

WALTER SCOTT

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Form ADV Part 2A

BROCHURE
AS OF 31 MARCH 2017

Walter Scott & Partners Limited

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This Brochure ("Brochure") provides information about the qualifications and business practices of Walter Scott & Partners Limited ("Walter Scott", "we" or "us"). If you have any questions about the contents of this Brochure, please contact us at +44 131 225 1357 or compliance@walterscott.com. 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.

Walter Scott is registered with the SEC as an investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Walter Scott also is available on the SEC's website at www.adviserinfo.sec.gov.

2. Summary of Material Changes

Following is a summary of material changes made to our Brochure since our last filing on March 30, 2016.

Item 12.3 has been added to provide disclosure on how we conduct Foreign Exchange Trading.

Item 12.4 has been added to provide disclosure on non-discretionary (model portfolio) accounts.

Item 18 has been added to provide disclosure on how we deal with Legal Proceedings (including class actions).

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4. Advisory Business

Walter Scott is a limited liability company incorporated in Scotland. We are a wholly-owned subsidiary of The Bank of New York Mellon Corporation (“BNY Mellon”). We have been providing investment advisory services since 1983. Prior to October 2006 and the acquisition by Mellon Financial Corporation, Walter Scott was independently owned. We provide discretionary investment advisory services to institutional investors in the form of separate accounts, registered mutual funds, pooled investment vehicles (including the US Private Placement Funds (defined below) and other funds that are exempt from registration in the jurisdiction in which they are domiciled), and to other investment advisers through sub-advisory agreements. In addition, we act as a model provider for a number of wrap accounts.

To the extent that Walter Scott provides investment advice to a municipal entity or an obligated person regarding the investment of proceeds of a municipal security, such advice will be given solely in our capacity as an investment adviser.

Our client base is global and, as such, Walter Scott is registered with a number of regulatory bodies worldwide in the jurisdictions in which we conduct business. Our primary regulator is the Financial Conduct Authority (“FCA”) in the UK. We are authorized to perform asset management services in the UK and via European Union (“EU”) directives in the other member states of the EU.

Additionally, we are registered with the Financial Services Board in South Africa. In Canada, Walter Scott is registered as an Exempt Market Dealer (“EMD”) (through which we offer certain investment vehicles on a private placement basis) in all Canadian provinces (Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland & Labrador, Nova Scotia, Ontario, Prince Edward Island, Quebec and Saskatchewan) and we also avail ourselves of the International Adviser Exemption (“IAE”) in these same provinces with the exception of Prince Edward Island. Each of the EMD registration and the IAE are in compliance with National Instrument 31-103, Registration Requirements, Exemptions and Ongoing Registrant Obligations. We operate in Australia under an Australian Securities and Investments Commissions Class Order 03/1099 exemption and in Japan under the offshore investment manager exemption.

We are a ‘long only’ global equity manager. We work with clients to create investment guidelines mutually acceptable to the client and us. When creating investment guidelines, clients may impose investment restrictions in certain individual securities or types of securities. The strategies in which we may invest client assets and the fees we may receive for managing such strategies are described below.

With effect from 1 July 2014, BNY Mellon Investment Management Cayman Ltd (“BNYMIM Cayman”) acts as Manager of the private placement funds offered in the US: NCS Global Fund LLC, NCS International Fund LLC and NCS Group Trust (Global, Global Emerging Markets, International and US Funds) (together the “US Private Placement Funds”). BNYMIM Cayman is responsible for the governance and oversight of the US Private Placement Funds, including risk management. BNYMIM Cayman entered into a sub-adviser relationship with Walter Scott, an affiliate, and has delegated to Walter Scott discretion to make all investment decisions and perform certain other ancillary tasks for the US Private Placement Funds, subject to the overall supervision of the Manager. BNYMIM Cayman is a wholly owned subsidiary of The Bank of New York Mellon Corporation.

The US Private Placement Funds each have an investment objective and a set of investment policies and/or guidelines that they must follow. For this reason, the investment advisory services we perform for such funds cannot be tailored to suit individual investor needs.

We provide non-discretionary sub-advisory services to wrap program sponsors by providing a model portfolio. We do not act as program sponsor nor do we conduct physical trading for any of these programs. The model portfolios are managed in a similar way to our segregated accounts from an investment perspective. From an operational perspective these accounts are treated differently as we do not place trades with a broker but transmit our investment decisions and portfolio changes to the program sponsors for execution. We receive a fee for these services from the program sponsor.

BNY Mellon International Asset Management (Holdings) No. 1 Ltd owns 100% of Walter Scott.

We manage \$58.4 billion as of 31 December 2016 on a discretionary basis and \$1.0 billion on a non-discretionary basis.

5. Fees and Compensation

5.1 Separate Account Fees

We provide investment advisory separate account services for a fee. This fee is typically charged as a percentage of assets under management. While this fee is typically expressed as an annual percentage, for most clients it is calculated based on month end valuations and invoiced on a quarterly basis in arrears. Some clients choose to be invoiced monthly rather than quarterly. Some clients opt for the calculation to be based on the average daily valuations and invoiced on either a monthly or quarterly basis in arrears. The investment advisory agreement may also provide that clients will incur fees and expenses in addition to Walter Scott's advisory fees such as custody, brokerage and other transaction costs, administrative and other expenses. Examples of other costs and expenses may include odd-lot differentials, transfer taxes, wire transfer fees and electronic fund fees. Please review your investment advisory agreement for further information on how we charge and collect fees. Please see Item 12 of this brochure for more information on our brokerage practices.

Investment management fees are exclusive of custody which is normally the subject of a separate appointment and agreement between the client and the custody provider.

Separate Accounts (Strategies: Global, EAFE, Emerging Markets, Europe, Pacific Rim)

Minimum initial funding in excess of US\$100m

On the first \$100m	@	0.75%
Thereafter	@	0.50%

Initial Funding in excess of US\$250m

First \$250m	@	0.55%
Next \$250m	@	0.50%
Next \$250m	@	0.45%
Next \$250m	@	0.40%
Thereafter	@	0.35%

Initial Funding in excess of US\$500m

First \$500m	@	0.50%
Next \$250m	@	0.45%
Next \$250m	@	0.40%
Thereafter	@	0.35%

Separate Accounts (Strategy: US)

Minimum initial funding in excess of US\$100m

On the first \$100m	@	0.70%
Thereafter	@	0.50%

In the case of initial funding in excess of \$1bn fees may be negotiable.

Separate Accounts (Strategy: EAFE, Global & US Dividend Growth)

Minimum initial funding in excess of US\$100m

Flat fee	@	0.30%
plus 10% of the 12 month trailing dividend yield.		

5.2 Performance Fees

Performance fees for a small number of accounts have been negotiated. Such arrangements only occur in accordance with the requirements set forth at Section 205(b) and Rule 205-3 under the Investment Advisers Act.

We reserve the right, at our sole discretion, to negotiate or modify (either up or down) the basic fee schedule(s) set forth above for any client due to a variety of factors, including but not limited to: the level of reporting and administrative operations required to service an account, the investment strategy or style, the number of portfolios or accounts involved, and/or the number and types of services provided to the client. Because our fees are negotiable, the actual fee paid by any client or group of clients may be different from the fees reflected in Walter Scott's basic fee schedules set forth above.

5.3 US Private Placement Fund Fees

The US Private Placement Funds we sub-advise charge different management fees based on a percentage of the fund's net asset value. Fees are typically calculated based on month end valuations and paid to the fund either monthly or quarterly in arrears depending on the specific US Private Placement Fund. Investors may select to pay their fees through redemption of units. BNYMIM Cayman receives a management fee as set out below which covers all management, portfolio management and risk management services, as well as any other expenses relating to the offering of units. BNYMIM Cayman shall pay out of the management fee received by it, the fees of Walter Scott as agreed between the two parties from time to time. Funds may also be subject to additional charges such as custody, brokerage and other transaction costs, administrative and other expenses. Fees are not generally negotiable, though they may be waived, varied or deferred at the discretion of BNYMIM Cayman in accordance with the fund's offering materials. Such waivers, variations and deferrals will cause some clients or groups of clients to pay fees that are different from the basic fee schedules disclosed in fund offering materials. Please see the applicable US Private Placement Fund's offering materials for further information regarding fees. Please see Item 12 of this Brochure for more information on brokerage.

The US Private Placement Funds currently offered are:

NCS Global Fund LLC and NCS International Fund LLC (Strategies: Global, EAFE) *

Flat fee	@	1.00%
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* Fund pays custody and other expenses.

NCS Group Trust (Strategies: Global, EAFE, Emerging Markets) **

When net funding is less than \$100m:

On the first \$50m	@	1.00%
Next \$25m	@	0.85%
Thereafter	@	0.60%

When net funding is equal to or in excess of \$100m but less than \$175m:

On the first \$100m	@	0.75%
Thereafter	@	0.50%

When net funding is equal to or in excess of \$175m:

On the first \$100m	@	0.70%
Thereafter	@	0.50%

NCS Group Trust (Strategy: US) **

On the first \$100m	@	0.70%
Thereafter	@	0.50%

** BNYMIM Cayman pays custody fees. Other expenses are paid by the Fund.

5.4 Advance Payments

Walter Scott does not typically seek advance payments of any sort, however, one client where we act in a sub-advisory capacity has requested to pay fees in advance. Should the advisory contract be terminated before the end of the billing period the refund would be determined by calculating the actual amount of fees due based on the actual values versus the fees received which were based upon estimated values.

5.5 Referral Fees

We do not charge or receive compensation in connection with the sale of securities/private funds/mutual funds/or other investment products. However, certain employees of Walter Scott's affiliates accept compensation (also referred to as "commissions") for the sale of private funds/mutual funds. Accepting commissions for the sale of private funds/mutual funds gives rise to a conflict of interest in that it may give affiliated employees an incentive to recommend investment products based on the compensation they will receive, rather than solely on a client's needs. Please refer to Item 6, for a discussion of these conflicts of interest. This is disclosed to clients through our Conflicts of Interest Policy which is provided to clients at the start of the relationship.

6. Performance Fees and Side-by-Side Management

Our performance based fee arrangements and our side-by-side management activities entail inherent conflicts that are described in this Item 6.

Note that we manage our accounts consistent with applicable law, and we follow procedures that are reasonably designed to treat our clients fairly and to prevent any client or group of clients from being systematically favored or disadvantaged. For example, we have trade allocation policies and procedures which are designed and implemented to ensure that all clients are treated fairly and equally, and to prevent these conflicts from influencing the allocation of investment opportunities among clients. Please see Item 12 for an explanation of our trade allocation policies and procedures.

We have entered into a small number of performance based fee arrangements with segregated account clients and investors in non-US pooled investment vehicles. Most of these arrangements provide for an asset based management fee, based on the market value of the account at specified month/quarter ends, plus a performance fee based on the portfolio's gross or net return in excess of a specified benchmark during a designated period of time subject typically to performance being positive. There is no high watermark based on assets under management, therefore, the performance fee has to include unrealized gains and losses.

"Side-by-side management" refers to our simultaneous management of multiple types of client accounts. For example, we manage separate accounts, managed accounts, mutual funds, pooled investment vehicles and wrap accounts for clients at the same time. Our clients have a variety of investment objectives, policies, strategies, limitations and restrictions. Our affiliates likewise manage a variety of separate accounts, managed accounts, and pooled investment vehicles.

Side-by-side management gives rise to a variety of potential and actual conflicts of interest for us, our employees and our supervised persons. Below are the conflicts that we and our employees and supervised persons face when engaging in side-by-side management and how we deal with them.

6.1 Conflicts of Interest Relating to Performance Based Fees When Engaging in Side-by-Side Management

We manage accounts that are charged a performance-based fee and other accounts that are charged a different type of fee, such as an asset-based fee. We have a theoretical financial incentive to favor accounts with performance-based fees because we (and our employees and supervised persons) may have an opportunity to earn greater fees on such accounts as compared to client accounts without performance-based fees. Thus, Walter Scott has an incentive to direct its best investment ideas to client accounts that pay performance-based fees, and to allocate, aggregate or sequence trades in favor of such accounts. Walter Scott also has an incentive to give accounts with performance-based fees better execution and better brokerage commissions. However, whilst this may be the case, portfolios of clients with a performance-based fee structure have a very high degree of commonality with those portfolios which are charged on an asset based fee. As noted above, we have policies and procedures in place to ensure we do not favor performance-based fee clients. Please refer to Item 12 for more information.

6.2 Conflicts of Interest Relating to Accounts with Different Strategies

We are a 'long only' global equity manager and do not utilize futures, options, other derivatives or short selling in order to realize profits. Similarly, we do not invest in illiquid securities. As a result, we do not believe any conflicts arise in managing accounts with different strategies.

6.3 Conflicts of Interest Relating to the Management of Multiple Client Accounts

We and our affiliates perform investment advisory services for various clients. We may give advice and take action in the performance of our duties with respect to any of our other clients which may differ from the advice given, or the timing or nature of action taken, with respect to another client. We have no obligation to purchase or sell for a client any security or other property which we purchase or sell for the account of any other client, if it is undesirable or impractical to take such action. We may give advice or take action in the performance of our duties with respect to any of our clients which may differ from the advice given, or the timing or nature of action taken by our affiliates on behalf of their clients.

6.4 Conflicts of Interest Relating to "Proprietary Accounts"

Our personal securities trading policy discourages individual trading in securities but encourages long term savings through investment funds some of which may be proprietary funds. We, our affiliates, and our existing and future employees may from time to time manage and/or invest in funds managed by Walter Scott ("Proprietary Accounts"). Investment by Walter Scott, its affiliates, or its employees in Proprietary Accounts may appear to create conflicts of interest as we could be perceived to have an incentive to favor these Proprietary Accounts by for example, directing our best investment ideas to these Accounts or allocating, aggregating or sequencing trades in favor of such Accounts. We also have an incentive to dedicate more time and attention to our Proprietary Accounts and give them better execution and brokerage commission than other client Accounts. However, these Proprietary Accounts are also client accounts and treated in the same manner as all other client accounts. Please refer to Item 12 for more information.

Until 30 November 2014, Walter Scott offered its employees a defined contribution pension scheme, the majority of which is invested in a UK domiciled, unregistered fund and Alternative Investment Fund (AIF) managed by BNY Mellon Fund Managers Ltd with Walter Scott acting as investment advisor. From December 2014, Walter Scott offers a new group pension plan arrangement and within this there is an option to invest in a fund for which Walter Scott acts as Investment Advisor.

Our employees can also invest in a UK based fund which is sponsored by BNY Mellon with us acting as investment advisor. This fund is also utilized as part of the long-term incentive plan. Shares are held in the name of a nominee company until the deferred period has lapsed at which stage the vested shares are transferred to individual employees names thereafter assuming the cash option is not taken.

6.5 Other Conflicts of Interest

As noted previously, we and our affiliates manage numerous accounts with a variety of interests. This necessarily creates potential conflicts of interest for us. For example, we or an affiliate may cause multiple accounts to invest in the same investment. These accounts may have conflicting interests and objectives in connection with such investment, including differing views on the operations or activities of the portfolio company, the targeted returns for the transaction and the timeframe for and method of exiting the investment. We, however, operate as an autonomous unit with respect to our investment management activities thereby eliminating the conflict.

7. Types of Clients

We provide advisory services to high net worth individuals, banks or thrift institutions, corporate pension and profit sharing plans, Taft-Hartley plans, Voluntary Employee Beneficiary Associations (“VEBAs”), trusts, estates, charitable institutions, foundations, endowments, municipalities, US registered investment companies, US private placement funds and “offshore” (non-US) private placement funds, UCITS, other non-US regulated funds, sovereign funds, separate accounts, and other US and international institutions.”

7.1 Account Requirements

We require segregated account clients to execute a written investment management agreement with us, granting us authority to manage their assets. Separate accounts are subject to minimum account sizes which vary depending upon the strategy of the account.

Separate Account Strategy	Minimum Account Size
All strategies	\$100 million

The minimum account size may differ in other currencies.

We reserve the right to waive the above minimum account size requirements.

Prospective investors in the US Private Placement Funds will be required to complete the application documentation for the relevant fund. Investments in the US Private Placement Funds are also subject to minimum investment requirements. The minimum initial investment amount is \$10m and BNYMIM Cayman has reserved the right to waive the minimum initial investment amount requirement. Please refer to the offering documents of such funds for more information.

8. Methods of Analysis, Investment Strategies and Risk of Loss

We were established in 1983 to offer ‘long only’ global equity portfolio management services to institutional investors around the world. This remains Walter Scott’s sole business with no other activities.

Walter Scott’s commitment to global equity investment is delivered through a structured philosophical and analytical framework which provides a rigorous screening tool with a sole focus on stock selection.

Our investment professionals work closely together as a team in an open and collegiate environment.

Our investment team is organized into three regional teams – EMEA (Europe, Middle-East and Africa), Americas, Asia Pacific – with individuals periodically rotated across these teams in order to build global knowledge and investment expertise. Research is consciously bottom-up and all investment professionals are generalists, covering all sectors. Irrespective of mandate, every portfolio is managed by bringing together the skill, judgment and experience of both the Investment Research team and the Investment Executive.

A fundamental, bottom-up investment approach combines detailed financial research with business and industry analysis. Each company is researched using the same pillars of analysis. Meetings with company management are central to the process. Typically over 800 companies are met face-to-face per annum.

Consideration is given to a company’s economic and political environment, however investment decisions rest upon fundamental analysis.

The research process begins with financial statements from the company's annual report and accounts which are analyzed and interpreted through a standardized framework. This is quantitative, thereafter, everything is a qualitative judgment about the investment candidate.

Seven areas of investigation include:

Product / Franchise	Market position, sustainable margins
Industry	Competitive structure, industry dynamics
Competitive position	Price leadership, cost control
Profitability	Cash flow, cash return on investment
Financial Model	Accounting, balance sheet, working capital
Management	Experience, track record
Marketability	Free float, trading volume, valuation

Investment decisions rest upon original research conducted in-house. Walter Scott does receive broker research but investment decisions are not influenced by the short term recommendations within such research. We do, albeit infrequently, employ the services of independent research providers but such research is used to consolidate our existing research assumptions and is only a small part of the overall research process. Walter Scott does not enter into any subscription based arrangements with independent research organizations, other than with providers of periodic newsletters. We infrequently pay fees as and when required to industry analysts but do not receive any market sensitive data from these individuals or organizations.

All investment proposals are discussed by the team and must gain unanimous backing before being put forward to the Investment Executive. Conversely, a sell decision requires only one well-researched dissenting argument to be put to the Investment Executive. A buy and hold approach allows stocks to generate long-term returns via compounding. Portfolios are built bottom-up, stock by stock and monitored daily. The resultant sector and geographic allocation is therefore a reflection of our independent judgment rather than the composition of indices.

The target for initial positions in individual stocks is typically around 2% with liquidity running at generally no more than 5%. Over time, the portfolio weight of the most successful investments rise, with frequency of review increasing above 3%. Typically, turnover is less than 20%. Portfolios are typically run on a fully invested basis. High cash positions are generally transitory due to periods of trading activity. We do not actively manage cash. Decisions on cash management in separate accounts lie with the client.

Strategies are principally global or EAFE in nature but there are a small number of other strategies – Europe, US, Pacific Rim, emerging markets, dividend growth and concentrated large cap portfolios. The same investment and research process applies across all strategies.

The impact of currency movements is an important factor within the bottom-up investment research process. That is, the consequence of different foreign exchange environments on the operating and financial conditions for any individual company must be considered.

However, at the portfolio level, currency exposure, like the country and sector allocations, is a by-product of stock selection. We do not define currency risk relative to benchmarks. In that context it is Walter Scott's general policy not to hedge currency.

8.1 Material Risks

The table below and section that follows sets forth information concerning the material risks involved with each strategy. Material risks in this instance are considered those that would have a significant influence on a strategy or client. An "X" in the table indicates that the strategy involves the corresponding risk.

The risks set forth below represent a general summary of the material risks involved in the investment strategies we offer. If applicable, please refer to the “Risk Factors” section in the offering documents for a more detailed discussion of the risks involved in investing.

Risk Type	Global Strategy	EAFE Strategy	Emerging Markets Strategy	US Strategy	Europe Strategy	Pacific Rim Strategy	Dividend Growth Strategy	Concentrated large cap Strategy
General risks	X	X	X	X	X	X	X	X
Clearance and settlement risk	X	X	X	X	X	X	X	X
Counterparty risk	X	X	X	X	X	X	X	X
Country, industry and market sector risk	X	X	X	X	X	X	X	X
Depository receipts risk	X	X	X	X	X	X	X	X
Emerging market risk	X	X	X	X	X	X	X	X
Foreign currency risk	X	X	X	X	X	X	X	X
Liquidity risk	X	X	X	X	X	X	X	X
Market risk	X	X	X	X	X	X	X	X
Performance risk	X	X	X	X	X	X	X	X

8.2 Descriptions of Investment Risks

General risks. Each investment strategy we offer invests in a variety of securities and employs a number of investment techniques that involve certain risks. Investments involve risk of loss that clients should be prepared to bear. We do not guarantee or make any representation that our investment process will be successful. Past results are not necessarily indicative of future performance and investment results may vary over time. We cannot provide assurance that our investment results will generate a positive return and substantial losses could be incurred. Your investments with us are not akin to a bank deposit and are not insured or guaranteed by the FDIC or any other government agency.

Clearance and settlement risk. The degree and nature of risk will vary between geographies. Many emerging market countries have different clearance and settlement procedures to those in developed countries. There may be no central clearing mechanism for settling trades and no central depository or custodian for the safe keeping of securities. The registration, record-keeping and transfer of instruments may be carried out manually, which may cause delays in the recording of ownership. Increased settlement risk may increase counterparty and other risks. Certain markets have experienced periods when settlement dates are extended, and during the interim, the market value of an instrument may change. Moreover, certain markets have experienced periods when settlements did not keep pace with the volume of transactions resulting in settlement difficulties. More generally, because of the lack of standardized settlement procedures, settlement risk in emerging markets is more prominent than in more mature markets. Our trades are generally settled delivery versus payment (DvP).

Counterparty risk. The risk that a counterparty could fail to honor the terms of its agreement. The primary counterparty risk mitigation is to trade in countries where DvP settlement prevails. We also maintain an authorized broker list with ongoing and additional checks on the financial health of broker counterparties undertaken and monitored to further protect against counterparty risk.

Country, industry and market sector risk. The strategy may result in an overweight or underweight position relative to the benchmark index, in individual companies, certain countries or market sectors, which in turn may cause the strategy's performance to be more or less sensitive to positive or negative developments affecting these companies, countries or sectors. In addition, the strategy may, invest a significant portion (more than 25%) of its total assets in securities of companies located in a particular country regardless of such country's representation within the benchmark index.

Depository receipts risk. DRs generally represent securities of non-US issuers and may include sponsored or unsponsored DR programs. In an unsponsored facility, the depository issues the DRs without an agreement with the company that issues the underlying securities. Holders of unsponsored DRs generally bear all the costs of such facility, and the depository of an unsponsored facility, frequently, is under no obligation to distribute shareholder communications received from the company that issues the underlying securities or to pass through voting rights to the holders of the DRs with respect to the underlying securities. Therefore, sponsored DR facilities may provide holders with more information about the issuer of the underlying security.

Emerging markets risk. Emerging markets tend to have less mature economic structures and less stable political systems than those of developed countries. The securities of issuers located or doing substantial business in emerging markets are often subject to rapid and large changes in price. In particular, emerging markets may have relatively unstable governments which in turn presents the risk of sudden adverse government or regulatory action and even nationalization of businesses, restrictions on foreign ownership on prohibitions of repatriation of assets, and may have less protection of property rights than more developed countries. The economies of emerging market countries may be based predominantly on only a few industries and may be highly vulnerable to changes in local or global trade conditions, and may suffer from extreme debt burdens or volatile inflation rates. Local securities markets may trade a small number of securities and may be unable to respond effectively to increases in trading volume, potentially making prompt liquidation of substantial holdings difficult. Transaction settlement and dividend collection procedures also may be less reliable in emerging markets than in developed markets. The legal systems in many countries are still developing, making it more difficult to obtain and/or enforce judgments. Furthermore, increased political and social unrest in some countries could cause economic and market uncertainty throughout the region. The auditing and reporting standards in some emerging market countries may not provide the same degree of shareholder/investor protection or information to investors as those in developed countries. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liability and consolidation may be treated differently than under the auditing and reporting standards of developed countries.

Foreign currency risk. Investments in foreign currencies are subject to the risk that those currencies will decline in value relative to the base currency of the strategy. Currency exchange rates may fluctuate significantly over short periods of time. A decline in the value of foreign currencies relative to the base currency will reduce the value of securities held by the strategy and denominated in those currencies. Foreign currencies are also subject to risks caused by inflation, interest rates, budget deficits and low savings rates, political factors and government controls.

Liquidity risk. When there is little or no active trading market for specific types of securities, it can become more difficult to sell the securities at or near their perceived value. In such a market, the value of such securities and the value of your investment may fall dramatically.

Market risk. The market value of a security may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. A security's market value also may decline because of factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry.

Performance risk. Investors often expect growth companies to increase their earnings at a certain rate. If we do not meet our clients' performance expectations this is considered a material risk.

Cybersecurity risk. In addition to the risks described above that primarily relate to the value of investments, there are various operational, systems, information security and related risks involved in investing, including but not limited to “cybersecurity” risk. Cybersecurity attacks include electronic and non-electronic attacks that include but are not limited to gaining unauthorized access to digital systems to obtain client and financial information, compromising the integrity of systems and client data (e.g., misappropriation of assets or sensitive information), or causing operational disruption through taking systems off-line (e.g., denial of service attacks). As the use of technology has become more prevalent, we and the client accounts we manage have become potentially more susceptible to operational risks through cybersecurity attacks. These attacks in turn could cause us and client accounts (including funds) we manage to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Similar adverse consequences could result from cybersecurity incidents affecting issuers of securities in which we invest, counterparties with which we engage in transactions, third-party service providers (e.g., a client account’s custodian), governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers and other financial institutions and other parties. While cybersecurity risk management systems and business continuity plans have been developed and are designed to reduce the risks associated with these attacks, there are inherent limitations in any cybersecurity risk management system or business continuity plan, including the possibility that certain risks have not been identified. Accordingly, there is no guarantee that such efforts will succeed, especially since we do not directly control the cybersecurity systems of issuers or third-party service providers.

9. Disciplinary Information

From time to time, we and/or BNY Mellon may be involved in regulatory examinations or litigation that arise in the ordinary course of our business. At this time we are not aware of any regulatory matters or litigation that we believe would be material to an evaluation of our advisory business or integrity of our management.

10. Other Financial Industry Activities and Affiliations

10.1 BNY Mellon is a Global Financial Services Company

BNY Mellon is a global financial services company providing a comprehensive array of financial services (including asset management, wealth management, asset servicing, clearing and execution services, issuer services and treasury services) through a world-wide client focused team that enables institutions and individuals to manage and service their financial assets. BNY Mellon Investment Management is the umbrella designation for BNY Mellon’s affiliated investment management firms, wealth management business and global distribution companies and is responsible, through various subsidiaries, for US and non-US retail, intermediary and institutional distribution of investment management and related services. A list of our affiliates is contained in ADV Part I, Schedule D, Section 7.A.

We may enter into transactions with unaffiliated counterparties or third party service providers who then use affiliates of ours to execute such transactions. Additionally, we may effect transactions in American Depositary Receipts (“ADRs”) or other securities and the involved issuers or their service providers may use affiliates for support services. Services provided by our affiliates to such unaffiliated counterparties, third party service providers and/or issuers may include, for example, clearance of trades, purchases or sales of securities, serving as depository bank to issuers of ADRs, providing foreign exchange services in connection with dividends and other distributions from foreign issuers to owners of ADRs, or other transactions not contemplated by us. Although one of our affiliates may receive compensation for engaging in these transactions, and/or providing services, the decision to use or not use an affiliate is made by the unaffiliated counterparty, third party service provider or issuer. Further, we will likely be unaware that the affiliate is being used to enter into such transaction or service.

BNY Mellon and/or its other affiliates may gather data from us about our business operations, including information about holdings within client portfolios, which is required for regulatory filings to be made by Walter Scott or BNY Mellon or other affiliates (e.g., reporting beneficial ownership of equity securities) or for other compliance, financial, legal or risk management purposes, pursuant to policies and procedures of Walter Scott, BNY Mellon or other affiliates. This data is deemed confidential and procedures are followed to ensure that any information is utilized solely for the purposes intended.

We may be prohibited or limited from effecting transactions because of rules in the marketplace, foreign laws or our own policies and procedures. Please also refer to Item 12, for a discussion of trade aggregation issues.

10.2 BNY Mellon's Status as a Bank Holding Company

BNY Mellon and its direct and indirect subsidiaries, including us, are subject to certain US banking laws, including the Bank Holding Company Act of 1956, as amended (the "BHCA"), to regulation and supervision by the Board of Governors of the Federal Reserve System (the "Federal Reserve") and to the provisions of, and regulations under, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). The BHCA and the Dodd-Frank Act (and other applicable banking laws, and their interpretation and administration by the appropriate regulatory agencies, including but not limited to the Federal Reserve) may restrict the transactions and relationships among BNY Mellon, its affiliates (including us) and our clients, and may restrict our investments, transactions and operations. For example, the BHCA regulations applicable to BNY Mellon and us may, among other things, restrict our ability to make certain investments or the size of certain investments, impose a maximum holding period on some or all of our investments, and restrict our ability to participate in the management and operations of the companies in which we invest. In addition, certain BHCA regulations may require aggregation of the positions owned, held or controlled by related entities. Thus, in certain circumstances, positions held by BNY Mellon and its affiliates (including us) for client and proprietary accounts may need to be aggregated and may be subject to a limitation on the amount of a position that may be held. These limitations may have an adverse effect on our ability to manage client investment portfolios. For example, depending on the percentage of a company we and our affiliates (in the aggregate) control at any given time, the limits may: (1) restrict our ability to invest in that company for certain clients and/or (2) require us to sell certain client holdings of that company at a time when it may be undesirable to take such action. Additionally, BNY Mellon may in the future, in its sole discretion and without notice, engage in activities impacting us in order to comply with the BHCA, Dodd-Frank Act or other legal requirements applicable to (or reduce or eliminate the impact or applicability of any bank regulatory or other restrictions on) us and accounts managed by us and our affiliates.

10.2.1 The Volcker Rule

The Dodd-Frank Act includes provisions that have become known as the "Volcker Rule", which restrict bank holding companies, such as BNY Mellon and its subsidiaries (including us) from (i) sponsoring or investing in a private equity fund, hedge fund or otherwise "covered fund", with the exception, in some instances, of maintaining a de minimis investment, subject to certain other conditions and/or exceptions, (ii) engaging in proprietary trading, and (iii) entering into certain transactions involving conflicts of interest (e.g., extensions of credit). The final Volcker Rule was jointly adopted by a group of US federal financial regulators in December 2013 and generally must be implemented by BNY Mellon no later than July 21, 2017.

The Volcker Rule generally prohibits certain transactions involving an extension of credit between BNY Mellon and its affiliates, on the one hand, and "covered funds" managed by BNY Mellon and/or its affiliates (including us), on the other hand. BNY Mellon affiliates provide securities clearance and settlement services to broker-dealers on a global basis. The operational mechanics of the securities clearance and settlement process can result in an unintended intraday extension of credit between the securities clearance firm and a "covered fund". As a result, we may be restricted in executing transactions for certain funds through broker-dealers that utilize a BNY Mellon affiliate as their securities clearance firm. Such restriction could prevent us from executing transactions through broker-dealers we would otherwise use in fulfilling our duty to seek best execution.

10.3 BNY Mellon Referral Incentive Compensation Plan

Although we have not participated to date, BNY Mellon has adopted an incentive compensation program (“Program”) designed to reward internal referrals of business and opportunities, and:

- help clients understand and gain access to the full range of products and services offered by BNY Mellon and its subsidiaries
- expand and develop client relationships

The Program promotes BNY Mellon’s corporate values of Client Focus, Trust, Teamwork and Outperformance by encouraging the cross-selling of BNY Mellon’s broad array of services and products throughout the organization to better meet a current or prospective client’s full range of needs for financial products and services, and to expand customer relationships. The Program seeks to financially reward (via bonus or referral fee) eligible employees who offer a business lead that results in a sale of certain affiliated products or services to existing clients and prospects. These bonuses and referral fees may be paid to us and our employees for referring business (services or products) to our affiliates, and our affiliates and their employees may receive bonuses and referral fees for referring business to us. The bonuses and referral fees may be based on the number of referrals made and/or the revenue generated by the referral. Certain types of regulated entities, employees and referrals may be ineligible for the Program or subject to restrictions under applicable law or internal procedures governing the earning of such rewards. These referral fees and bonuses may create conflicts of interest for us and our employees because we have an incentive to encourage our clients to engage in transactions with our affiliates, based on the compensation that we will receive for these referrals, rather than our clients’ needs.

10.4 Walter Scott Incentive Compensation Plan

Our staff are paid competitive base salaries. Everyone in Walter Scott is eligible to participate in the annual profit share, which is a fixed percentage of the pre-incentive operating profits. This is the sole source of our incentive compensation. Investment, operations and client service staff are all focused on the same goals of providing superior performance and service to clients. Success in these goals drives Walter Scott’s profits and therefore the profit share.

For directors and some senior staff, the majority of annual compensation is the profit share. An element of this is deferred via a long-term incentive plan. This is primarily invested in a long term global equity fund where we are the investment adviser, and, for some, in BNY Mellon stock. Both have a deferral period which vests on a pro-rata basis over four years.

10.5 Affiliated Placement Agents

We have affiliated “placement agents”, including MBSC Securities Corporation, which solicits persons to invest in the US Private Placement Funds, detailed in Item 5.3, and may also provide other administrative services. The US Private Placement Funds have entered into an agreement with this placement agent to pay commissions or fees for such solicitations and services. We or our affiliates are solely responsible for the payment of these commissions and fees - they will not be borne by the US Private Placement Funds and their investors. We or our affiliates pay these commissions and fees out of our own profits, and these payments do not increase the fees paid by the US private placement fund’s investors. These financial incentives may cause the placement agent and their employees and/or salespersons to steer investors toward those US Private Placement Funds that will generate higher commissions and fees. Please see Item 14 for more information on the compensation arrangements related to client referrals.

Some of our employees are registered representatives of our affiliate, MBSC Securities Corporation, a registered investment adviser under the Investment Advisers Act of 1940, as amended, a registered broker-dealer under the Securities Exchange Act of 1934, as amended, and a member of the Financial Industry Regulatory Authority. In their capacity as registered representatives of MBSC, these employees sell and provide services regarding US Private Placement Funds. No additional compensation is received by these employees in respect of such sales. There is a tri-party agreement / financial arrangement in place between us, MBSC and BNYMIM Cayman.

10.6 Affiliated Revenue Share Arrangements

We have affiliated revenue share agreements in place with other BNY Mellon entities, which solicit persons to invest in various funds, including the US Private Placement Funds, separate account strategies and may also provide other administrative services. In certain instances, we may enter into revenue sharing arrangements with affiliates where we may receive a portion of the fee, or bill the entire fee to the client and reimburse the affiliate. We or our affiliates are solely responsible for the payment of these fees. They will not be borne by clients, investors in the US Private Placement Funds or the funds themselves and come out of our own profits. These payments do not increase the fees paid by clients or investors in the US Private Placement Funds. Please see Item 14 for more information on the compensation arrangements related to client referrals.

10.7 Affiliated Service Providers

In addition, to the extent permitted by law, placement agents and their respective affiliates may provide brokerage and certain other financial and securities services to us, our affiliates or related private funds. Such services, if any, will be provided at competitive rates. BNY Mellon is also affiliated with service providers, distributors and consultants that may provide services and may receive fees from BNY Mellon in connection with such services, which may incentivize such persons to distribute interests in a private fund or other BNY Mellon products.

10.8 Affiliated Broker-Dealers and Investment Advisers

We are affiliated with a significant number of advisers and broker-dealers. Please see our Form ADV, Part IA - Schedule D, Section 7.A for a list of our affiliated advisers and broker-dealers and Form ADV, Part IA – Schedule D, Section 7.B for each of our affiliated investment advisers for information regarding such firm's private funds.

Where we select the broker to effect purchases or sales of securities for client accounts, we only use unaffiliated brokers.

We have broker selection policies in place that require the selection of a broker-dealer to be consistent with its duties of best execution, and subject to any client and regulatory proscriptions. Please see Item 12 for more information on our broker selection process.

Certain unaffiliated brokers-dealers we use to execute trades for our clients may use a broker-dealer affiliated with us to clear those trades. In such cases, the clearing broker receives a clearance fee negotiated and paid by the executing broker-dealer. The decision to use an affiliate of ours in these circumstances is made by the unaffiliated executing broker-dealer, and we have no influence over whether a broker-dealer we select to execute client trades clears through one of our affiliates, or the financial arrangement between them. In addition, we are typically unaware that the executing broker-dealer has chosen to use one of our affiliates to clear such trades.

BNYMIM Cayman acts as Manager of the US Private Placement Funds.

We provide sub-advisory services to certain affiliated registered investment companies by serving as a sub-adviser to The Dreyfus Corporation ("Dreyfus"). For such services, we receive a portion of the investment management fee received by Dreyfus from each investment company to which is renders advice.

10.9 Affiliated Underwriters

Our broker-dealer affiliates occasionally act as underwriter or as a member of the underwriting syndicate for certain new issue securities which may create an incentive for us to purchase these new issue securities, however, we rarely invest in new issues and therefore instances of this are highly unlikely.

BNY Mellon has established a policy regarding purchases of securities in an offering in which an affiliate acts as an underwriter or as a member of the underwriting syndicate. In compliance with applicable banking, securities and ERISA regulations, we may purchase on behalf of our clients securities in an offering in which an affiliate is acting as an underwriter or as a member of the underwriting syndicate during the syndication period, so long as requirements of the policy, including written approval and compliance with certain investment criteria are met. The policy prohibits direct purchases from an affiliate for any fiduciary account under any circumstances.

10.10 Affiliated Wrap Sponsors

We are a participant in various wrap programs sponsored by affiliates, such as Lockwood Advisors, Inc., and non-affiliates. We provide portfolio recommendations to the wrap sponsor and the sponsor has discretion as to whether or not to implement the portfolio recommendations for their client accounts. We do not consider the sponsor's clients to be our clients. Sponsors are solely responsible for providing brokerage, reporting, performance, custody and suitability services to program participants. Both affiliated and non-affiliated sponsors may obtain advisory, brokerage, clearing, and other wrap program services from affiliates, including among others, Lockwood Advisors, Inc.

Our relationships with wrap program sponsors may create conflicts of interest for the sponsors and Walter Scott. A client in a wrap program has access to those investment advisers participating in the program. Wrap program sponsors typically select the investment advisers who participate in the program, and provide advice to clients regarding the selection of an investment adviser from among the advisers participating in the program. If the wrap program sponsor is affiliated with Walter Scott, the sponsor may have an incentive to give us access to the program and to steer clients toward us, based on the affiliation rather than based on Walter Scott's expertise or performance or the client's needs. However, we are subject to the same selection and review criteria as the other advisers who participate in Walter Scott's affiliates' wrap programs.

10.11 Affiliated Banking Institutions

BNY Mellon engages in trust and investment business through various banking institutions, including the Bank and BNY Mellon, National Association. These affiliated banking institutions may provide certain services to us, such as recordkeeping, accounting, marketing services, and referrals of clients. We may provide the affiliated banking institutions with sales and marketing materials regarding our investment management services that may be distributed under the name of certain marketing "umbrella designations" such as BNY Mellon, BNY Mellon Wealth Management, BNY Mellon IM, and BNY Mellon EMEA.

We may provide certain investment advisory and trading services to certain Bank clients and separately managed accounts (including separately managed accounts for which the Bank acts as trustee, custodian, or investment manager).

Certain clients may have established custodial or sub-custodial arrangements with the Bank and other financial institutions that are affiliated with us. Furthermore, the Bank and other financial institutions that are affiliated with us may provide services (such as trustee, custodial or administrative services) to issuers of securities. Because of their affiliation with us, our ability to purchase securities of such issuers and to take advantage of certain market opportunities may be subject to certain restrictions and in some cases, prohibited.

10.12 Other Relationships

In addition, BNY Mellon personnel, including certain of its employees, may have board, advisory, or other relationships with issuers, distributors, consultants and others that may have investments in a private placement fund and/or related funds or that may recommend investments in a private placement fund or distribute interests in a private placement fund. To the extent permitted by applicable law, BNY Mellon and its affiliates, including us and our personnel, may make charitable contributions to institutions, including those that have relationships with investors or personnel of investors. As a result of the relationships and arrangements described in this paragraph, placement agents, consultants, distributors and other parties may have conflicts associated with their promotion of a private placement fund, or other dealings with a private placement fund, that create incentives for them to promote a private placement fund.

Some of our clients may retain consulting firms to assist them in selecting investment managers. Some consulting firms provide services to both those who hire investment managers and to investment management firms, and we may provide separate advisory services directly or indirectly to employees of such consulting firms. We do not pay referral fees to consultants. However, our clients and prospective clients should be aware that consulting firms might have business relationships with investment management firms that they recommend to their clients.

BNY Mellon maintains, and we have adopted, a Code of Conduct that addresses these types of relationships and the potential conflicts of interest they may present, including the provision and receipt of gifts and entertainment.

11. Code of Ethics, Participation or Interest in Client Transactions, Personal Trading

We have adopted a Code of Ethics that is made up of three parts:

1. BNY Mellon Code of Conduct and Interpretive Guidance (the “BNY Mellon Code”);
2. BNY Mellon Personal Securities Trading Policy (the “PSTP”);
3. Walter Scott Personal Securities Trading Policy.

11.1 BNY Mellon Code of Conduct

The BNY Mellon Code provides to employees the framework and sets the expectations for business conduct. In addition, it clarifies our responsibilities to clients, suppliers, government officials, competitors and the communities we serve and outlines important legal and ethical issues:

1. **Conflicts of Interest:** gifts, entertainment and other payments; personal conflicts of interest; fiduciary appointments and bequests; outside affiliations, outside employment and certain outside compensation issues; and disclosure of relationships and transactions.
2. **Proper Use and Care of Information and Proper Recordkeeping:** proprietary information and intellectual property; data integrity and corporate information; use of e-mail and internet; accurate accounting and internal controls; use of non-public or “inside” information; talking to the media; and document retention.
3. **Dealing with Customers, Prospects, Suppliers, and Competitors:** business relationships with customers, prospects, suppliers, and competitors; business decisions; exploitation of relationships and use of the company’s name, letterhead or facilities; knowing your customer; and recognizing and reporting illegal, suspicious, or unusual activities.
4. **Doing Business with the Government:** complying with government contracts, government contracting laws and regulations; integrity in the sales and marketing process; truthful, accurate statements and recordkeeping; safeguarding government information and property; cooperating with government audits and investigations; and meeting employment and labor obligations.
5. **Personal Finances:** personal investments; personal brokerage accounts; political campaign contributions; contributions to not-for-profit entities; and individual employees’ regulatory requirements.
6. **Compliance with the Law:** among other matters illegal or criminal activities; investigations; and protection of company assets.

11.2 BNY Mellon Personal Securities Trading Policy

The PSTP is designed to reinforce our reputation for integrity by avoiding even the appearance of impropriety and to ensure compliance with applicable laws in the conduct of our business. The PSTP sets forth procedures and limitations that govern the personal securities transactions of our employees in accounts held in their own names as well as accounts in which they have indirect ownership.

11.3 Walter Scott Personal Securities Trading Policy

In addition to the PSTP we have a more restrictive policy regarding personal securities trading which prevents employees from having discretion to purchase single equities with the exception of BNY Mellon stock. Compliance with the personal securities trading rules is a condition of employment and our employees must, therefore, be familiar with them. Employees can invest in a UK based fund which is sponsored by BNY Mellon with us acting as investment adviser. This fund is also utilized as part of the long-term incentive plan. See Item 6 for further details as to how employees can invest.

11.3.1 Disclosure / Pre-clearance

Existing holdings, which must be disclosed within 10 calendar days of joining Walter Scott, may be retained or, following pre-clearance from our Risk & Compliance team, sold at a later date.

11.3.2 Pre-clearance Required

For all buys and sells pre-clearance is required from the Risk & Compliance team. For employees investing regular amounts into a collective investment vehicle, pre-clearance is only required prior to the initial investment. For Child Trust Funds disclosure or pre-clearance is not required, however, the prohibited investments noted below apply.

11.3.3 Prohibited Investments

Our employees may not invest in:

- individual securities (other than those mentioned in 11.3 above) where they have discretion
- collective investment vehicles where we act as the sub-adviser (except the BNY Mellon Long Term Global Equity Fund ICVC as we are the investment manager)
- convertible bonds
- custom made ETFs or ISAs
- spread betting on securities, currencies or indices
- derivative instruments based on individual securities

11.3.4 Reporting

Our employees (with the exception of part-time cleaning staff) must report quarterly both on any trading activity during the quarter plus their total holdings as at the end of the reporting period within 30 calendar days. Unit trusts, OEICs (with the exception of those managed by any BNY Mellon affiliates, known as 'Proprietary Funds'), and AVCs need not be reported. Employees are permitted to open discretionary investment accounts where they are not involved in decisions at the individual security level.

All employees must sign an annual declaration confirming acceptance of the BNY Mellon Code of Conduct, BNY Mellon Personal Securities Trading Policy and our Personal Securities Trading Policy and that no violation of those policies has occurred during the period.

This information is reviewed and monitored by our Risk & Compliance team and is uploaded into the Protegent Personal Trading Assistant system maintained by BNY Mellon. This system is monitored by the Ethics Office of BNY Mellon.

11.3.5 Outside Interests / Private Placements

New or existing investments in private placements, i.e. shares in private companies, partnerships and investments in family owned businesses must be pre-cleared through our Risk & Compliance team and BNY Mellon's Ethics Office.

11.3.6 Short Term Trading / Disgorgement

Our employees are prohibited from engaging in short-term trading (i.e. selling and purchasing BNY Mellon securities within any 60 calendar day period) with any profits being disgorged.

A copy of these policies will be provided upon request.

11.4 Interest in Client Transactions

Note that while each of the following types of transactions present conflicts of interest for us, as described below, we manage our accounts consistent with applicable law, and follow procedures that are reasonably designed to treat our clients fairly and to prevent any client or group of clients from being systematically favored or disadvantaged.

Principal Transactions

“Principal transactions” are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys any security from or sells any security to any client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated pooled investment vehicle and another client account. We do not generally engage in principal transactions for equities, however, all FX trades are executed with the counterparty acting in a principal capacity and we use consent process as permitted under Advisors Act for non-ERISA, non-RIC accounts.

Cross Transactions

We do not engage in cross transactions.

Transactions in Same Securities

We do not invest in securities for our own benefit.

Foreign Exchange (FX) Transactions

Walter Scott may effect FX transactions through an affiliate if the affiliate has been appointed as custodian by the client. In such transactions, Walter Scott discloses this relationship, the capacity in which we may act, and obtains consent to so act, when the client opens its discretionary account with us. If at any time a client wishes to revoke its consent to such transactions, it may provide us with written notice and upon receipt of such notice, we will refrain from engaging in any future FX transactions with the affiliate on the client's behalf. Under no circumstances does Walter Scott receive compensation in relation to such transactions from either the affiliate or the client. Portfolio transaction decisions for its clients are made independently by us and are not based upon the interests of a related person. No client is required by Walter Scott to enter into a relationship with a related person as a condition to the establishment or continuation of an advisory relationship.

In addition, it is possible from time to time that such interests may be established independently by a related person without the knowledge of Walter Scott pursuant to recommendations and arrangements independent of the services provided by us and/or in situations where Walter Scott is not exercising investment management discretion of a type that would give rise to the application of the policies and procedures described in the preceding paragraph.

12. Brokerage Practices

12.1 Broker Selection

In most cases, we have the authority to direct securities transactions on behalf of our clients to broker-dealers selected by Walter Scott. In doing so, we seek best execution of such transactions. When seeking best execution, we consider the full range and quality of a broker-dealer's services including, among other things, commission rates, a broker's trading expertise, reputation and integrity, facilities, financial services offered, access to secondary markets, reliability both in executing trades and keeping records, fairness in resolving disputes, value provided, execution capability, financial responsibility and responsiveness to Walter Scott. Please see the discussion concerning the Volcker Rule and its possible implications concerning our broker-dealer selection practices in Item 10, above.

We may cause client accounts to pay a broker or dealer executing securities transactions a commission higher than the commission another broker or dealer would have charged for executing that securities transaction, where we determine in good faith that the commission is reasonable in relation to the value of the services provided by such broker-dealer.

12.2 Soft Dollars

The term 'soft dollars' is commonly understood to refer to arrangements where an investment adviser uses client (or fund) brokerage commissions to pay for substantive research and brokerage services to be used by the investment adviser. The services received from brokers by Walter Scott are (1) trade execution and (2) substantive research. Section 28(e) of the Securities Exchange Act of 1934 provides a safe harbor that allows an adviser to use dollars generated from brokerage commissions from client transactions ("soft dollars") to pay for brokerage and research services provided by broker-dealers or third parties. In the selection of qualified brokers to execute certain transactions, a broker or dealer may be selected that provides, along with trade execution services, substantive research.

The use of full service commission is beneficial to all our clients as it enables us to obtain valuable non-execution and execution services in a cost effective manner. We believe that non-execution services such as substantive research provide macro knowledge that is useful and would not be replicated by increasing in-house research. We will not enter into formal commission sharing/tie arrangements or commit to minimum or maximum commission agreements with brokers, nor do we set commission targets.

The use of client commissions to obtain research services benefits us because we may otherwise be unable to receive them. Further, certain research services received may benefit:

1. certain other accounts also under our management;
2. nondiscretionary accounts of affiliates over which we retain investment discretion.

Services obtained by us may not necessarily benefit a client whose commissions are used to pay for those services.

Soft dollar payments are based on brokerage commissions charged by the broker-dealers through which we execute transactions. Commission rates differ across markets and can be notably higher for some emerging markets and accelerated book builds. Trading is done either on (a) an execution only basis, or (b) a full service basis which includes commission for substantive research. Commission rates typically range between 4 and 18 basis points. Brokerage commission payments require that we make subjective judgments regarding the quality and timeliness of a broker-dealer's execution and research services, and place transactions accordingly.

We may have an incentive to select a broker-dealer based on our interest in receiving the research rather than receiving the lowest commission rates.

12.3 Foreign Exchange (FX) Trading

Walter Scott's Dealing team maintains a list of counterparties that may be used for FX trading which is approved on a quarterly basis by the IMC. Walter Scott typically negotiates FX transactions with either the client's custodian or a third party custodian bank, if a third party bank is required (for example in cases where the client is an ERISA plan and has appointed BNY Mellon as its custodian, as ERISA rules on transactions with an affiliate prevent Walter Scott from executing FX trades with BNY Mellon, therefore a third party bank is used). FX transactions required for equity trade settlement are actively dealt with reference to live market prices.

Please also note that FX transactions required for dividend income repatriation are normally conducted by the client's custodian under standing instruction (and not on an as instructed basis), and accordingly are transacted in accordance with the terms of the custodian's standard automated service.

12.4 Disclosure on non-discretionary (model portfolio) accounts

Where Walter Scott provides securities recommendations as a non-discretionary investment manager (model accounts) such accounts will either be subject to a rotation methodology with like accounts/programs, trade behind fully discretionary accounts (sequenced trading), or trade in the market alongside fully discretionary accounts with similar order instructions (simultaneous trading). To the extent that accounts are part of a rotation methodology or sequenced it is possible that such accounts may suffer adverse effects depending upon market conditions. When simultaneous trading occurs, competition in the marketplace has the potential to impact all clients involved, though competition concerns are mitigated where the securities involved have significant trading volume and are highly liquid. Given these mitigants to competition concerns, Walter Scott believes that simultaneously communicating investment instructions to our trading desk and any other applicable financial firm is, as a general rule, preferable to following a rotation or sequenced trading process.

12.5 Other Brokerage Practices Conflict of Interest

The following brokerage practices may lead to conflicts of interest when selecting broker-dealers to execute client trades.

12.6 Affiliated Broker-Dealers

We do not execute trades with affiliated broker-dealers.

12.7 Compensation for Client Referrals

We do not provide compensation to any broker-dealer in exchange for referral of investment management clients.

12.8 Brokerage for Client Referrals

We do not direct securities transactions to any broker-dealer in exchange for referral of investment management clients.

12.9 Client Directed Brokerage/Commission Recapture

We may accept direction from a client to place trades for a client's account with a particular broker-dealer or commission recapture agent. A client may instruct us to direct a portion of its commissions to a specified broker-dealer. In the event that such direction occurs, we may have limited capability to negotiate commission levels or obtain volume discounts. In addition, in meeting the client's brokerage directive, Walter Scott may not be able to aggregate these transactions with transactions Walter Scott effects for other accounts it manages and may delay placing the orders for directed accounts until the orders for other accounts have been completed. As a result, the net price paid or received by the directed account may be different than the price paid or received by Walter Scott's other accounts. We will not carry out directed brokerage if we feel we would not receive best execution.

12.10 Trade Aggregation and Trade Allocation

We may aggregate purchase and sale orders of securities held in a client's account with similar orders being made simultaneously for other managed accounts if, in Walter Scott's reasonable judgment, this is in the best interest of clients with the aim being to treat all clients fairly. We will seek to equitably apportion such aggregated order prices, commissions and other expenses among accounts. The determination of such economic benefits to a particular client account is subjective and represents a discretionary evaluation that an account is benefited by relatively better purchase or sales prices, lower commission expenses and beneficial timing of transactions or a combination of these and other factors over time.

Aggregated orders are allocated to the accounts involved in the transaction if the entire order can be executed in one day, or pro-rata to each account its allotted share of the securities purchased or sold if the entire order cannot be so executed. Partially filled orders are filled in accordance with this with any deviations from pro-rating (due to economic reasons, board lots, low trading volumes, etc) being restricted to an authorised dealer. Such deviations are annotated with the rationale of the action taken being clearly documented. We do not cross trade between accounts.

Allocations will be reviewed in the context of client guidelines and/or the full range of a client's costs. All transactions on behalf of clients' portfolios must be allocated promptly. Ideally this should occur at the time the transaction is reported back from the broker. In the event that several transactions with a single broker are being conducted in a single 24-hour period then allocation may be at the end of the series of transactions.

For the avoidance of doubt portfolios can and do differ between clients, notwithstanding similar strategies. Reasons for such differences include, but are not limited to, the starting date of the mandate and existing portfolio composition, differences between client guidelines and restrictions, client structure, portfolio liquidity, frequency of cash flows, the size of the mandate in question and appropriateness for a particular portfolio, taking into account appropriate portfolio diversification.

The practice of warehousing transactions (where a broker is requested to delay booking partial fills of a multi-client deal out to individual client allocations for a period of up to seven days whilst in the process of completing the overall transaction) will not be undertaken by us.

Historically we have rarely invested in Initial Public Offerings ("IPO"). In the event we were to make such an investment the allocation would be conducted in line with our allocation policy set out above.

13. Review of Accounts

13.1 Investment Review

The investment process is formally overseen by the Investment Management Committee ("IMC") which reports directly to the Board. The IMC specifically monitors Walter Scott's investment activities including investment research, investment policy, portfolio construction and oversight, investment performance, investment agreements, order management and trade execution, proxy voting and other corporate governance matters as well as team and staff development. The IMC meets on a quarterly basis and conducts a formal review of all portfolios.

The IMC comprises Walter Scott's Managing Director, Executive Chairman, investment directors, co-heads of Research, senior investment managers, co-heads of Investment Operations, head of Dealing and senior manager of Portfolio Implementation. It is attended by the head of Operations, head of Client Service and head of Risk & Compliance.

The broad Investment team currently numbers thirty seven and includes all members of the IMC. The team meets at least once a week with the Research team meeting separately at least twice a week to review individual companies and discuss new ideas. The Investment Executive also meets at least twice weekly, with members of the Research team and the broader Investment team frequently invited.

13.2 Reporting to Clients

Formal reporting to clients is dependent on the requirements of each client and can be a combination of monthly, quarterly or annual reports.

All clients are provided monthly portfolio accounting data unless otherwise instructed. This generally includes a stock listing in the form of a portfolio valuation, a schedule of all investment activity during the period, a cash statement and reconciliation to custodian bank statements and schedules of income and capitalization issues, proxy voting, commission spend and other data reporting as required by clients on a more specific basis. All participants in US Private Placement Funds and other private placement funds receive a monthly unitization report and if required, market commentary.

On a quarterly basis, most clients typically receive a written management report that provides portfolio performance and an investment commentary relative to the period under review. Portfolio valuation and activity data is included.

14. Client Referrals and Other Compensation

14.1 Affiliated Solicitors and Placement Agents

We may pay referral fees to our affiliates (and/or their employees) for referrals that result in additional investment management business. Please see the discussion of affiliated placement agents in Item 10.

Our ultimate parent company, BNY Mellon, has organized its lines of business into two groups: Investment Management and Investment Services (collectively “Groups”). We are part of the Investment Management Group. A sales force has been created to focus on developing new customer relationships and developing and coordinating large complex existing customer relationships within those Groups.

In certain circumstances, Investment Management sales representatives are paid fees for sales. The fees may be based on revenues and may be a one-time payment or paid out over a number of years. In addition, sales representatives of our affiliates within the Investment Management Group are paid for intra-Group referrals to Group counterparts. Those fees are based on the first year’s revenue for the Group counterpart.

Sales, such as US Private Placement Funds, may be made through a broker-dealer affiliate. Only registered representatives of such affiliated broker-dealer receive compensation for such sales.

We may pay a fee to an affiliate (or directly to employees of the affiliate) that has a pre-existing relationship with a new client in one of the Investment Services Group. The fees may be based on revenues and may provide for a one-time payment or payments over a number of years.

Our affiliates also participate in the BNY Mellon Incentive Compensation Plan, which presents certain conflicts of interest, all as described in Item 10.

14.2 Other Compensation

In Australia, we are the investment adviser for two funds sponsored and distributed by Macquarie Bank. In the event that any Australian or New Zealand investors were to award us a new portfolio and not an investment in the existing funds, we would share our fees with Macquarie on a pre-arranged scale.

15. Custody

Rule 206(4)-2 under the Advisers Act (the “Custody Rule”) defines “custody” to include a situation in which an adviser or a related person holds, directly or indirectly, client funds or securities or has any authority to obtain possession of them, in connection with advisory services provided by the adviser.

For purposes of the Custody Rule, we are deemed to have “custody” of certain client assets because we have the ability to deduct fees from the US Private Placement Fund’s custodial accounts, client funds or securities are held by BNY Mellon (an affiliate of Walter Scott) and BNYMIM Cayman as manager of the US Private Placement Funds.

Generally, an adviser that is deemed to have custody of a client’s funds or securities, among other things, is required to arrange for an annual independent verification of such funds or securities in accordance with the Custody Rule (the “Surprise Exam Requirement”). However, the Custody Rule contains the following exceptions, from the Surprise Exam Requirement:

1. **Ability to Deduct Fees:** advisers deemed to have custody of client assets because of their ability to deduct fees from client accounts are not subject to the Surprise Exam Requirement. We rely upon this exemption from the Surprise Exam Requirement.

2. **Related Person & Operational Independence:** advisers deemed to have custody of client assets solely because a related person holds client assets will not be subject to the Surprise Exam Requirement, provided the adviser and the related person are “operationally independent.” We rely upon this exemption from the Surprise Exam Requirement and have determined that our operations are independent from those of the Bank.
3. **Pooled Investment Vehicles:** advisers deemed to have custody of the assets of clients formed as pooled investment vehicles will not be subject to the Surprise Exam Requirement, provided the pool has audited financial statements that are prepared in accordance with generally accepted accounting principles, audited by an independent auditor under Regulation S-X rule 2-01 and such statements are distributed to investors in the pool within 120 days at the end of the fiscal year. The US private placement funds sub-advised by us meet this requirement and we rely upon this exemption from the Surprise Exam Requirement.

US segregated account clients which have appointed a BNY Mellon affiliate as their custodian and participants in the US Private Placement Funds: you will receive from your bank, broker-dealer or other qualified custodian an account statement, at least quarterly, identifying the amount of funds and each security in the account at the end of the period and setting forth all transactions in the account during that period. Please review these statements carefully. You will also receive account statements separately from us. You are strongly urged to compare the account statements you receive from us with those that you receive from your qualified custodian.

16. Investment Discretion

We typically accept discretionary investment authority over client assets, and clients must grant this authority to us in writing via a contract, or through an appointment to become the investment sub-adviser of a fund. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives and guidelines for the particular client account.

Clients must deliver their investment guidelines and restrictions to us in writing, and we will manage to such guidelines and restrictions when making investment decisions.

17. Voting Client Securities

As part of the contractual relationship between us and our clients, typically through an investment advisory agreement, a client may delegate to us its right to exercise voting authority in connection with the securities we manage for that client. Voting rights are most commonly exercised by casting votes by proxy at shareholder meetings on matters that have been submitted to shareholders for approval. Consistent with applicable rules under the Advisers Act, we have adopted and implemented written proxy voting policies and procedures that are reasonably designed: (1) to vote proxies, consistent with our fiduciary obligations, in the best interests of clients; and (2) to prevent conflicts of interest from influencing proxy voting decisions made on behalf of clients. We provide these proxy voting services as part of our investment management service to client accounts and do not separately charge a fee for this service.

Clients that have granted us with voting authority are not typically permitted to direct us on how to vote. Clients that have not granted us voting authority over securities held in their accounts will receive their proxies in accordance with the arrangements they have made with their services providers. We generally do not provide proxy voting recommendations to clients who have not granted us voting authority over their securities. Where we believe a vote is material, in that the outcome could significantly affect the long term investment return, on a best efforts basis, we will seek to contact clients to convey our views on the resolution.

For those clients' who have delegated authority for proxy voting to us, the aim is to ensure that all proxies are voted in line with Walter Scott's proxy voting policy, are in compliance with all regulatory requirements and are in the client's best interests. In cases where a client has given us specific proxy guidelines, these typically take precedence over our policy. Separate voting instructions are required to be issued by Walter Scott for those clients whose guidelines differ from those of ours.

We receive notice of proxy activity through custodians and Institutional Shareholders Services Inc. ("ISS").

The decision on how to vote a particular proxy is generally made by stock champions following a considered review of all available materials. All proxy votes are signed off by any of the following: a co-head of Investment Operations, and investment director or senior investment manager. The voting instruction form is then passed to our Client Administration Corporate Governance team, which is responsible for administering the votes via ISS. Records of all proxy decisions taken are maintained by Walter Scott.

If there is uncertainty as to how to vote a particular item, a sub-group of the IMC, 'the Proxy Voting sub-group', will meet to decide how the item is to be voted. All proxy voting activity is formally reviewed on a quarterly basis by the IMC. The Investment Operations team reviews all outcomes, where possible, of the AGM/EGM meetings and notifies the stock champion where appropriate.

Potential conflicts of interest may arise, such as:

- We manage assets for a company whose management is soliciting proxies
- We have a direct or indirect material business relationship with a proponent of a proxy proposal
- We have a business or personal relationship with participants in a proxy contest

Once it has identified a potential conflict of interest, the proxy sub-group of the IMC referred to above will resolve the conflict prior to voting the proxy in question by verifying that the stock champion's voting instructions are entirely in line with our Proxy Voting Policy and, if necessary, changing the voting instructions accordingly. A member of our Risk & Compliance team will also attend the meeting, which is independent of the Investment and Operations functions of Walter Scott to ensure the proxy voting policy is followed when a conflict of interest arises.

A copy of our Proxy Voting Policy & Procedures is furnished to each client upon request and is provided to all segregated account clients as part of client take-on. Where requested, clients are regularly provided with proxy voting records.

18. Legal Proceedings (including class actions)

It is Walter Scott's policy that we do not advise, initiate or take any other action on behalf of clients relating to securities held in the client's account managed by Walter Scott in any legal proceeding (including, without limitation, class actions, class action settlements and bankruptcies). Walter Scott does not file proofs of claims relating to securities held in the client's account. Typically, custodians submit filings in connection with class action settlements and may also handle bankruptcy filings. Each client should consult with its custodian and other service providers to ensure such coverage.

19. Financial Information

In certain circumstances, registered investment advisers are required to provide you with financial information or disclosures about their financial condition in this Item. Walter Scott has no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients and has never been the subject of a bankruptcy proceeding.