



# **ACPI Investments Limited**

## **Brochure on Form ADV Part 2A**

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This Brochure provides information about the qualifications and business practices of ACPI Investments Limited. If you have any questions about the contents of this brochure, contact us at +44 (0) 20 3697 9500 or at [info@acpi.com](mailto:info@acpi.com).

The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission ("SEC") or by any non-U.S. or state securities authority. Additional information about us is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You should be aware that registration with the SEC or a non-U.S. or state securities authority does not imply a certain level of skill or training.

## **2. MATERIAL CHANGES**

This Brochure is our annual amendment. We did not have any material developments to disclose since our last Brochure was filed on 30 June 2017. We note that our regulatory assets under management and numbers of clients and accounts are increased as a result of a reclassification of clients and accounts. In future, material changes will be disclosed in this section of our Brochure.

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### **3. PRIVATE WEALTH MANAGEMENT - ADVISORY BUSINESS**

ACPI Investments Limited (UK) (“ACPI” or “we”) is an independently owned asset and wealth advisory and management firm that is majority-owned by its management and senior professionals. We are based in London, England. We have 56 employees.

As of the date of this Brochure, regulatory assets under management (“RAUM”) for our 282 clients was \$3,557,691,338, of which \$3,089,922,034 was for 389 discretionary accounts and \$467,769,304 was for 27 non-discretionary accounts.

We are wholly owned by ACPI Wealth Management Limited (“ACPI Wealth”), a Jersey company, which, in turn, is owned 100% by ACPI Investments Group Limited, a Jersey company. Brett Lankester (“Mr Lankester”) and Alok Oberoi (“Mr Oberoi”) are the majority owners of ACPI Investments Group Limited, with the other owners holding minority interests (each under 5%).

ACPI Investment Partners LLP, a related person and subsidiary of ACPI (Corporate Member) Limited, assists us with the provision of wealth management services. ACPI (Corporate Member) Limited, a related person, is the general partner for this company. Another related person, ACPI (SA) Pty Limited, provides investment/client support for fund investments. ACP Partners Limited (Bermuda), a related person, sponsors private equity funds for strategic investment opportunities.

ACPI provides discretionary and non-discretionary investment management advice for individuals and high net worth clients (“HNWIs”), trusts, charities, pensions or corporate entities in separately managed accounts. Our primary objectives are to preserve our clients’ capital and generate positive real returns by actively managing risk. We support the structure our clients have in place, whether corporate or personal, and will manage assets held by the client’s custodian through the mechanism of a limited power of attorney.

We are also the sub-adviser to certain private funds, including a UCITS umbrella fund, a Malta SICAV and the ACPI Alternatives SPC.

In order to offer investment management services, we obtain certain client information, including evidence of identity and sources of funds, for anti-money laundering purposes and other information to meet our regulatory obligations. Without this, we will not be able to accept clients.

For separately managed accounts, clients select their own custodian.

While ACPI also is an investment manager to private funds, we do not invest U.S. client assets in these funds but we do invest non-U.S. client assets in these. For those non-U.S. clients, there is a conflict between our management of these and the non-U.S. client accounts where they invest in similar instruments.

We reserve the right to exercise discretion to invest U.S. client assets in unaffiliated private funds, unless such an investment gives rise to adverse and/or regulatory issues.

**The disclosures in this Brochure relate solely to our activities with and for U.S. resident clients.**

We do not limit ourselves to specific investments; where permitted to do so, we will consider any investment that is suitable for our clients’ attitude to risk, within agreed investment objectives and restrictions and for which there is a reasonable basis for that recommendation. Predominantly, we offer investments in global equities, corporate and government fixed income and collective investment schemes.

Our primary long-term objective is to preserve and grow our client's wealth by delivering attractive, inflation-adjusted returns across an economic cycle.

We believe that active asset allocation is the best way to deliver those returns: over the long term, returns are largely determined by actively managing allocations across different asset classes rather than picking individual securities.

We are not constrained by a specific, limited, investment universe – our securities product universe comprises liquid and transparent instruments in fixed income, equities and currencies in the major developed and emerging markets. We check that the securities and funds selected for our U.S. clients are within an acceptable tax environment, which they establish before we exercise discretion to buy or sell.

We require that clients complete a Client Services Mandate ("Mandate") where they outline with our help their attitude to risk, capacity for loss, specific investment objectives and restrictions. We manage investments in line with these requirements.

Our clients have detailed and complex requirements across many jurisdictions, and we are used to meeting these requirements over many years. If we cannot meet your requirements we will tell you before you contract with us.

We offer the following investment strategies.

#### Conservative Mandate

The objective is to preserve capital, generate income, and grow at a steady compound rate. We use a combination of investments in cash, equities, bonds, funds and currency forwards to achieve this. We aim to achieve an average annual return of 200bps + Libor over a full market economic cycle, but can make no guarantee that this would be achieved.

#### Balanced Mandate

The objective is to distribute risk evenly between income generating assets and growth generating asset. We use a combination of investments in cash, equities, bonds, funds and currency forwards to achieve this. We aim to achieve an average annual return of 300bps + Libor over a full economic cycle (as defined above), but can make no guarantee that this would be achieved

#### Growth Mandate

The objective is to achieve long term capital appreciation. We use a combination of investments in cash, equities, bonds, funds and currency forwards to achieve that objective. We aim to achieve an average annual return of 400bps + Libor over a full economic cycle, but can make no guarantee that this would be achieved.

#### Specific Mandate

The objective is specific and set forth in the Mandate. We use a combination of investments in cash, equities, bonds, funds and currency forwards to achieve this, but can make no guarantee that this would be achieved.

For U.S. clients, we do not offer advice on or become involved with:

- pension products;
- insurance and other protection needs, such as life policies or health care;
- longer term financial planning needs such as care and equity release;
- tax planning or tax structures, unless we raise the topic with you specifically in respect of individual investments we hold on your behalf but we do not provide tax advice;
- your choice of custodian, including the jurisdiction in which it is based.

We do not offer a wrap fee service. We do not take U.S. client orders to buy or sell securities.

#### **4. FEES AND COMPENSATION**

We charge our clients a fee based upon assets under management. Our fee charges are as follows:

- For portfolios smaller than \$25,000,000, a management fee of 1.2%;
- For portfolios with assets between \$25,000,000 and \$50,000,000, a management fee of 1.0%;
- For portfolios larger than \$50,000,000, a management fee of 0.8%.

We may negotiate fees. We offer our services for accounts in excess of \$5,000,000. Occasionally, we aggregate accounts of family members to reach this amount on request, as part of a single family relationship.

Our clients negotiate fees; often, the agreed fee will be lower than those disclosed above. Custodians value client assets. We also value client assets. We calculate fees based upon our valuations. To address the conflicts of interest arising from this, we reconcile our and the custodian valuations monthly and we have our valuation and fee calculation methodology reviewed independently at least annually.

The fees we charge for providing investment services are charged as a percentage of the assets we have under management. These charges will be discussed, agreed and set forth in the Mandate. Fees are invoiced after the end of each quarter based on the value of the assets held under our management at that date. We will send you an invoice, and you will instruct your custodian, as your agent, to debit your account. ACPI does not charge for services in advance.

Advisory fees payable to us do not include other fees and expenses that clients incur. The following list of fees or expenses are what clients pay directly to third parties, whether a security is being purchased, sold or held in their account(s) under our management. Fees charged are by the broker/custodian. These are paid to the broker, custodian or the mutual fund or other investment fund held. The fees can include: fees charged by managers of investment products (we will not double charge clients); brokerage commissions; transaction fees; exchange fees; custodial fees; transfer taxes; wire transfer and electronic fund processing fees; or commissions or mark-ups/ mark-downs on security transactions.

Your attention is drawn to the fact that, when we provide our services, we or an affiliate may have an interest, relationship or arrangement that is material in relation to the investment, transaction or service concerned. However, we do not engage in own account trading. We and our affiliates do not trade with clients. We have procedures to identify and address conflicts of interest and a Conflicts of Interest Policy. There is a section in our Terms of Business describing conflicts, and our Conflicts of Interest Group Policy is available on request.

Our investment managers are partially remunerated on the basis of performance which could influence placing trades, the investment decisions and recommendations they make. This creates a conflict between the employees own personal interests and those of our clients. However their remuneration is also affected by company profitability and/or discretionary decision by senior management. Additionally, where these employees manage funds or other instruments we have implemented a valuation policy to ensure that where these funds or instruments are not liquid or publicly traded instruments a fair arms-length valuation is obtained to mitigate the risk that this conflict presents.

For our U.S. clients, we do not receive income from share classes of funds that pay trail commission.

## **5. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge U.S. clients a performance fee. We do, however, charge certain of our non-U.S. clients a performance fee. We address the conflicts of interest in this by ensuring that all orders are suitable and have a reasonable basis for the recommendation.

## **6. TYPES OF CLIENTS**

ACPI will manage an investment portfolio for U.S. residents, including individuals, HNWI's, trusts, charities, pensions or corporate entities.

## **7. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Our primary long-term objective is to preserve and grow our client's wealth by delivering attractive, inflation-adjusted returns across an economic cycle. The main tool utilised to reach our objective is active asset allocation, including the use of cash. We use cash as an asset class and if there is no opportunity we are happy to have cash. All portfolios except specific mandates may be held 100% in cash if we feel that it is appropriate. Ultimately we try to avoid large drawdowns on the portfolio.

Our investment process combines through top-down macro analysis with fundamental security research and dynamic risk management. The first step of the process is the macro-economic analysis, which is followed by the security screening. Subsequently, there is the idea generation and investment thesis evaluation. The following step is the security selection which is combined with the portfolio construction, in particular to take into account is position sizing. Finally is the risk management.

Asset allocation will fluctuate on short and medium term risk profiles of investments. These changes might arise from fundamentals, technical or external triggers. Assuming no change on asset allocation circumstances, an investment becomes a buy when it provides a very attractive risk adjusted return, and assuming a relative level of correlation with the rest of the portfolio. For a new investor that funds the portfolio through cash, positions are normally slowly built over a period of time, often one to three months.

The portfolios can include investment in equities, fixed income, long only funds, hedge funds, currency forwards, cash in multiple currencies, REITs, commodities, and options.

### **Risk of loss**

**Investing in securities involves the risk of loss on the portfolio. All investments involve certain risks and clients should be aware that they face risks of loss.**

The risks involved in this are as follows.

- Market risk: price of securities may drop in reaction to an event or change in conditions.
- Economic risk: changes in economic conditions might create a drop in the value of investments.
- Inflation risk: when inflation is perceived, fixed income and equity instruments might drop in value.
- Deflation risk: when deflation is perceived, equities and other investors might drop in value.
- Liquidity risk: markets on investments might become illiquid, and therefore the price to sell a security might decrease more than expected.
- Business risk: events can happen on an industry specific event, affecting securities on that industry.
- Company risk: changes, real or perceived, in companies' specific situation might create a drop in value of its securities.
- Interest-rate risk: changes in interest rate will cause prices in fixed income instruments to change.

## **8. DISCIPLINARY INFORMATION**

We do not have anything to disclose.

## **9. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

ACPI is an exempt Commodity Trading Adviser ("CTA"). ACPI and/or its related persons are not a broker-dealer or a futures commission merchant, commodity pool operator, CTA or an associated person of any of these.

Our related persons are disclosed in our Form ADV Part 1.

We are the investment manager for Irish domiciled UCITS funds. We do not place U.S. client assets in these, but we do invest non-U.S. client assets in these. For those clients, there is a conflict between our management of these and the non-U.S. client accounts where they invest in similar instruments.

We act to prevent the misuse of confidential client information through our Code of Ethics (Item 10 below) and supplemental monitoring and testing. This helps prevent the misuse of such information and front running.

We execute transactions through multiple custodians' dealing desks (for all clients), and on a DVP basis for certain other custodians (also for all clients), so a decision to trade for all clients will be executed differently, in both time and price, and create a conflict between clients and between clients with separately managed accounts and the investment funds that we manage. We address this conflict with order priority rules that direct which orders are placed first.

Receiving gifts or entertainment from executing brokers creates a conflict between ACPI employees and clients in selection of execution venues. To address this conflict, we employ pre-clearance requirements and monitor activity to help prevent instances of having gifts or entertainment given influence our activities. This includes declining such gifts or entertainment.

We or a related person: recommend to clients, or buy or sell for clients, securities in which we or a related person has a material financial interest; invest in the same (or related) securities that are recommended to clients; or recommend securities to clients, or buy or sell securities for client



accounts, at or about the same time as those securities are bought or sold for personal accounts. We do not trade with clients.

We permit our officers, directors and employees to engage in outside activities, but require them to disclose such activities. Controls are implemented and monitored to address the conflicts of interest arising from these, including, when and as appropriate, recusal, restriction or withdrawal.

#### **10. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Our Code of Ethics ("Code") adopted under Advisers Act Rule 204A-1 helps us avoid the misuse of confidential client information and address the conflicts of interest that arise from providing advisory services to our clients. This Code also is designed to help ensure we meet our fiduciary obligation to our clients and install a "Culture of Compliance", as well as satisfying the requirements of Rule 204A-1. Our Code is distributed to each supervised person at the time of hire, when amended and annually thereafter. We supplement the Code with annual training and on-going monitoring.

Our Code includes the following:

- receipt of our Code and an acknowledgment of that;
- requirements to prevent the misuse of confidential client information;
- pre-clearance of access person (and connected person) transactions;
- reporting (initial, transactional and quarterly) all personal securities transactions;
- reporting Code violations; and
- on an annual basis, we require all employees to re-certify to our Code, identify members of their household and any account to which they have a beneficial ownership.

A copy of our Code is available upon request.

#### **11. BROKERAGE PRACTICES**

We do not permit U.S. clients to instruct us where to direct transactions. We do not accept orders from U.S. clients to buy or sell securities.

##### **Order Execution**

We either: (1) send orders to buy and sell securities to the trading desks of the custodians that hold U.S. client assets, and they select brokers or execution venues; or (2) select brokers or execution venues and trade directly on a delivery versus payment ("DVP") basis.

We owe our clients a duty of best execution, but this is managed differently depending on which trading mechanism of the two listed above is used.

Where orders for clients are routed to the trading desk of a custodian we do not send orders to executing brokers and the obligation to provide best execution rests with the trading desk. We require those trading desks to provide us with a copy of their best execution policy and data to show how they sought best execution. We review the execution quality of those custodian trades.

For the former, under our execution policy, orders with the trading desks of the custodians are placed on a rotational basis.

Where a custodian allows us to place orders for execution on a DVP basis, we will take reasonable steps to seek the best possible results, taking into account the following factors: price; costs; speed; likelihood of execution and settlement; size; and the nature of any other consideration relevant to order execution.

When we propose to trade for more than one client or portfolio and believe that the purchase or sale of is best handled on a collective basis, we will aggregate client orders. This may provide certain advantages, such as favourable execution. When we aggregate trades for more than two clients or portfolios, we allocate prior to placing the order. To manage this conflict of interest, our policies dictate that investment decisions are suitable and with a reasonable basis for the recommendation, that we allocate trades fairly and on a pro rata basis, when and as possible, and that do not favour or disfavour any client. Factors such as suitability, cash and client-imposed restrictions are taken into consideration during the allocation process in order to determine which clients participate in an investment limited in availability.

### **Trade errors**

A trade error is an unintended action or omission in the course of trading. Once a trade error is recognized, the person responsible for the error, or spotting it, must immediately notify the Chief Compliance Officer. If it is possible to cancel the trade prior to settlement, the person responsible for placing the trade should attempt to do this, in a manner to minimise risk or financial loss. If it is not possible to cancel the trade, the transaction should be reversed as soon as possible. If it is not possible or not prudent in the best interests of the client to reverse the trade immediately, the CEO will determine whether the reversal of the trade should be delayed and what other course of action to take. We will correct the trade error promptly and efficiently protecting the interests of the client. In the event of a loss, we will make the client whole. Any gain will accrue solely to a client. We do not compensate clients for any lost market opportunities that may occur as the result of a trade error. We do not net.

### **Cross Trades**

We permit cross trades, where two or more clients trade and where it is documented that such trade is suitable for and in the best interests of each client, satisfies best execution requirements, is consistent with the Client Services Mandate and satisfies relevant legal and regulatory requirements. Cross trades are only permitted with the prior written permission of the Chief Operating Officer and the Chief Compliance Officer. This is a conflict of interest.

### **Soft Commissions**

We do not generate soft commissions through trading activity. We do not receive soft commissions in exchange for making referrals, which could create a risk that we would not prioritise best execution. We do not recommend, request or require that clients direct the use of a specified broker-dealer. We have no affiliate who is a broker-dealer. We follow the inclusive method under MiFID II with respect to the cost of research.

## **12. REVIEW OF ACCOUNTS**

Accounts are subject to three tiers of review.

The Head of Portfolio Management has primary responsibility for each account operating under a standard asset allocation model.

As part of this, our Investment Committee meets at least quarterly (usually monthly) to discuss and revise the asset allocations for the models. This committee meets to discuss top-down strategy issues, markets, individual securities and fund investments, and to review the performance and risk profiles of client portfolios. Other investment professionals from ACPI are invited to contribute to the meetings from time to time on a consultancy basis. Within the monthly reporting schedule, we undertake a review of the performance of the account and the holdings against both the model portfolios and any restrictions for that client. The monthly reports include total valuation, asset allocation, currency allocation, performance and net inflows. It also includes detail per position of quantity held, price, cost, market valuation and weight in the portfolio.

Finally, the Legal and Regulatory Affairs team undertakes account checks, verifying the suitability and diversification of the holdings in the account against the Mandate and model portfolios.

Any concerns raised from any findings from any aspect of the review processes outlined above are subject to escalation to the Chief Compliance Officer, the Chief Executive Officer, the Board of Directors or the Group Audit, Risk and Compliance Committee, at the discretion of the CCO or any member of the Investment Committee.

### **13. CLIENT REFERRALS AND OTHER COMPENSATION**

We do not have any solicitor or referral agreements with respect to U.S. clients.

### **14. CUSTODY**

We do not have custody as this term is defined and used in Advisers Act Rule 206(4)-2.

### **15. INVESTMENT DISCRETION**

The service that we offer to U.S. clients is discretionary investment management. After you have chosen a custodian, for us to provide discretionary management services you must enter into a Mandate with us and a limited power of attorney or similar to provide us with permission to execute transactions within or for the benefit of your account. Thereafter, for discretionary investment management services clients may place a number of restrictions on our investment powers. These include, but are not limited to: no use of currency forwards; no use of hedge funds; no use of options; no use of leverage; no holding UK assets; no holding French assets; and no investment in related person investment funds.

### **16. VOTING CLIENT SECURITIES**

We do not vote proxies for our U.S. clients.

### **17. FINANCIAL INFORMATION**

We have no material financial impairment, nor have we been the subject of any bankruptcy petition in the last 10 years. We do not require prepayment for services.