

Item 1. Cover Page

**Part 2A of Form ADV: *Firm Brochure***

**ALBOURNE AMERICA LLC**

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**This brochure provides information about the qualifications and business practices of Albourne America LLC. If you have any questions about the contents of this brochure, please contact us at (415) 489-7200 or at [C.Edwards@albourne.com](mailto:C.Edwards@albourne.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Registration with the SEC does not imply a certain level of skill or training.**

**Additional information about Albourne America LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Albourne America LLC is 126582.**

## **Item 2. Material Changes**

Albourne America LLC's last update to Part 2A of the Form ADV was made on June 30, 2015. In this item, we are only discussing material changes made since the last update of our firm's brochure, which are as follows:

- Item 4 (Advisory Business) has been updated to reflect the firm's new implementation support services offering.
- Item 5 (Fees and Compensation) has been updated to reflect the firm's additional service packages.
- Item 11 (Code of Ethics, Participating or Interest in Client Transactions and Personal Trading) has been updated to reflect additional potential conflicts of interest.

**Item 3. Table of Contents**

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#### **Item 4. Advisory Business**

Albourne America LLC, which we will refer to in this brochure as “Albourne,” the “firm,” “us,” “our” or “we,” formed its business in 2001. Albourne’s ultimate parent company, Albourne Partners Limited, located in London, United Kingdom, was established in March 1994. Albourne is a California limited liability company with its principal place of business in San Francisco, California. Albourne also has an office in Norwalk, Connecticut.

Albourne is a specialist consultant that provides non-discretionary investment advice to sophisticated clients on complex assets, with a primary focus on providing advice on alternative investments, such as hedge funds, private equity funds, real assets funds, real estate funds and dynamic beta indices. Albourne’s advice is limited to complex assets.

Albourne is a wholly-owned subsidiary of Albourne Partners (International) Limited, which, in turn, is a wholly-owned subsidiary of Albourne Partners Limited. In this brochure, we refer to Albourne and its affiliates as the Albourne Group. Employees of the Albourne Group indirectly own 100% of Albourne, with Simon Ruddick holding a principal stake of 34%. Mr. Ruddick serves as a Managing Manager of Albourne and is one of the senior managers who oversees the business of the Albourne Group.

With respect to alternative investment funds, Albourne offers its clients advisory services regarding portfolio construction, manager monitoring, manager selection, investment and operational due diligence, strategy/industry research, portfolio performance monitoring and risk management. With respect to dynamic beta indices, Albourne offers its clients advisory services regarding portfolio construction, investment due diligence, strategy/industry research and risk management. Albourne can tailor its services, such as its investment recommendations and advice on strategy composition and investment allocation size, to account for a client’s specific portfolio and investment goals or a client’s investment constraints.

The firm also provides non-customized investment advice on alternative investment funds through its non-public, proprietary database that contains the Albourne Group’s due diligence research reports on hedge funds, private equity funds, real assets funds, real estate funds and dynamic beta indices.

While the decision to purchase or sell any security is solely at the discretion of the client, we also offer clients the following implementation support services: (a) advice to clients on how to improve or streamline their internal investment and operations processes, (b) project management assistance and business advice (excluding legal or tax advice) on alternative investment fund subscription documents and related side letters, and (c) middle and back office support related to portfolio reporting, reconciliation of alternative investment fees and portfolio net asset values and other investment operations support functions.

Albourne does not control or manage clients’ investment assets on a discretionary basis nor does Albourne hold or have custody of clients’ assets. Albourne does not manage any client assets on a non-discretionary basis.

Our firm does not participate in wrap fee programs by offering portfolio management services.

## **Item 5. Fees and Compensation**

### **Fees and Payment of Fees**

Albourne charges clients flat fees for its advisory services. The firm offers standard packages of advisory services for (1) risk measurement and monitoring, (2) hedge funds, (3) private equity funds, (4) real assets funds, (5) real estate funds, (6) private market funds and (7) dynamic beta indices. Albourne's risk measurement and monitoring service costs \$120,000 per year. Albourne's advisory services on hedge funds, private equity funds, real assets funds and private market funds, when purchased on a stand-alone basis, cost either \$240,000 per year or \$400,000 per year. Clients that pay \$400,000 per year receive access to due diligence on a broader number of funds and receive asset allocation modeling tools, portfolio implementation assistance and more in-depth portfolio planning and risk monitoring services. Albourne currently offers its real estate fund advisory services and dynamic beta advisory services each at a discounted "early adopter" fee of \$240,000 per year.

Albourne also offers service options for clients that do not need personalized advisory services. Clients can access the firm's operational due diligence research on hedge funds for a fee of \$240,000 per year and the firm's operational due diligence research on both hedge funds and private market funds for a fee of \$400,000 per year. Clients can access the firm's investment due diligence research on hedge funds and private market funds and the firm's operational due diligence research on a limited number of hedge funds and private market funds for \$400,000 per year. On a stand-alone basis, access to the firm's research reports on dynamic beta indices costs \$120,000 per year.

In addition, Albourne offers a variety of service packages at a cost of \$240,000 per year or \$400,000 per year that blend together various components of the firm's standard advisory service packages. In appropriate cases, Albourne will consider creating a customized package of services to suit a client's particular needs.

Clients of Albourne's hedge fund advisory services are eligible to access data held by the firm on dynamic beta indices, including Albourne's proprietary dynamic beta benchmarks. Hedge fund advisory clients that pay \$240,000 per year can access these data services for an additional \$48,000 per year, and clients that subscribe to a package of services, including hedge fund advisory services, that costs \$400,000 or more per year can access these data services at no additional cost.

With regard to implementation support services, Albourne charges a flat fee agreed upon in advance with the client for each implementation support service engagement, which takes into account our expectation regarding the number of staff and time required to complete the engagement. Because these services are tailored to the client's specific needs and can vary significantly in terms of the scope of work required, the flat fee charged for implementation support services differs client by client.

Clients that subscribe to two or more advisory services that cost \$240,000 or more per year on a standalone basis are eligible for fee discounts.

Clients are generally billed monthly in arrears, but if desired, clients may choose to pay fees in advance. Where a client has pre-paid fees and the contract is terminated before the end of the billing period, Albourne will promptly refund any unused fees on a pro rata basis.

There are certain early adopter clients that pay lower fees than the fees listed above for hedge fund, private equity fund, real assets fund and real estate fund advisory services.

### *Negotiation of Fees*

While the flat fees for Albourne's advisory services are generally not negotiable, Albourne does permit flexibility regarding the specific services that it will provide at a given price point. In determining the specific services that it is willing to provide at a given price point, Albourne takes into consideration the totality of the client's relationship with Albourne, including the size and complexity of the client's alternative investments portfolio(s), the duration of the client's contractual commitment to subscribe to Albourne's services, whether the client requires Albourne to serve as a fiduciary pursuant to the Employee Retirement Income Security Act of 1974 (ERISA) and related regulations or pursuant to state or local law or regulation, and any other factors or special circumstances which we believe are relevant.

### *Additional Fees*

Many of Albourne's service offerings contain limits on the number of due diligence reports that a client may access. Clients are charged additional fees for access to due diligence reports above those limits. Some service offerings limit client access to due diligence research reports to operational due diligence reports only. In these cases, clients are charged additional fees for access to investment due diligence reports. Clients may also incur fees for additional portfolio risk advisory services.

Clients with a subscription to Albourne's advisory service in one asset class generally have the option to purchase investment and operational due diligence research reports in another asset class for an additional fee. For example, for an additional fee, hedge fund advisory clients can purchase due diligence research reports on private market funds.

Albourne reserves the right to charge all clients additional fees to conduct due diligence on investment opportunities or alternative investment vehicles where Albourne does not cover the opportunity or vehicle on an ongoing basis. Clients may also be responsible for travel-related expenses.

In cases where Albourne engages, on behalf of a client, the services of an external vendor to conduct background checks on a fund's key personnel, Albourne will charge the client additional fees in accordance with its customary fee schedule for such services in effect at that time or in accordance with Albourne's service agreement with the client.

As a non-discretionary advisor, Albourne does not charge clients brokerage or other transaction fees although clients should be aware that they could incur brokerage and transaction fees charged by third parties to implement the investment advice provided by Albourne. Please also see Item 12 of this brochure concerning Albourne's brokerage practices.

Neither Albourne nor any of its supervised persons accept compensation for the sale of securities or other investment products to clients.

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

Albourne does not charge clients any fees based on a share of the capital gains or capital appreciation of clients' assets.

#### **Item 7. Types of Clients**

Albourne primarily provides non-discretionary investment advice to the following types of clients:

- Banking or thrift institutions
- Pension and profit sharing plans
- State and municipal government entities
- Trusts, estates, or charitable organizations
- Corporations and other business entities
- Universities and endowments
- Other investment advisers
- Insurance companies

Certain private investment funds that Albourne provides advice on are subject to U.S. securities law restrictions and are prohibited from engaging in general solicitations and making public offerings of fund securities. Due to these restrictions, Albourne requires that all of its clients be sophisticated investors, and in particular, that all U.S. clients be accredited investors and qualified purchasers.

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

##### *Summary of Investment Analysis Employed by Albourne*

Albourne believes that traditional fundamental and technical securities analyses are not the most effective tools for formulating investment recommendations for alternative investments. Instead, for alternative investment funds, we conduct investment and operational due diligence on the funds and their investment managers to formulate investment advice for our clients. Applying this evaluation methodology, Albourne monitors selected investment managers and their funds on an on-going basis to keep clients abreast of developments with their investments.

As part of the diligence process, Albourne evaluates a wide range of quantitative and qualitative factors that we believe to be relevant for a fund investment. Some of the factors we consider

include: the portfolio management team's background, experience and philosophy; the process by which the investment manager makes investment decisions; how those decisions are implemented; the manager's investment track record in both up and down markets; the manager's risk management controls, parameters and evaluation process; and the adequacy and effectiveness of the manager's operational and compliance controls and infrastructure. Albourne does not recommend any fund where we determine that the fund and/or the fund manager has failed to adopt certain minimal operational and compliance controls or has otherwise failed our diligence process.

The principal driver for our fund investment advice is the relative skill set of the underlying fund managers in research, trading, risk management and organization building as compared to other managers.

Albourne refers to various sources of information to conduct its quantitative and qualitative evaluations of alternative investment funds. These can include personal references, interviews with employees and management-level personnel of a fund and a review of a fund's offering documents, performance records and other materials.

With respect to dynamic beta indices, Albourne aims to help its clients understand each index's underlying dynamic beta strategy, its strengths and weaknesses, its risk/return profile and its environmental sensitivity. As part of the diligence process on each dynamic beta index, Albourne reviews the rule book, which defines the calculation principles of the index, and meets with the dynamic beta provider to gain a better understanding of the particular features of the dynamic beta index. Albourne examines, among other things, the coherence of each dynamic beta index's underlying strategy to the theoretical risk premium, the environments in which the index should out-perform or under-perform, its robustness, its complexity, the execution risks, associated fees and costs and the quality of the provider's platform.

#### *Material Risks of Investment Analysis and of Alternative Investments*

Investing in alternative investment securities involves a risk of loss that clients should be prepared to bear. The following is a summary of some of the material risks associated with our investment analysis process and with investments in alternative investment securities generally. This summary does not attempt to describe all risks associated with our methods of analysis or all the risks of investing in alternative investments. To properly understand the risks, fees and expenses associated with a particular alternative investment security, clients should carefully review the specific fund's private placement memorandum or other offering documents.

Information that Albourne uses in its evaluations of investment funds and dynamic beta indices is obtained from the fund manager, a fund's service providers, the dynamic beta provider or other external sources. In most cases, Albourne is unable to verify much of the information that it receives. The information obtained may be inaccurate or incomplete. In addition, Albourne may not receive, or receive in a timely manner, communications or documents typically available to investors that could be materially relevant to our evaluation. Albourne does not evaluate funds and dynamic beta indices on a daily or real-time basis. Consequently, even though we note the dates of our fund and dynamic beta evaluations and the convictions of our recommendations, there



is a risk that Albourne's current view on the alternative investment may differ from that of an older evaluation report.

Albourn does not control the underlying investments in a manager's portfolio. As a result, there is a risk that a recommended manager could become a less suitable investment for clients if, for example, the manager deviates from its stated investment mandate or portfolio strategy. Moreover, Albourn does not control any manager's daily business or compliance program, and therefore, Albourn is unable to enforce or implement any manager controls that could be necessary to prevent fraud or other business, regulatory or reputational risks.

Clients should be aware that fund managers with a successful track record may not be able to maintain the same or similar levels of fund performance in the future. Investing in alternative investments can be speculative and involve a high degree of risk. Clients could lose all or a substantial amount of any investments made in such securities. Furthermore, alternative investment funds can involve complex tax structures and charge fees that offset any trading profits. Some alternative investment funds may have limited operating histories and can be highly volatile. In many cases, there may not be a secondary market for interests in alternative investment funds. Clients can be subject to restrictions on redemptions and transfers of interests in such funds and such interests may otherwise be illiquid. Some alternative investment funds may have increased risk exposure from the use of leverage or focus on a concentrated strategy. Investments in alternative investment securities are not guaranteed and clients could lose money on their investments.

Dynamic beta products are complex instruments that are not suitable for every client, may involve a high degree of risk and are appropriate investments for sophisticated investors only who are capable of understanding and assuming the risks involved. The level of any dynamic beta product may be subject to significant volatility due to, among other factors, the evolution of the price of the underlying instrument(s) and of interest rates. Certain dynamic beta products pose a high degree of risk because they systematically or under certain market conditions have exposure to only a few or a single underlying asset. Certain dynamic beta products pose a high degree of risk due to leverage embedded in the underlying index on which the dynamic beta investment product is based. The dynamic beta product and its underlying index may lack substantial operating history and, as they are based on complex algorithms, may perform in unanticipated ways. There is also a risk that the index on which a dynamic beta product is based does not accurately track the performance of the intended underlying assets due to, for example, the dynamic beta provider's or its third party calculation agent's error in the maintenance or calculation of the index. The investor in any dynamic beta product also faces counterparty risk or issuer default and liquidity risks. Clients should be aware that Albourn does not assess the creditworthiness of dynamic beta providers. For investors utilizing excess return swaps to access exposure to dynamic beta indices, they should be aware that losses may exceed (in some cases substantially) the initial investment capital committed.

## **Item 9. Disciplinary Information**

Neither Albourne nor any of its management personnel have been the subject of any legal or disciplinary events that are material to a client's or a prospective client's evaluation of our business or the integrity of our management.

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

Neither Albourne nor any of its management persons are registered or have pending applications for registration as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or associated person of a futures commission merchant, commodity pool operator or commodity trading advisor.

Albourne has the following affiliates that serve as an investment adviser to foreign clients on alternative investments.

- Albourne Partners Limited (authorized and regulated in the United Kingdom with the Financial Conduct Authority).
- Albourne Partners (Singapore) PTE Ltd.
- Albourne Partners (Asia) Limited (registered in Hong Kong with the Hong Kong Securities and Futures Commission with permission for "advising on securities").
- Albourne Partners Japan (authorized and regulated by the Director of the Kanto Local Financial Bureau).
- Albourne Partners Deutschland AG (a tied agent of Albourne Partners Limited).
- Albourne Partners (Bermuda) Limited.

All of the affiliates mentioned offer advisory services similar to those provided by Albourne in foreign jurisdictions. Other than the fees described in Item 5 of this brochure, our clients have access to the due diligence research reports written by our affiliates without any additional charge. The relationship between Albourne and its affiliates does not, in and of itself, create any material conflicts of interest for Albourne clients.

Please see Item 11 for information concerning compensation that Albourne receives from investment advisers and Albourne's conflict of interest practices.

## **Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading**

### **Code of Ethics**

As a SEC registered adviser, Albourne has adopted a Code of Ethics, as required by SEC Rule 204A-1. Our firm's Code of Ethics sets forth standards of ethical and business conduct that we require of all our personnel. Specifically, the Code of Ethics includes policies and procedures relating to gifts, confidential information, personal securities transactions, political contributions and external interests. Among other things, our Code of Ethics requires compliance with federal securities laws and reflects Albourne's fiduciary responsibilities and those of its advisory

personnel. Additionally, the Code prohibits certain securities transactions (including investments in the management companies of hedge funds and private market funds) and requires the pre-clearance and reporting of gifts, security transactions and participation in outside business activities.

All of Albourne's officers and personnel acknowledge that they understand and agree to comply with the firm's Code of Ethics. Specifically, these individuals, initially upon employment and on an annual basis, must certify that they have read, understand and have complied with the Code.

A copy of Albourne's Code of Ethics is available to clients and prospective clients upon request.

#### *Material Financial Interest in Client Securities Transactions*

The Albourne Group receives compensation from a small number of investment managers, on a fixed-fee basis, solely for research and advisory services, which these investment managers use in connection with their evaluations of third party investment products or investment managers. The alternative investment vehicles managed or advised by these Albourne Group investment manager clients may be evaluated for and/or recommended to other Albourne Group clients. In these cases, the Albourne Group takes measures to minimize any potential conflicts of interest. Specifically, the Albourne Group excludes from the use of its research and advisory services any individuals who perform the day-to-day front office research and analysis for the investment vehicles that the Albourne Group may evaluate on behalf of and/or recommend to its clients. This measure is intended to mitigate the possibility of impairment to the Albourne Group's objectivity when evaluating front-office investment staff who work within a division or group of an investment manager that is a client of the Albourne Group. In cases where the Albourne Group is aware that the middle and back office staff of an investment vehicle that is subject to potential evaluation by the Albourne Group also provides services to one or more investment vehicles advised or managed by a client of the Albourne Group, the Albourne Group may decline to evaluate such middle and back office staff. Where the Albourne Group conducts due diligence on an investment vehicle that is on a managed account platform or UCITS platform offered by an investment manager client, the Albourne Group may undertake to limit the scope of due diligence work to an evaluation of the investment vehicle's external trading advisor only, so as to avoid evaluating the operations of the investment manager client.

The Albourne Group advises clients that are affiliates of alternative investment vehicles or have economic interests in the revenues of companies that manage alternative investment vehicles. The Albourne Group also advises clients that are affiliated with, or are providers of, dynamic beta products. In all cases, such alternative investment vehicles or dynamic beta products may be the subject of Albourne's research reports. The client relationships described in this Item 11 may create the perception that Albourne prefers certain investment vehicles or dynamic beta products because of their affiliation or connection with an Albourne Group client.

To the extent the firm is aware of the types of potential conflicts described in this Item 11, it discloses these potential conflicts of interest in the research reports it produces and may take measures to restrict the clients described above from accessing or reviewing the firm's research reports and opinions on the connected investment vehicle or dynamic beta product. In no case

does the Albourne Group receive compensation from investment managers or dynamic beta providers for rating or recommending their investment products to Albourne clients.

Albourne does not evaluate or advise on funds of absolute return funds, funds of private markets funds or private equity funds that take equity stakes in absolute return fund management companies in cases where those funds are managed by clients of the Albourne Group. Albourne also does not evaluate or advise on dynamic beta products that are offered by clients of the Albourne Group unless the dynamic beta product is offered by a different department, group or team within the client than the portion of the client that receives research and advisory services from the Albourne Group.

#### *Investing in Securities Recommended to Clients*

The Albourne Group does not, for its own account, make investments in securities or dynamic beta products recommended to clients, nor do we buy or sell securities for clients' accounts, as the firm is a non-discretionary adviser.

Certain employees of the Albourne Group, however, are invested in investment funds that we conduct research on and/or recommend to clients. These Albourne employees could potentially be motivated to recommend investment funds based on their personal investment interests and not based on independent judgment.

To address the conflict of interest created by this type of personal securities trading, Albourne maintains the Code of Ethics, described above, and takes a variety of steps to mitigate the conflict. The Code prohibits employees from preferring personal interests over those of our clients. The Code also requires employees to submit a pre-clearance request to the firm's Chief Compliance Officer prior to engaging in a transaction to buy or sell alternative investment interests. Beginning in February 2011, the Chief Compliance Officer ceased approval of any new investments in alternative investment funds. Additionally, Albourne prohibits personal security investments in any fund management companies and maintains a restricted security list of fund management companies, alternative investment funds and dynamic beta products. Finally, Albourne discloses these potential conflicts of interest in the research reports it produces.

#### *Securities Trading Contemporaneously with Client Transactions*

As described in this brochure, the firm is a non-discretionary adviser and does not make investments in fund securities recommended to clients for its own account. As such, Albourne does not engage in securities trading contemporaneous with client transactions in investment fund securities.

Historically, with respect to Albourne employees' personal investments in funds for which the Albourne Group intended to publish research or a fund rating, the Chief Compliance Officer withheld approval of any transaction until the research or rating had been published and the client for which the research or rating was principally intended had a reasonable opportunity to act. Similarly, where Albourne knew a client intended to make a subscription into or redemption from an investment fund, the Chief Compliance Officer withheld approval of any securities transactions

with respect to that fund until after the client transaction occurred.

The Chief Compliance Officer, together with the Albourne Group's compliance team, regularly reviews its personal trading policies. In April 2012, Albourne formally implemented a prohibition on new personal investments by employees in alternative investment funds.

## **Item 12. Brokerage Practices**

Albourne consults clients on the advisability of investing in funds managed by unrelated third-party investment managers or dynamic beta products offered by banks and asset management companies. Albourne does not purchase or sell securities for client accounts. Accordingly, Albourne does not execute transactions for clients through any broker-dealer and clients do not direct us to execute securities transactions through a broker-dealer.

The manager of any fund or the provider of any dynamic beta product considered for investment will generally have its own policies, practices and procedures with respect to brokerage. Albourne does not control any fund manager's or dynamic beta provider's selection of brokers or counterparties in connection with the execution of transactions.

We do not have any formal or informal soft-dollar arrangements and do not receive any soft-dollar benefits from any broker-dealer or other counterparty. When asked by clients to recommend a broker-dealer, we do not take into account whether we or a related person will receive client referrals from the broker-dealer. Further, since Albourne does not execute transactions for clients, we do not have directed brokerage arrangements nor do we aggregate the purchase or sale of securities from multiple client accounts.

Albourne does not have any broker-dealer affiliates.

## **Item 13. Review of Accounts**

Each client that subscribes to receive portfolio advisory services is assigned a portfolio analyst who is responsible for reviewing the client's account. Client account reviews are typically conducted monthly, quarterly, or annually depending on the client's preference. In some cases, the frequency of a client's review will be determined by the client's specific service subscription. While topics covered during these periodic reviews depend on the specific needs of each client, some common topics include the performance of the client's investment portfolio, updates on investment funds or their related management teams and a risk review of the client's portfolio. Typically, Albourne prepares, and clients review, written reports in connection with these client reviews.

Albourne's clients can also access the firm's written research and due diligence reports on investment funds and dynamic beta indices at their convenience by logging into Albourne's password-protected, web-based extranet.

**Item 14. Client Referrals and Other Compensation**

Albourne does not receive economic benefits from third parties who are not clients to provide investment advice or other advisory services to a client.

Albourne and its affiliates do not retain any persons that are not supervised persons for client referrals.

One of Albourne's foreign affiliates provides compensation to a consultant to introduce prospective European clients. No such prospective clients are public pension plans. The consultant receives a percentage of the fees paid to Albourne's affiliate by the referred client. The consultant is required to disclose to prospective clients that it has been retained by the Albourne affiliate and that it will receive compensation for client referrals.

**Item 15. Custody**

Albourne does not have any legal or actual ability to access clients' funds or securities. We do not have actual or constructive custody of clients' funds.

**Item 16. Investment Discretion**

Albourne does not accept discretionary authority to manage securities accounts on behalf of clients.

**Item 17. Voting Client Securities**

Our firm does not have the authority to vote client securities. Clients either receive their proxies and other solicitations directly from their custodian or transfer agent. Clients retain responsibility for the voting of their own securities, or the fund managers or general partners of investment funds have the authority to vote client securities. We do not provide clients with consulting assistance regarding proxy issues.

**Item 18. Financial Information**

Albourne does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, nor do we have discretionary authority or custody of clients' funds or securities.