professional activities which may on occasion cause conflicts of interest with Liongate. These include management of other funds, purchases and sales of securities, investment and management advisory services, brokerage services, and serving as directors, officers, advisers, or agents of other funds or other companies. In particular it is envisaged that Liongate and its Affiliates may be involved in advising other investment funds which may have similar or overlapping investment objectives to or with Liongate and its clients. Where a conflict arises Liongate will endeavour to ensure that it is resolved fairly.

In relation to the allocation of investment opportunities to different clients, Liongate will ensure that investment opportunities in those circumstances will be allocated fairly on a pro-rata basis.

Liongate staff are permitted to trade on a personal account basis however are subject to the Group's Personal Account Dealing Policy. This requires any trades in securities that may be held by clients, i.e. funds, to be pre-approved by Compliance. Where such a trade may conflict with the interests of a client, it will not be permitted.

Liongate staff are permitted to give and receive gifts and entertainment however are subject to the Group's Gifts and Entertainment Policy. This Policy seeks to avoid staff giving or accepting any gifts/hospitality which could give rise to a conflict of interest with Liongate's duty to act honestly, fairly and professionally in accordance with the best interests of its clients.

### **Item 11 – Code of Ethics**

Liongate has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumour mongering, restrictions on the acceptance of significant gifts and the reporting of gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Liongate must acknowledge the terms of the Code of Ethics annually, or as amended.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Liongate will not interfere with: (i) making decisions in the best interest of clients; and (ii) implementing such decisions. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Liongate and its clients.

Certain client accounts may trade in the same securities with other client accounts on an aggregated basis. In such circumstances, the accounts will share commission costs equally and receive securities at a total average price. Liongate will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Liongate LLP's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Paul Bentley, Managing Director & Head of Investor Relations at +44 20 7073 4600 or pbentley@liongate.com.

### **Item 12 – Brokerage Practices**

Not applicable to Liongate LLP.

### **Item 13 – Review of Accounts**

The portfolios are monitored closely as Liongate receives performance update estimates on at least a weekly (some funds daily) basis from our underlying managers. Furthermore, our research staff request and receive a completed template from each manager on a monthly basis which shows key exposures. The Analysts will speak directly to each manager at least once a month and the members of the Investment Team at least quarterly to discuss positioning and market conditions. After assimilating the information gathered from the

manager, allocations to the underlying funds are assessed to maximize absolute return and to minimize total risk. Managers which diverge fundamentally from their expected risk-reward parameters are removed from the portfolio.

Liongate manages its portfolio actively, reallocating towards those strategies which are expected to perform well within the current macro environment. Liongate has developed performance monitoring tools that alert the Investment Team if an underlying fund's risks deviate from the expected measures, and recommend portfolio re-balancing action that would bring the portfolio's risk/return profile in line with the current top-down view. We also maintain extensive transparency requirements from all of our managers, enabling us to understand our portfolio exposures in aggregate. This allows us to identify any build-up of risk in specific areas of the portfolio and to make appropriate adjustments. We have strict diversification requirements, for example, maximum allocations to any underlying hedge fund manager within our portfolio. Should a manager have strong performance and organically grow to a larger weighting than our limit for that particular portfolio, we would re-balance the allocation at the next available date.

The decision of whether to recommend to the Investment Managers to invest with or to terminate any existing fund from a portfolio is made with the consensus of the Investment Team. All quantitative and qualitative research and analysis is presented to the Investment Team on a monthly basis, and the Team holds weekly research meetings to discuss financial markets, our underlying hedge fund managers and their performance.

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

Liongate engages various third party entities to distribute the funds, including entities within PGI who may be compensated for client referrals.

#### **Item 15 – Custody**

Not Applicable.

#### **Item 16 – Investment Discretion**

Liongate LLP does not have discretionary authority to manage the investments of the Group's clients. The Investment Managers within the Liongate Group make final decisions for Liongate's clients.

**Item 17 – Voting Client Securities**

As a matter of firm policy and practice, Liongate does not have any authority to and does not vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Liongate may provide advice to clients regarding the clients' voting of proxies.

**Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Liongate LLP's financial condition. Liongate LLP has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

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

Not Applicable.