



## Item 1 – Cover Page

# LGT Capital Partners (USA) Inc.

Form ADV Part 2A  
("Brochure")

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This Brochure (also known as Form ADV Part 2A) provides information about the qualifications and business practices of LGT Capital Partners (USA) Inc., a Delaware corporation ("**LGT CP USA**"). If you have any questions about the contents of this Brochure, please contact us at (212)336-0650. 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 LGT CP USA is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable CRD number for LGT CP USA is 160437.

LGT CP USA is registered as an investment adviser with the SEC. Our registration as an investment adviser with the SEC or any state securities authority does not imply a certain level of skill or training.

The oral and written communications of an adviser provide you with information with which you determine to hire or retain an adviser.

## Item 2 – Material Changes

This item only discusses specific material changes that have been made to this Brochure since the last annual update filed on March 30, 2015, and provides clients with a summary of such changes. Our current ADV Part 2 will be available to you 24 hours a day through the SEC's Investment Adviser Disclosure website. Additionally, pursuant to the SEC rules, we will ensure that within one hundred twenty (120) days of the close of the business' fiscal year you receive either: (i) a copy of our form ADV Part 2 that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes that includes an offer to provide a copy of the current Form ADV Part 2. We may further provide other ongoing disclosure information about material changes as necessary. We will provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

A material change to this Brochure has been made to reflect the merger of LGT Clerestory LLC into LGT CP USA as of October 31, 2015. Accordingly, changes have been made to the following sections of this Brochure:

- Advisory Business
- Fees and Compensation
- Performance Based Fees and Side by Side Management
- Types of Clients
- Methods of Analysis, Investment Strategies and Risk of Loss
- Other Financial Industry Activities and Affiliations
- Review of Accounts
- Client Referrals and Other Compensation
- Custody
- Investment Discretion
- Voting Client Securities

We urge all recipients of this Brochure to read it carefully in its entirety.

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## Item 4 – Advisory Business

### *Firm Description*

LGT CP USA is a Delaware corporation registered with the SEC as an investment adviser. Founded in 2002, LGT CP USA is part of LGT Capital Partners (“**LGT CP**”), a global investment management specialist with approximately \$50 billion in assets under management and more than 400 institutional clients, including national and local government pension funds, corporate pension funds, insurance companies, sovereign wealth funds, foundations, endowments and banks. For more information regarding LGT CP USA’s affiliations, please see the section entitled “Other Financial Activities and Affiliations”.

Effective as of October 31, 2015, LGT CP USA’s affiliated registered investment adviser, LGT Clerestory LLC, was merged into LGT CP USA. As a result of the merger, LGT CP USA acquired the advisory business of LGT Clerestory LLC, including all products and services. Following the consolidation of the two registrants, LGT Capital Partners Holding (USA) Inc., LGT CP USA’s parent company and a holding company, merged into LGT CP USA. LGT CP USA is now a direct wholly-owned subsidiary of LGT Capital Partners Ltd. (“**LGT CP Pfaeffikon**”), an exempt reporting adviser located in Pfaeffikon, Switzerland. LGT CP Pfaeffikon is a wholly-owned subsidiary of LGT Holding International, which is a wholly-owned subsidiary of LGT Holding Denmark ApS, which is wholly owned by LGT Holding (Malaysia) Limited, which in turn is wholly owned by LGT Group Foundation. LGT Group Foundation is 100% controlled by the Prince of Liechtenstein Foundation.

H.S.H. Reigning Prince Hans-Adam II. von und zu Liechtenstein is the main beneficiary of the Prince of Liechtenstein Foundation.

### *Advisory Services*

LGT CP USA offers investment advisory services to its affiliate, LGT CP Pfaeffikon in connection with certain assets advised by LGT CP Pfaeffikon. Such assets generally include private funds, e.g. private equity and hedge fund investments. Specifically, LGT CP USA conducts due diligence and monitors potential investments for the private funds, which include: (i) detailed reviews of investment managers, and (ii) detailed reviews of funds in which the private funds advised by LGT CP Pfaeffikon would possibly invest.

LGT CP USA conducts regular on-site visits of both portfolio managers in the United States and managers of U.S.-based funds, as well as on-going monitoring services of same.

Additionally LGT CP USA regularly reviews and analyzes the progress of the private funds’ existing investments and may, from time to time, recommend changes to the asset allocation and portfolio construction of private funds.

LGT CP USA provides recommendations to LGT CP Pfaeffikon via vote on the LGT CP Pfaeffikon's investment committee.

LGT CP USA also provides investment advisory services on a discretionary and non-discretionary basis to domestic and offshore private real estate funds (each, a "**Fund**" and collectively with Clerestory Small Cap Real Estate Fund I and Crown Small Cap Real Estate Fund II, the "**Funds**"). Investors in the Funds may be institutions or other entities (including corporate, state and foreign pension plans, trusts, estates, charitable organizations, and other business entities). On behalf of its Funds, LGT CP USA identifies real estate funds, direct and indirect real estate investments and secondary interests in the real estate funds.

Although the Funds initially determine an investor's eligibility for investment in the Funds, the individual needs of investors in the Funds are not a basis of investment decisions by LGT CP USA. Investment advice is provided directly to the Funds and not individually to its investors.

LGT Pfaeffikon and the Funds are collectively hereinafter referred to as LGT CP USA's "**Client(s)**".

LGT CP USA does not participate in any wrap fee programs.

#### *Assets under Management*

As of September 30, 2015, LGT CP USA had approximately USD 5,066,418,716 of discretionary assets under management and approximately USD 414,557,744 of non-discretionary assets under management.

## **Item 5 – Fees and Compensation**

### *LGT CP Pfaeffikon*

The specific manner in which fees are charged to LGT CP Pfaeffikon is established pursuant to a written agreement between LGT CP USA and its affiliate.

LGT CP USA charges an annual fee for the investment advice it provides to LGT CP Pfaeffikon based upon the time, costs and expenses actually incurred by LGT CP USA in connection with the provision of such advice, plus an additional, up to a 20% fee, for advice relating to structuring, managing and administering of private funds available to U.S. investors and communicating and maintaining relationships with the U.S. investors in accordance with applicable laws, rules and regulations.

LGT CP USA is entitled to pass on costs invoiced to it by third parties to LGT CP Pfaeffikon, provided such costs can be ascertained, substantiated, and verified.

LGT CP Pfaeffikon and the private funds advised by it bear their own expenses in connection with their investment activities, which, in the case of the private funds, may include their proportionate share of the expenses of the investment vehicles or accounts in which they invest.

These expenses include, but are not limited to, management and performance fees, as well as the legal, accounting, administration and tax expenses incurred by such investment vehicles or accounts.

LGT CP USA does not require or solicit fees from LGT CP Pfaeffikon in advance of service.

### *Private Funds*

Management and performance fees relating to the Funds are set forth in each applicable Fund's offering memorandum, limited partnership agreement and side letters, if any ("**Fund Governing Documents**"). LGT CP USA is entitled to some or all of the following fees from the Funds under its management:

- (i) an annual fund management fee (the "**Management Fee**"), paid quarterly in advance and calculated on commitment capital during the investment period and on invested capital thereafter;
- (ii) a performance fee (the "**Performance Fee**") calculated as a share of a portion of actual distributions.

Any refunds on pre-paid fees will be made on a pro rata basis as determined by LGT CP USA in its sole discretion in accordance with the terms of any applicable limited partnership agreement.

LGT CP USA and its supervised persons do not accept compensation for the sale of securities or other investment products, including asset-based sales charges or services fees in connection with the Fund's investments.

Each Fund bears expenses incurred by it. Such expenses generally include, without limitation, the Management Fee for the applicable Fund, the fees and expenses paid to a Fund's administrator, accounting, tax, auditing, legal and compliance, consulting, insurance, and other professional fees and expenses, custodial, brokerage commissions, travel expenses, administrative expenses, organizational expenses, etc. For a description of the fees and expenses borne by each Fund, please see the applicable Fund's Governing Documents.

LGT CP USA and certain individuals, by virtue of their indirect ownership of one or more entities that serve as the managing member of certain General Partner affiliates have, collectively, an ownership interest in the Management Fees and Performance Fees paid by each Fund.

The General Partner of the Fund is entitled to share in the capital appreciation or profits of the applicable Fund. The General Partner may, at its discretion, directly or indirectly, make an investment in the Fund and, therefore, participates pro rata in the investments of the Fund in accordance with its capital account therein. LGT CP USA may invest Fund assets in pooled investment funds and the managers, advisers and/or general partners of such investment funds may assess management/advisory fees and/or carried interest that are in addition to the compensation payable to LGT CP USA.

LGT CP USA bears its own operating, general, administrative and overhead costs and expenses.

LGT CP USA receives no compensation based on product sale or recommendations.

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

All Funds advised by LGT CP USA are subject to Performance Fee, as described above. Such fees are also described in each Fund's Governing Documents. LGT CP USA will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

The existence of LGT CP USA's Performance Fee may create an incentive for LGT CP USA to make more speculative investments than it would otherwise make in the absence of such performance-based payments. Additionally, performance fee arrangements can create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. LGT CP USA manages this potential conflict of interest by ensuring that no single person makes investment decisions for any Fund. Instead, investment decisions are made by the investment committee. Further, LGT CP USA has procedures designed and implemented to ensure that all Funds are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among Funds to the extent it arises.

LGT CP USA's Funds consist of various parallel vehicles which are generally organized on substantially similar terms and invest proportionally, based on their relative available capital commitments, in all investments on effectively the same terms and conditions, subject to applicable legal, tax, contractual, regulatory and other similar constraints. The terms of each parallel fund may however vary and each such parallel fund can contain certain special economic and/or other terms. Certain of these changes are driven by laws, rules, regulations applicable to certain investors which generally are not applicable to other investors. Any investments made by a parallel fund are divested on the same terms and at the same time as the other parallel fund's divestments, subject to applicable legal, tax, regulatory and other similar considerations.

## **Item 7 – Types of Clients**

LGT CP USA provides investment advisory services to LGT CP Pfaeffikon, its affiliated entity, in connection with private funds advised by LGT CP Pfaeffikon.

LGT CP USA also provides investment management and investment advisory services to the onshore and offshore Funds, as described in Item 4 above. The investors in the Funds may be institutions or other entities (including corporate, state and foreign pension plans, trusts, estates, charitable organizations, and other business entities).

The minimum initial subscription amount for investing in the LGT CP USA sponsored Funds is set forth in their respective Governing Documents, generally subject to change at the discretion of a Fund's general partner.

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

### *Investment Strategies*

LGT CP USA, at the request of LGT CP Pfaeffikon, provides investment advisory services which focus primarily on suitable potential investments for the private funds advised by LGT CP Pfaeffikon. Accordingly, research and investment recommendations, as well as allocation models, focus primarily on investment fund managers and portfolio managers who operate in a manner most suitable in relation to investment strategies, objectives and restrictions of the private funds for which LGT CP Pfaeffikon has requested services.

The strategy of the Funds offered by LGT CP USA can be defined as a global real estate strategy which aims to achieve significant risk-adjusted returns by:

- investing in real estate funds worldwide ("**Underlying Funds**");
- investing directly or indirectly in real estate investments sourced by private equity-style vehicles, whether or not the Fund has made an investment in such vehicles (each a "**Co-Investment**");
- investing in Underlying Funds by purchasing limited partnership interests therein on the secondary market from existing investors ("**Secondary Interests**" and, together with Co-Investments and investments in Underlying Funds, "**Investments**");
- investing in Underlying Funds where the potential exists to gain early access to the investment opportunity in order to influence structure, terms and economics. Where possible, LGT CP USA will seek seats on advisory committees of the Underlying Funds; and
- managing Investments pro-actively.

LGT CP USA utilizes a detailed top-down and bottom-up process to identify managers that LGT CP USA believes can deliver significant returns. LGT CP USA seeks to achieve diversification of the Funds' investment portfolios not only through allocating assets to multiple Underlying Funds but also by careful portfolio construction designed to create a mix of different property type and geographic sectors.



### *Methods of Analyses*

A significant component of LGT CP USA's data aggregation and investment analysis is carried out through LGT CP USA's own due diligence efforts, and in certain instances through due diligence provided by LGT CP Pfaeffikon with respect to investment opportunities in Europe or other geographic regions where LGT CP USA has limited participation with respect to investment opportunities. Through the relationship with its affiliated company, LGT CP USA gains access to and benefits from, a much broader range of investment opportunities, analytical resources and investment personnel that would otherwise be available while retaining full investment discretion in regards to its Clients. Furthermore, LGT CP USA may interview or meet with the management of funds which LGT CP USA considers as suitable investments for its Clients or may carry out market studies and review comparable opportunities with respect to assets which it intends to recommend for investment.

In selecting suitable potential investments for its Clients, LGT CP USA will consider, among other things, the following:

- The length of time the fund manager has been associated with the applicable investment fund or has managed portfolios;
- The volatility of the results;
- The amount of the fund manager's own capital that is managed similarly to the applicable investment fund;
- Potential conflicts of interest;
- The liquidity of an investment in the investment fund or the portfolio;
- The degree of correlation or non-correlation between the performance of the investment fund or the portfolio, as the case may be, and that of the market;
- The degree to which the investment fund or the portfolio employs leverage;
- Review of the offering materials of the investment fund;
- The fees associated with an investment in the investment fund or the portfolio, as the case may be;
- An assessment of intangible characteristics of the fund manager, including the degree of risk associated with the fund manager's or portfolio manager's objectives and strategies and the fund manager's or portfolio manager's ability to react dynamically to fluid situations.

LGT CP USA seeks diversification in an effort to enhance portfolio return while trying to diversify risks. LGT CP USA's methods of analysis include, but are not limited to, fundamental and qualitative research and analysis.

**Fundamental Analysis:** LGT CP USA attempts to measure the intrinsic value of an investment fund or manager by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the investment fund or portfolio itself) to determine if it is a worthy investment. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the value of an investment fund or a manager's portfolio can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the investment fund or portfolio manager.

**Qualitative Analysis:** LGT CP USA subjectively evaluates non-quantifiable factors such as quality of the fund manager or portfolio manager, such manager's track record in up markets as well as in down markets, strength of investment records and other factors not readily subject to measurement, in an attempt to predict as accurately as possible the performance of the fund manager or portfolio manager, as the case may be. A risk of using qualitative analysis is that LGT CP USA's subjective judgment may prove incorrect.

LGT CP USA tends to focus primarily on long-term purchases as well as on liquid investments, investment grade fixed income instruments, well-known funds and diversification, but does not focus on frequent trading.

### *Risks*

Generally, Clients should keep in mind that all types of investments involve risk of loss. **It is important to understand that investing in general involves risk of loss that Clients and Fund investors should consider well and be prepared to bear.** The discussion of risk factors below does not purport to be a complete explanation of the risks involved in investing in any investments analyzed and advised by LGT CP USA or otherwise, but merely in an attempt to highlight those risks that may be involved with such activities.

**Investment Activities.** There can be no assurance that LGT CP USA's investments or investment recommendations will be profitable. Although it is the intention of LGT CP USA to identify various investments to mitigate potential losses and ensure diversification, there can be no assurance that these investments will ultimately be successful. The return of the investment, therefore, should be considered speculative, as there can be no assurance that LGT CP USA's assessment or recommendations regarding investments will prove accurate.

**Investment Opportunities.** The success of LGT CP USA depends on the availability and identification of suitable investment opportunities. Identifying, completing and realizing gain on attractive investments is highly competitive and involves significant uncertainty. The availability of investment opportunities will be subject to market conditions and other factors outside the control of LGT CP USA. There is no guarantee that LGT CP USA will be able to identify sufficient attractive investment opportunities to meet the Client's investment objectives or strategies.

*Underlying Investments.* LGT CP USA does not control the investments of some of its underlying investments. The general partner of the underlying investment may employ investment strategies that differ from its past practices and are not fully disclosed to LGT CP USA and that involve risks that are not anticipated by LGT CP USA. Some underlying investments' general partners may have a limited operating history and some may have limited experience in executing one or more investment strategies to be employed by the investment. Furthermore, there is no guarantee that the information and the reports given to LGT CP USA with respect to underlying investments will not be inaccurate or incomplete. Where possible, LGT CP USA will seek seats on advisory committees of the underlying investments.

*Secondary investments.* LGT CP USA sponsored Funds will seek interests in underlying funds and real estate assets on the secondary market from existing investors, whether or not the Funds have made an investment in such funds or assets. Due in part to the time-sensitive nature of the secondary investment process, the scope of due diligence in connection with a secondary purchase is typically more narrow than in the case of a primary purchase, and may be truncated. Accordingly, the Funds will not have the benefit of the extensive due diligence typically performed in connection with primary investments. Investment analyses and decisions may be undertaken on an expedited basis in order for the Funds to take advantage of available investment opportunities.

Where the Funds acquire an interest in a secondary transaction, the Funds may acquire contingent liabilities associated with the secondary investment. Specifically, where the seller has received distributions from the secondary investment and, subsequently, the fund underlying the secondary investment recalls any portion of such distributions, the Funds (as the purchaser of the interest to which such distributions are attributable) may be obligated to pay an amount equivalent to such distributions in respect of the secondary investment. While the Fund may, in turn, be able to make a claim against the seller of the interest for any monies so paid to the underlying fund, there can be no assurances that the Funds would prevail in such a claim.

In some instances, the Fund may acquire secondary interests as part of a group or portfolio and the Funds may not be able to carve out from such purchases less attractive investments that LGT CP USA considers (for commercial, tax, legal or other reasons) less attractive.

The overall performance of secondary investments will depend largely on the acquisition price paid for such investments, which may be negotiated based on incomplete or imperfect information. Where LGT CP USA acquires on behalf of the Funds a secondary investment, LGT CP USA will generally not have the ability to modify or amend the constituent documents of the fund underlying the secondary investment or otherwise negotiate the legal or economic terms of the secondary investment being acquired.

*General Risks of Co-Investments.* LGT CP USA may invest on behalf of its Funds directly or indirectly in an asset or other entities in which the Underlying Funds have or are concurrently making a different principal investment at the time of the Funds' investment. In such situations, the Funds and such entities may have conflicting interests. Such interests may conflict over the

terms, exit strategies and related matters, including the exercise of remedies, of their respective investments.

**Timing of Gains and Losses.** LGT CP USA may invest in securities that must be held for a significant period before the success or failure of the investment becomes apparent or any gains can be realized.

**Lack of Control.** The Funds will hold a non-controlling Interest in the Underlying Funds and, therefore, will have a limited ability to protect its position in the investments of those Underlying Funds. There can be no assurance that appropriate investor rights will be available to protect the Funds' Interest or that such rights will provide sufficient protection of the Funds' rights.

**Liquidity.** Alternative investments may include investments in securities that, while they may or may not be publicly traded, may be relatively illiquid. A position may be illiquid because the security is thinly traded or because an investment in a security is large in relation to the overall market for the security. Securities that are relatively liquid when acquired may become illiquid after the acquisition for many reasons (e.g., due to a company's market capitalization falling below the listing requirements of a stock exchange). The value assigned to illiquid securities (including thinly traded securities) and large blocks of securities for purposes of determining the specific value of the securities may differ from the value a Fund or its underlying investments are ultimately able to realize.

**Counterparty and Settlement Risk.** LGT CP USA may recommend investments that require entering into contracts with other parties. Such investments bear a risk that the counterparties will not or will not be able to carry out their obligations. To the extent over-the-counter derivative contracts or transactions (i.e., transactions in options or other derivatives that are not cleared through the facilities of an exchange or clearing organization) are recommended, they may be exposed to a special risk of default by a counterparty or to settlement difficulties. This risk may be materially greater than default or settlement risks involved in standardized and exchange-traded transactions. The latter are generally backed by clearing organizations' guarantees, are generally marked to market daily and intermediaries are generally subject to settlement and segregation and minimum capital requirements. Transactions directly with a counterparty generally do not benefit from those protections and expose each party to a greater risk of the other's default. For example, although a broker or dealer or other counterparty may collateralize its obligations to a particular party by segregating its assets and identifying them on its records as assets dedicated to that party, those or similar arrangements may not always be adequate to protect the party if the counterparty were to become insolvent and, even if they are, the party could expect delays in receiving the benefit of the derivative or other contract.

**Short Sales.** Some trading strategies expected to be executed by investments recommended by LGT CP USA involve the execution of "short sales". While short sales may be useful under certain circumstances in the pursuit of potential profit opportunities or the mitigation of certain forms of risk, they may result in an unlimited loss of capital within a relatively short period of time under certain other circumstances.

**Derivatives.** Recommended investments may invest in derivatives, including but not limited to futures, options, over-the-counter derivatives, swaps, forward contracts or other derivatives. Investment and trading in derivatives is often highly speculative and involves certain special risks, including without limitation a high degree of leverage, lack of liquidity, the absence of reliable price quotes or a reliable trading market, imperfect correlation between a derivative instrument and the underlying commodity or instrument, volatility, government intervention to influence prices, and, with respect to over-the-counter derivative instruments, non-performance of the counterparty to a transaction. Any of the foregoing risks could lead to significant losses.

**Fees of Underlying Investments.** The fund managers or portfolio managers of the underlying investments are expected to charge fees and expenses to their investors. These fees might or might not be based upon assets or upon profits or other performance measures, and there might be no restrictions on the fees and expenses. Further, these fees and expenses may be substantial and will be in addition to any fees and expenses charged by a Fund. The fees and expenses of these underlying investments will reduce the returns of the Fund.

**International Investments.** The Funds and/or its underlying investments may invest in a wide variety of markets and financial instruments, including some markets that may be considered emerging markets. It should be understood that special risks apply to such investments, including without limitation changes in exchange rates and exchange control regulations; devaluations or non-convertibility of foreign currencies; failures or disruptions in central banks, banking systems, markets or financial exchanges; changes in monetary policy, interest rates, or interest rate policies; political, social and economic instability; investment and repatriation restrictions; the expropriation of assets; default by sovereign states, exchange members or corporate issuers on their financial obligations, and limited recourse for such defaults; the imposition of foreign taxes; and less liquid markets, less information, higher transaction costs, greater difficulty in enforcing contractual obligations, less uniform accounting and auditing standards, less developed settlement and custodial practices, greater price volatility, and less government supervision of exchanges, brokers, market intermediaries, issuers, and other market participants than may be the case in a client's domestic jurisdiction.

**Concentration of Investments.** There can be no assurance as to the degree of diversification that will be achieved in the investments made or recommended by LGT CP USA. Concentrated investment exposure in the Fund's portfolio could magnify the other risks described herein.

**Bridge Financing and Leverage.** LGT CP USA may, from time to time, borrow funds on behalf of a Fund or recommend investments that use borrowing instruments, including, in the case of some underlying investments, margin borrowing and other means that if such instruments were to decrease in value and under certain circumstances, could result in losses exceeding the assets. In addition to borrowing from securities brokers, dealers, banks or others, the investments may use derivatives to leverage capital, as discussed below. Leverage increases both the possibilities for profit and the risk of loss. Borrowings (or in some cases guarantees of performance of obligations) will usually be from (and, in the case of guarantees, by) securities brokers and dealers, and will typically be secured by the securities and other assets of the

investments. Under certain circumstances, such a broker or dealer may demand an increase in the collateral that secures such obligations, and if the investment is unable to provide additional collateral, the broker or dealer could liquidate assets held in that of that investment's account to satisfy the investment's obligations. Liquidation in that manner could have extremely adverse consequences, including sales at disadvantageous times and prices.

**Currency Exchange.** LGT CP USA may invest or recommend that investments be made in a different currency than the base currency of a Fund. Exchange rate fluctuations could cause the value of an investment in a Fund to increase or decrease.

**Hedging.** Hedging strategies in general are usually intended to limit or reduce investment risk, but they can also be expected to involve transaction costs, involve a risk of loss, may give rise to liquidity problems or may inherently limit or reduce the potential for profit.

**Real estate risk.** LGT CP USA may invest or recommend to invest in underlying investments which may be subject to the risks inherent in the ownership and operation of real estate and real estate businesses and assets. Some of the risks associated with real estate investments include, but are not limited to, the lack of demand for commercial or housing space in a locale, changes in general economic or local conditions, changes in supply of, or demand for, similar or competing properties, changes in tax, real estate, environmental and zoning laws, changes in interest rates, unavailability of mortgage financing which may render the sale or refinancing of property difficult or impracticable, uncertainty of cash flow to meet loan and other fixed obligations, uninsured or uninsurable casualties, terrorist attacks and war and other factors that cannot be controlled.

**Side Letters.** A Fund, and/or LGT CP USA may from time to time enter into side letters with one or more investors that provide such investor(s) with additional and/or different rights (including, without limitation, with respect to a Management Fee, a Performance Fee, access to information, and minimum investment amounts) than such investor(s) have pursuant to the Governing Documents of the applicable Fund. LGT CP USA will not be required to notify any or all of the other investors of any such written agreements or any of the rights and/or terms or provisions thereof, nor will LGT CP USA be required to offer such additional and/or different rights and/or terms to any or all of the other investors. As a result, LGT CP USA may face potential conflicts of interest if they manage the assets of a Fund in accordance with such additional or different rights and/or terms.

## **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 the adviser or the integrity of the adviser's management.

LGT CP USA has no such legal or disciplinary events to disclose.



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

LGT CP USA is part of LGT CP, an asset management business line of LGT Group. LGT CP USA has arrangements with certain investment advisers that are part of LGT CP. LGT CP is not itself a legal entity; rather the legal entities within LGT CP brand remain the individual asset management firms. LGT CP USA also has affiliated investment advisers with whom it does not conduct any business. LGT CP USA may outsource investment analysis, valuation support, finance or fund administration to LGT CP Pfaeffikon, an exempt reporting adviser, or other affiliated entities. Certain of LGT CP USA's access persons (see Item 11), who provide advisory services, are employees of LGT CP Pfaeffikon. LGT CP USA and/or its executive officers or senior personnel are also engaged in providing services to LGT CP Pfaeffikon and other affiliates of LGT CP USA. These activities may include serving on investment committees, providing research or opinions to affiliates of LGT CP USA and marketing various private funds offered by LGT CP USA's affiliates. From time to time LGT CP USA's personnel may provide such services from the office of LGT CP Pfaeffikon. LGT CP USA is not registered and does not have an application pending as a securities broker dealer. Certain employees of LGT CP USA hold securities licenses with a third-party broker dealer, Foreside Fund Services, LLC to facilitate private fund distribution.

LGT CP USA is registered as a commodity pool operator with the U.S. Commodity and Futures Trading Commission and is a member of the National Futures Association.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### *Code of Ethics*

LGT CP USA has adopted a Code of Ethics consistent with the requirements of Rule 204A-1 of the Advisers Act. Because all Employees may at some time have access to or obtain investment information, LGT CP USA has designated all of its employees as access persons subject to the requirements of the Code of Ethics. More specifically, the definition of Access Person will generally include any employee, director, officer, or individual (including without limitation, consultants, associated persons<sup>1</sup>, trainees, interns and temporary staff whose employment is expected to last for 6 months or more) having a function or role at the Firm. The Firm's Chief Compliance Officer has discretion to determine, on a case by case basis, whether a particular person should or should not be subject to this Code. The purpose of the LGT CP USA's Code of Ethics is to establish standards of conduct expected of its employees and reflects LGT CP USA's fiduciary responsibilities and duties to its clients. All employees are required to

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<sup>1</sup> Associated persons are employees or agents of LGT CP USA's global affiliates who provide services to the Firm through service agreements in compliance with the Advisers Act and the no-action letters issued by the SEC thereunder commonly referred to as the "Unibanco no-action letters."

acknowledge in writing the receipt of the Code of Ethics and their agreement to comply with its procedures and provisions.

The objectives of the Code of Ethics are primarily to protect LGT CP USA's clients, but also to educate and remind LGT CP USA's employees of their position of trust, and to guard against violations of securities laws and establish verification procedures. Implicitly stated in the Code of Ethics is the recognition that, as an investment adviser, LGT CP USA is a fiduciary and, consequently has the responsibilities to render professional, continuous and unbiased advice, acting at all times in the client's best interest and avoiding even the appearance of a conflict of interest. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of its clients at all times. This fiduciary duty is considered the core underlying principle for LGT CP USA's Code of Ethics.

In particular, LGT CP USA's Code of Ethics covers the following areas:

- Employee personal security transactions and holdings;
- Policies and procedures designed to detect and prevent insider trading;
- Compliance with federal securities laws;
- Protecting confidentiality of client information;
- Sanctions and reporting of violations;
- Managing conflicts of interest;
- Political contributions.

LGT CP USA requires all of its access persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. LGT CP USA has the responsibility to make sure that the interests of all clients are placed ahead of LGT CP USA's or its access person's own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. LGT CP USA and its access persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect its duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of LGT CP USA's Code of Ethics. However, if a client or a potential client wishes to review LGT CP USA's Code of Ethics in its entirety, a copy will be provided promptly upon request.

#### *Participation or Interest in Client Transactions and Personal Trading*

It is not a general practice to recommend client purchase or sale of securities in which LGT CP USA or a related person has an interest. Recommendations for clients are based upon the perceived advantage or disadvantages of the security in relation to the client's investment objectives and goals, and upon economic, financial, and other factors bearing on its value and on the valuation of alternatives. In order to minimize this conflict of interest, and in accordance



with its fiduciary duty to clients, LGT CP USA and its access persons will place client interests ahead of their own interests. Any transactions must be carried out in a manner that does not work to the disadvantage of clients' transactions or result in a conflict of interest, or even the appearance of a conflict of interest. LGT CP USA prohibits its access persons from trading, either personally or on behalf of others, while in possession of material non-public information regarding a security or communicating material non-public information to others. Further procedures within LGT CP USA's Code of Ethics state that access persons:

- may not maintain securities, commodities or futures account at any broker, dealer, bank or investment adviser without LGT CP USA's knowledge,
- must consult the Restricted List prior to effecting any purchase or sell transactions,
- may not purchase or sell certain securities unless the access person obtains advance clearance of such transaction from the Compliance Department. These securities transactions include Initial Public Offerings (IPOs) and Limited Offerings (e.g. participation in hedge funds, private equity funds, private placements, etc.) including investments in LGT Funds.
- may not purchase or sell securities if access person has knowledge at the time of such transaction that the security is being purchased or sold, or is being considered for purchase or sale, for a client account.

## **Item 12 – Brokerage Practices**

As LGT CP USA is exclusively investing on behalf of its Funds in non-publicly traded private equity style partnerships, there are no related soft dollar practices or clearing of trades through broker dealers. If the Funds were to receive a distribution in kind from a sale of stock it might be required to engage a broker to execute a sale of the security. Where LGT CP USA must engage a broker, it will aim to place orders with brokers on the best available terms, taking into account the relevant market at the time of the transactions of the kind and size concerned. When evaluating trades to ensure best execution, LGT CP USA would take into account the price of the financial instrument, transaction costs, speed, likelihood of execution and settlement size, nature and any other consideration relevant to the execution of the order. The best possible result for a particular transaction will be determined by the relative importance given by LGT CP USA to these factors.

## **Item 13 – Review of Accounts**

LGT CP USA provides continuous monitoring and periodic review of the investments recommended to LGT Pfaeffikon, to determine if the investments are meeting expectations. Triggering factors include general economic changes, market fluctuations and changes in client situation. A more thorough analysis is undertaken periodically to determine that the

recommended investments are consistent with the investment objectives and restrictions of the private funds.

Each Fund managed by LGT CP USA is reviewed on a continuing basis by the portfolio management team to ensure conformity with Client objectives and guidelines. Such reviews are carried out at least quarterly. LGT CP USA has invested the capital of its Funds in underlying real estate funds. These investments receive frequent monitoring of their performance, management actions and investment strategies. Accounts will be reviewed on a non-periodic basis if an extraordinary event occurs resulting in a material change in value for the investments held in the account.

LGT CP USA has also engaged an independent public accounting firm to conduct annual audits of the Funds managed by LGT CP USA. As part of the annual audit process, the accounting firm independently verifies investment prices and positions in the Funds, and confirms the Funds' ownership of investment assets.

Generally, investors in the Funds will receive written quarterly unaudited performance reports and annual audited financial statements, as well as certain tax information for preparation of investors' tax returns.

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

LGT CP USA does not have any oral or written arrangements to receive cash or any economic benefit (including commission, equipment or non-research) from a non-client in connection with giving advice to clients. LGT CP USA does not have any arrangements to directly or indirectly compensate any person for client referrals. There are currently no client referrals or paid solicitation arrangements.

#### **Item 15 – Custody**

LGT CP USA is deemed to have custody of its Funds' assets because of the authority that LGT CP USA has and/or its affiliated entities have over the assets of the Funds. LGT CP USA relies on the annual audit exception for limited partnerships provided under Rule 206(4)-2 under the Advisers Act with respect to the Funds. LGT CP USA and its affiliates do not have actual physical custody of any Client assets; rather, all such assets are held in the name of each applicable Fund by an independent qualified custodian. Each Fund is audited annually by an independent public accountant that is both registered and inspected by the Public Company Accounting Oversight Board. Audited financial statements of the Funds are distributed to investors in the Funds within 180 days of each Fund's fiscal year-end.

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

LGT CP USA has full investment discretion over the Funds it manages. LGT CP USA's discretionary authority is set forth in the applicable investment management agreement between

LGT CP USA and the Fund and is subject to the investment objectives, guidelines and restrictions applicable to each Fund.

With respect to advisory services provided to LGT CP Pfaeffikon, LGT CP USA does not have the authority to execute purchase or sale transactions or to retain investment advisors. However, certain of LGT CP USA investment professionals participate in, and vote on, certain investment and allocation decisions during the Investment Committee meetings with LGT CP Pfaeffikon. The investment discretion is exercised in a manner consistent with the advisory agreement between LGT CP USA and LGT CP Pfaeffikon and the stated investment objectives, policies and restrictions required by the Client.

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

LGT CP USA provides investment sub-advisory services with respect to private investment funds advised by LGT CP Pfaeffikon and investment advisory services directly to Funds whose investment program primarily involves investing assets in real estate private equity type vehicles generally through privately-negotiated transactions. These vehicles may from time to time hold interests in securities in which proxy voting is applicable. The general partner of each Fund is responsible for the management, policies and operations of the Fund acting pursuant to and in accordance with the Fund's partnership agreement.

Pursuant to an investment advisory agreement, LGT CP USA generally originates and recommends to the Client investment opportunities, monitors and evaluates investments and provides other related services as the Client may reasonably request. To the extent LGT CP USA exercises or is deemed to be exercising voting authority over the Client's securities, it will develop proxy voting policies and procedures, reasonably designed to result in proxies being voted in the best interest of its Client, and in accordance with its fiduciary duties and applicable regulations.

Generally, LGT CP USA would vote proxies so as to promote the long-term economic value of the recommended investment. Each proxy proposal would be considered on its own merits, and an independent determination would be made whether to support or oppose management's position.

If a Client has not delegated the power to vote proxies to LGT CP USA, that Client may direct LGT CP USA to vote in a particular manner at any time upon written notice to LGT CP USA. In those circumstances, LGT CP USA would comply with specific Client directions to vote proxies.

If LGT CP USA were to exercise voting authority with respect to its Client, the Client may at any time make a written or oral request for information on how LGT CP USA would vote proxies on his or her behalf. LGT CP USA would make and retain:

- A copy of each proxy statement or similar document that LGT CP USA receives;
- A record of each vote cast by LGT CP USA on behalf of the Client;

- A copy of any document created by LGT CP USA that was material to making a decision on how to vote proxies on behalf of a Client;
- A copy of each written Client request for information on how LGT CP USA voted proxies on behalf of the Client and a copy of any written response by LGT CP USA to any (written or oral) Client request for information.

Any Client may obtain a copy of LGT CP USA's proxy voting policies and procedures upon request.

### **Item 18 – Financial Information**

LGT CP USA does not require or solicit prepayment of \$1,200 or more in fees per client, six months or more in advance and therefore has not included a balance sheet.

Registered investment advisers are required to provide you with certain disclosures about the adviser's financial condition. At this time, LGT CP USA 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.