

# Part 2A of Form ADV

## Brochure Document

**Atlantis Investment Management (Hong Kong) Ltd.**

**西京投資管理 ( 香港 ) 有限公司**

The Centrium, 60 Wyndham Street  
Room 3501  
Hong Kong

00 (852) 2110 6320  
[www.atlantis-investment.com](http://www.atlantis-investment.com)

Updated: June 25, 2015

This brochure provides information about the qualifications and business practices of Atlantis Investment Management (Hong Kong) Ltd. 西京投資管理 ( 香港 ) 有限公司 ("Atlantis" or the "Company"). If you have any questions about the contents of this brochure, please contact us at 00 (852) 2110 6320. 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.

This brochure provides information for our U.S. clients. In general, the substantive provisions of the U.S. Investment Advisers Act of 1940 (the "Advisers Act") and this brochure do not apply to our non-U.S. clients.

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

## Summary of Material Changes

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the brochure.

Atlantis has prepared this summary of material changes since the previous annual update of its Company's brochure dated June 2014. Clients and prospective clients are encouraged to read this document in its entirety.

The summary of material changes is as follows:

- **Advisory Business**
  - An up to date AUM has been provided since the last update of the brochure.
  - The Company intends to begin trading China A-share stocks via the Shanghai-Hong Kong Stock Connect for client accounts where appropriate and authorized.
- **Other Financial Industry Activities and Affiliations**
  - This section was updated to reflect an affiliate's being granted an asset management license with an overseas regulator.

## Table of Contents

Advisory Business .....	4
Fees and Compensation .....	4
Performance-Based Fees and Side-by-Side Management .....	5
Types of Clients.....	5
Methods of Analysis, Investment Strategies, and Risk of Loss .....	6
Disciplinary Information .....	8
Other Financial Industry Activities and Affiliations .....	8
Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading.....	9
Brokerage Practices .....	11
Review of Accounts .....	14
Client Referrals and Other Compensation .....	14
Custody.....	14
Investment Discretion .....	15
Voting Client Securities.....	15
Financial Information .....	16

## **Advisory Business**

Atlantis was incorporated in Hong Kong on February 27, 1997 and registered with the SEC as an investment adviser on October 27, 2010. The Company is wholly-owned by Atlantis Capital Holdings Limited, which is in turn owned by Ms Yang Liu, Atlantis's Chief Investment Officer.

The Company provides discretionary investment advisory services with a focus on small and medium-sized companies in China and other Asian countries. Atlantis's clients include various pooled investment vehicles (the "Funds") and institutional clients ("Institutional Clients," and together with the Funds, "Clients"). As of May 31, 2015, Atlantis had approximately US\$ 871.83 million in assets under its discretionary management.

With respect to the Funds, Atlantis manages assets in accordance with the investment objectives and restrictions set forth in the governing documents applicable to each Fund. Investment management services provided to Institutional Clients are dependent upon the investment objectives and restrictions imposed by the Client and are governed by the investment guidelines set forth in each Institutional Client's Investment Management Agreement.

Atlantis is licensed by the Hong Kong Securities and Futures Commission and authorized to undertake Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities.

## **Fees and Compensation**

Fees payable by each Fund are described in the applicable Fund offering document. Generally, each Fund pays a management fee that ranges between 1% and 2% per annum of assets under management, depending on the share class or series of the Fund and the amount invested. Fees are typically paid monthly in arrears. Certain of the Funds also pay an annual performance-based fee, which ranges between 15% and 20% of net realized and unrealized gains.

Atlantis may waive or rebate fees for certain investors, including for those investors who are Company employees or affiliates or who may be large or strategic investors. Additionally, where permitted to do so by a Fund's governing documents or structure, Atlantis may, in limited circumstances, enter into side letter arrangements with investors granting an investor preferred economic investment terms.

In addition to the management and performance fees discussed above, the Funds are responsible for the payment of administration, brokerage, and custodial fees, as well as their own operating costs. Such costs include those relating to, among other things: (1) the charges and expenses of legal advisers, auditors, and consultants; (2) borrowing and trading costs; (3) taxes and corporate fees payable to governments or agencies; (4) directors' fees; (5) preparing, printing, and distributing financial and other reports; and (6) insurance. Furthermore, investments in Funds that are subject to European Union Undertakings for Collective Investment

in Transferable Securities Regulations (i.e., UCITS) may be subject to subscription and redemption fees.

Subject to prior authorization and its other policies and procedures, an employee, officer or a director of Atlantis may receive compensation for serving on the board of a publicly traded company in which Clients' assets are invested by Atlantis. For more information on Atlantis's policies and procedures in this regard, see below under "*Directorships and Outside Business Activities*". Otherwise, neither Atlantis nor any of its related persons generally receive any additional compensation in respect of Client assets that are invested in securities or other investment products.

**A complete description of fees and expenses applicable to each Fund is available in Fund offering documents.**

Institutional Clients pay an asset-based management fee, which varies based on factors including the services provided, the size of the account and the entire relationship with the Institutional Client, the investment mandate, and whether or not the Client also pays a performance-based fee. Management fees are typically billed quarterly in arrears. Certain Institutional Clients may also pay a performance fee on net realized and unrealized gains, billed annually in arrears. Atlantis does not directly debit fees from Institutional Clients' accounts. Rather, such Clients receive an invoice each quarter showing how their fees were calculated. It is the responsibility of the Institutional Client to remit fees to the Company. Fees for Institutional Clients are negotiable.

All Clients will incur brokerage and other transaction costs. Please refer to the "*Brokerage Practices*" section below for additional information.

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

Performance-based fees may create an incentive for Atlantis to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. Since the performance fees charged to each Client are based on both realized and unrealized gains, the Company may receive a performance allocation reflecting unrealized gains at the end of a period that are not subsequently recognized by the Client. Atlantis manages accounts that are charged a performance-based fee, as well as accounts that pay only an asset-based management fee. As such, Atlantis may have an incentive to favor certain Clients from which the Company receives a performance fee over Clients that pay a lower or no performance fee. Atlantis has procedures designed to ensure that all Clients are treated fairly and equally, and to prevent this type of conflict from influencing the allocation of investment opportunities among Clients.

## **Types of Clients**

Atlantis provides investment advisory services in accordance with its Clients' mandates. These Clients may include, but are not limited to: collective investment vehicles, investment companies, corporations, sovereign funds, other large institutions and charitable organizations.

Subject to the discretion of Atlantis to accept less, the minimum investment for a separately managed account is generally US\$25 million.

## **Methods of Analysis, Investment Strategies, and Risk of Loss**

### ***Methods of Analysis and Investment Strategies***

Atlantis provides investment advice primarily on the equity securities of companies earning the predominant portion of their income or holding the predominant part of their assets in Asia. In general, Atlantis invests Client assets in the stock of publicly-traded companies.

Subject to the investment guidelines and restrictions, however, Clients may invest, directly or indirectly, in a wide variety of investments and instruments including, without limitation, equities, equity-related instruments, as well as convertible securities, asset-backed securities, securities issued by public and private issuers, futures, commodities, and currencies. Clients may also invest in derivative instruments, such as swaps, repurchase and reverse repurchase agreements, forward contracts, credit default swaps, collateralized debt obligations, and contracts for differences, for speculative, market access or hedging purposes in accordance with their respective investment objectives.

Atlantis relies on proprietary research as the primary basis of its investment decision-making. Investment research professionals visit issuers whose securities represent potential investments and meet with management to assess company quality and suitability for investing. Atlantis will generally look to target undervalued growth companies and focuses on companies that exhibit some or all of the following characteristics:

- Attractive valuation multiples;
- Sustainable dividend payout;
- Stable return on equity with above market average earnings per share growth;
- Strong brand, product, or service and market niche;
- Significant market share or a market leader;
- Companies with management ownership; and
- Solid balance sheets and free cash flow.

### ***Risk of Loss***

Investing in securities involves the risk of loss that Clients and investors should be prepared to bear. An investment with Atlantis should only be made after consultation with independent qualified sources of investment and tax advice. No guarantee or representation is made that any

Atlantis investment program will be successful and performance could be negatively impacted by a number of risks, including, but not limited to:

Investment Diversification – Atlantis may invest a significant proportion of Client assets in the securities of a single company, sector, country or region, which may increase the risk of loss.

Liquidity – Certain markets, particularly those in the emerging economies of Asia, may have a relatively low volume of trading. Securities of companies in such markets may also be less liquid and more volatile than securities of comparable companies elsewhere.

Small Company Risk - Certain Atlantis investment programs focus on the securities of small to mid-sized issuers. Securities of smaller companies are often less liquid than those of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company securities may fluctuate relatively more in price.

Counterparty (Credit) Risk – Clients may enter into transactions in OTC markets whereby they will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, Clients could experience delays in liquidating a position and may incur significant losses. (See also “Market Access Products”, below).

Valuation risk – is the risk of not valuing transactions and positions appropriately. Atlantis will seek to ensure that Clients’ assets are priced accurately, reflecting the prices at which they could likely be traded in an orderly fashion in the open market. This is done in accordance with Atlantis’s Valuation Policies and Procedures.

Investments in The People’s Republic of China – Atlantis makes significant investments on behalf of Clients in Chinese securities. The overall economic conditions in mainland China (i.e. the “PRC”) may have a substantial impact on portfolio performance. Economic developments in China follow patterns different from those in other countries as a result of differences in various economic aspects, including economic structure, living standard, growth rate, level of government intervention in the economy, allocation of resources, and rate of inflation.

The interpretation or application of current laws or regulations in China may also have adverse effects on investments. The value of Clients’ assets may be affected by political and regulatory uncertainties, such as international and Chinese political developments and changes in governmental policies in areas including taxation, foreign investment, currency repatriation, currency fluctuation, and foreign exchange control. In addition, there is a greater degree of governmental involvement in and control over the economy in mainland China than in more developed markets. The Chinese government exerts considerable influence on the development of the Chinese stock market. From time to time, official measures may be taken that affect listed companies and their market prices in China and overseas.

Market Access Products – Atlantis may, where authorized by the relevant Client, use “market access products” to gain exposure to stocks in certain markets, particular to China A-Share stocks (“China A-Shares”), direct purchase of which by non-PRC investors like Atlantis is restricted. A market access product is an instrument that provides synthetic exposure to an underlying stock on a foreign market. Such instruments include listed and unlisted “P-notes” (i.e. “participation” notes). Market access products are subject to the same risks as direct investments in the securities of the foreign issuers that underlie the instrument. In addition, they introduce counterparty and credit risk (broadly, risks based on the possibility the issuer of the instrument may fail) since they are issued by brokers.

The People’s Republic of China – Shanghai-Hong Kong Stock Connect – Atlantis may, for certain Client accounts, trade China A-Shares through the Shanghai-Hong Kong Stock Connect (“Stock Connect”) program, a mutual market access program established between the Hong Kong and Shanghai stock markets. Along with the risks associated with investing in China (see “Investments in The People’s Republic of China”, above), Stock Connect introduces additional elements of operational and liquidity risk. For instance, Stock Connect is subject to daily quota limitations on purchases, and if the limit is reached, buy orders for the rest of that day will be rejected. China A-Shares purchased through Stock Connect can only be traded through Stock Connect and are not otherwise transferable. Also, China A-Shares purchased through the program are held in the name of an affiliate of the Hong Kong Stock Exchange as nominee and thus may not be as well protected as they would be if they held solely in the name of the Client.

**Investors should refer to Fund offering documents for a complete description of the risks involved in a Fund investment.**

## **Disciplinary Information**

Atlantis and its management personnel have not been involved in any legal or disciplinary events that would be material to a Client’s evaluation of the Company or its management personnel.

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

Atlantis is affiliated with Atlantis Investment Management Ltd. (“AIM UK”), which is located in London and regulated by the United Kingdom’s Financial Conduct Authority. AIM UK provides marketing and administrative back office services, including accounting, Client reporting, trade reconciliation and settlement, as well as compliance support services to Atlantis.

Atlantis is also affiliated with Atlantis Investment Management (Singapore) Private Ltd. (“AIMS”), which holds a Capital Markets Services License for fund management issued by the Monetary Authority of Singapore (MAS) and is also registered as an investment adviser with the SEC, Atlantis Investment Management (Ireland) Ltd., a management company authorized by the Central Bank of Ireland, and Riverwood Asset Management (Cayman) Ltd., an asset manager



registered with the Cayman Islands Monetary Authority (collectively, with AIM UK, the “Affiliated Advisers”).

From time to time, Atlantis and the Affiliated Advisers may share resources including personnel, facilities, and research information.

As discussed above, subject to obtaining authorization from Atlantis, an employee, officer or director of Atlantis may serve on the board of a publicly traded company in which Clients’ assets are invested by Atlantis. Atlantis maintains procedures to mitigate this potential conflict (see below under “*Directorships and Outside Business Activities*” for more information).

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

### ***Code of Ethics and Personal Securities Transactions***

Atlantis has adopted a Code of Ethics in compliance with Advisers Act Rule 204A-1. The Code of Ethics addresses insider trading and personal securities transactions. The Code of Ethics also sets forth the standards of business conduct required of the Company’s employees and requires employees to comply with U.S. federal securities laws.

Atlantis’s Code of Ethics governs personal transactions by Access Persons (as such term is defined in the Code of Ethics) to ensure that the interests of Atlantis’s employees do not conflict with the interests of Clients. All Access Persons are required to pre-clear personal securities transactions and must report their personal transactions and holdings to the CCO.

In all cases, Clients’ interests are paramount and take priority over employees’ interests. Employees must not effect transactions that could involve them in a conflict between their own interests and that of a Client.

Subject to the terms of the Code of Ethics, employees of Atlantis may purchase for their own accounts shares of the Funds or securities recommended for purchase by the Funds or any of Atlantis’s other Clients.

**A copy of Atlantis’s complete Code of Ethics is available to any Client, investor, or prospective Client or investor upon request.**

### ***Participation or Interest in Client Transactions***

Atlantis, its employees, and other related entities may have an ownership interest in certain Funds; however, Atlantis does not engage in principal trades.

From time to time, Access Persons may have interests in securities owned by or recommended to Clients. In addition, in the ordinary course of business, Atlantis or its related persons may have a relationship, arrangement, or proprietary interest in a particular transaction or security recommended to a Client that could create a conflict of interest. Such a conflict may be between Atlantis (or a related person) and a Client, or between one Atlantis Client and another. As these situations may represent a conflict of interest, Atlantis has adopted policies and procedures in its Code of Ethics to ensure that employees do not front run Clients or otherwise engage in activities that would or could be perceived as market abuse.

The Code of Ethics mitigates such potential conflicts of interest by requiring, among other things, pre-clearance of personal securities transactions by the CCO or to such delegate as may be specified in the Code of Ethics. The Code of Ethics restricts the purchase and sale by Access Persons for their own accounts of securities which have been purchased or sold for Clients within certain time limits. Access Persons may not engage in a personal transaction in a security within seven trading days before or after execution of a Client order in that security. In addition, Access Persons are subject to reporting obligations, including completing quarterly transaction and annual holdings reports. Access Persons are required to direct their brokers to send copies of all brokerage confirmations and statements to the CCO or his delegate. If this arrangement is not feasible, Access Persons are required to provide copies of these documents themselves once received.

Additionally, the Code of Ethics includes provisions relating to the participation in initial public offers, the prohibition of insider trading, outside business activities and restrictions on the acceptance of gifts and entertainment.

#### ***Directorships and Outside Business Activities***

Employees, officers and directors of Atlantis are not permitted to serve on the board of directors or board committees or hold a position of comparable responsibility or seniority, at any organization without prior authorization by the CCO or such delegate as may be specified in the Code of Ethics. Authorization is generally based upon a determination that the board service would be consistent with the interests of Atlantis and its Clients. In general, all employees', officers' and directors' outside business activities are tracked and reviewed by Atlantis to ensure they do not conflict with the duty Atlantis owes to its Clients.

Where an employee, officer or director of Atlantis is authorized to serve on the board of any organization, such service presents a potential conflict of interest, for example if the directorship is sufficiently material to be likely to affect the person's judgment in respect of his duties to Atlantis and its Clients. Atlantis maintains procedures in its Code of Ethics to mitigate this potential conflict by requiring, amongst other things, that the employee, officer or director in question: (i) notifies the CCO and any delegate of any change in his role at the organization in question; (ii) notifies the organization in question that potential conflicts of interest could arise in relation to their service and that, in such instances, he/she is required to recuse himself/herself from voting on such matters; (iii) be subject to Atlantis's "Chinese Wall" policies

and procedures which prevent the dissemination of information between the person in question and other Atlantis personnel; (iv) adheres to the Insider Trading policies and procedures of Atlantis and does not impermissibly transfer any non-public information between Atlantis and the organization in question; (v) avoids involvement in any arrangement between Atlantis and the organization in question and recuses himself from voting on such matters; and (vi) recuses himself from voting on any matter that would be detrimental to the interests of Atlantis's Clients.

Atlantis reviews any such board service on an ongoing basis to ensure that it continues to be consistent with the interests of Atlantis and its Clients.

## **Brokerage Practices**

### ***Selection Criteria for Brokers and Dealers***

Atlantis's objective in selecting brokers and dealers and in effecting portfolio transactions is to seek the best net result in terms of price and execution. The best net price, after taking account of brokerage commissions, spreads, and other costs, is normally an important factor in this decision, but a number of other judgmental factors are also considered as they are deemed relevant. These factors include, but are not limited to:

- Atlantis's knowledge of negotiated commission rates and spreads currently available;
- The nature of the security being traded;
- The size and type of the transaction;
- The nature and character of the markets for the security to be purchased or sold;
- The activity existing and expected in the market for the particular security;
- The execution, clearance, and settlement capabilities of the broker-dealer;
- The value of research provided;
- Atlantis's knowledge of actual or apparent operational problems of the broker-dealer;
- The desired timing of the trade; and
- The reasonableness of spreads or commissions.

Atlantis generally seeks competitive commission rates; however, Clients will not always pay the lowest commission or commission equivalent available. Transactions may involve specialized services on the part of the broker-dealer, resulting in higher commissions than would be the case with transactions requiring more routine services. The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, research, and other services that will help Atlantis in providing investment management services to Clients. Atlantis may, therefore, use a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance.

All brokers must go through an approval process conducted by the CCO before they can be used to effect Client trades.

***“Soft Dollar” or Research/Execution Policy***

When appropriate within its discretionary authority and always consistent with its duty to seek best execution, Atlantis may execute Client trades with broker-dealers who provide Atlantis with certain brokerage and research services. The brokerage commissions used to obtain these services are termed “soft dollars.” Atlantis will engage in soft dollar transactions on behalf of US Clients only in a manner that is consistent with Section 28(e) of the Securities Exchange Act of 1934.

Research services may include the provision of research reports prepared by the broker-dealer, certain financial newsletters and trade journals, analytical software, seminars and conferences, portfolio strategy consultants, market and financial data, and performance measurement.

In addition to research services, Atlantis may be offered other non-monetary soft dollar benefits by broker-dealers that it may engage to execute securities transactions on behalf of a Client. These benefits may take the form of special execution capabilities, clearance, settlement, online pricing, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, order of call, online access to computerized data regarding Clients’ accounts, performance measurement data, consultations, economic and market information, portfolio strategy advice, industry and company comments, technical data, recommendations, general reports, efficiency of execution and error resolution, the availability of stocks to borrow for short trades, custody, record keeping, and similar services.

The foregoing benefits may be available for use by Atlantis in connection with transactions in which a Client does not participate. In some cases, research obtained with soft dollars may not be used for the specific account that generated the soft dollars. Atlantis does not attempt to allocate the relative costs of research among specific Client accounts because we believe that, in the aggregate, the research we receive assists us in providing advisory services to all Clients. Nevertheless, Atlantis seeks to ensure that the fees and costs for services provided to a Client by brokers offering these benefits are reasonable in relation to the fees and costs charged by other equally capable brokers not offering such services.

The availability of these non-monetary benefits may influence Atlantis to select one broker rather than another to perform services for a Client. In addition, the use of brokerage commissions to obtain investment research services and other benefits creates a conflict of interest between Atlantis and its Clients. Specifically, Atlantis receives a benefit because it does not have to produce or pay for the research, products, or services provided, and Atlantis may have an incentive to select a broker-dealer based on the Company’s interest in receiving the research or other products or services, rather than on its Clients’ interest in receiving most favorable execution.

Atlantis will not enter into any agreement or understanding with any broker-dealer that would obligate the Company to direct a specific amount of brokerage transactions or commissions in return for such services.

### ***Directed Brokerage***

Clients may direct Atlantis to use a particular broker-dealer (subject to Atlantis's right to decline and/or terminate the engagement) to execute some or all transactions for the Client's account. In such event, the Client will negotiate terms and arrangements for the account with that broker-dealer, and Atlantis will not seek better execution services or prices from other broker-dealers or be able to "batch" the Client's transactions for execution through other broker-dealers with orders for other accounts managed by Atlantis. As a result, Clients may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. The Client assumes such risk.

### ***Trade Aggregation***

Atlantis may aggregate transactions on behalf of more than one Client. If so, such transactions will be allocated to all participating Client accounts in a fair and equitable manner. Consistent with each participating Client's offering document or Investment Management Agreement, Atlantis may aggregate orders for more than one Client to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution, or reducing overall commission charges.

Pro rata allocation is pursued when the size of the asset being purchased provides for an equal opportunity to all participating Client accounts to share in the asset based on the underlying account's net asset value without creating odd-lots for the other accounts. In the event of a partial fill, the order is allocated among the participating Client accounts based on the size of each account's original order, subject to rounding in order to achieve round lots. Unexecuted orders will continue until the block order is completed or until all component orders have been cancelled. New orders for the same security will be aggregated with any remaining unexecuted orders and will continue in the same manner. If the remaining positions are too small to satisfy the minimum order amount, Atlantis may decide to allocate remaining shares to those accounts whose orders would be completed as a result of the allocation.

More often than not, pro rata is not the allocation method for purchases or sales because it is not always appropriate in light of the relevant Client account's strategic mandates, including, but not limited to, the size of the account, its investment objectives or guidelines, the size of the position, liquidity, leverage, cash availability and cash needs, and whether the account is new and in a "ramp-up" stage. Again, in all such cases, Atlantis intends to allocate purchase and sale opportunities in a fair and equitable manner.

Atlantis retains discretion to select alternative means of allocation. In these circumstances, Atlantis will ensure that the chosen means of allocation is documented prior to completion of

the order and that the allocation method chosen is reviewed by the CCO, when warranted. Alternative means of allocation may be particularly appropriate when dealing with thinly traded securities or where a batched order is entered in order to rebalance two or more accounts.

## **Review of Accounts**

### ***Review of Accounts***

Atlantis's investment team monitors Clients' investments on a regular and ongoing basis to ensure that Client portfolios are managed in accordance with the investment objectives set out in each Client's Investment Management Agreement or Fund offering document, as applicable. Accounts are also subject to ongoing Compliance review.

### ***Nature and Frequency of Reports***

Atlantis typically provides Fund investors with written summaries of performance and manager commentaries. Summaries are provided either monthly or quarterly, depending on the Fund mandate. Reports and financial statements are issued in accordance with each Fund's offering document. Audited financial statements are prepared and sent to investors within four months of each Fund's fiscal year end.

Written reports to Institutional Clients are provided in accordance with the specific requests of each such Client.

## **Client Referrals and Other Compensation**

Atlantis may, from time to time, compensate individuals or entities for Institutional Client and investor referrals. To the extent deemed applicable, such arrangements are entered into in accordance with the terms and conditions of Advisers Act Rule 206(4)-3. Prospective clients and investors are advised in advance of the nature of and compensation payable in connection with such referral arrangements.

## **Custody**

All Client assets are held in custody by unaffiliated broker-dealers, banks or other qualified custodians. However, Atlantis may be deemed to have custody of certain Fund accounts since it or an affiliate serves as the investment manager to one or more Funds. The Funds are audited by independent public accountants and the audited financial statements are distributed to investors as required.

Each Institutional Client should receive at least quarterly statements from the qualified custodian that holds and maintains that client's investment assets.

## Investment Discretion

Atlantis generally manages the Client accounts on a discretionary basis subject to the guidelines and restrictions set forth in Fund offering documents and Institutional Client Investment Management Agreements. Generally, Atlantis is authorized to make the following determinations in accordance with a Client's specified investment objectives without further Client consultation or consent before a transaction is effected:

- Which securities to buy or sell;
- The total amount of securities to buy or sell;
- The broker or dealer through whom securities are bought or sold;
- The commission rates at which securities transactions for Client accounts are effected; and
- The prices at which securities are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs.

However, Atlantis may accept advisory accounts with limited discretion or no discretion or where investments are Client-directed pursuant to the relevant agreement.

## Voting Client Securities

Atlantis has adopted written proxy voting policies and procedures as required by Advisers Act Rule 206(4)-6. Under these policies and procedures, Atlantis has designated certain employees to act as "proxy administrators" with responsibility for ensuring that votes are cast and records are maintained. In determining how to vote a given proxy, a proxy administrator will first determine whether a conflict of interest exists with respect to the proxy. In the absence of such a conflict, Atlantis generally votes the proxies as recommended by a company's management unless it believes that such position is inconsistent with the Client's best economic interests. Each proxy is voted on a case-by-case basis, taking into consideration all relevant facts and circumstances known at the time of the vote. However, Atlantis may vote against management on proposals where it perceives a conflict exists between management and Client interests, such as those which may insulate management or diminish shareholder rights. Atlantis may abstain from voting a proxy in certain situations, such as if the effect on shareholders' economic interests or the value of the portfolio holding is insignificant, the cost of exercising a vote outweighs the potential benefit of voting the securities (*e.g.*, proxies which may require translation or travel), or if the proxy materials are not received in a timely manner.

Institutional Clients and Fund investors may obtain copies of Atlantis's written proxy voting policies and procedures, as well as information on how proxies were voted for their accounts, by requesting such information from Atlantis at the address and phone number listed the front of this document. Generally, Atlantis will not disclose proxy votes to third parties.

## **Financial Information**

Atlantis 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.