

53 State Street  
Suite 1302, 13<sup>th</sup> Floor  
Boston, MA 02109  
United States of America

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Mary Lomasney    Head of Legal    [mlomasney@johcm.com](mailto:mlomasney@johcm.com)    617-993-0712  
and Compliance, US

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

**Item 2 — Material Changes**

This brochure which is dated December 20, 2018, replaces the previous version which was dated May 10, 2018. Effective January 1, 2018, JOHCM USA does not use client commissions to purchase services from brokers or other third parties, other than services which are directly related to execution of the order.

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#### **Item 4 - Advisory Business**

##### ***A. JOHCM (USA) Inc. and the JOHCM Group***

JOHCM (USA) Inc. (“JOHCM USA”) was established in early 2013 to provide a US-based presence for the long established investment advisory business of J O Hambro Capital Management Limited (“JOHCM Ltd”). JOHCM USA is a wholly owned subsidiary of JOHCM Ltd., which is a company organized under the laws of England and Wales in 1993. In addition to JOHCM USA, JOHCM Ltd. wholly owns JOHCM (Singapore) Pte Ltd. (“JOHCM Singapore”). JOHCM Ltd. is in turn 100% owned by the holding company J O Hambro Capital Management Holdings Limited (“Holdings”). Presently, JOHCM USA, JOHCM Ltd., JOHCM Singapore and Holdings comprise the JOHCM Group.

JOHCM Ltd. is also registered as an investment adviser with the Securities and Exchange Commission (the “SEC”) and provides investment advisory services similar to those provided by JOHCM USA to US institutional clients from its principal place of business in London, England. Since 2008, JOHCM Ltd. has serviced US clients solely from its London, UK Head Office. To provide a US based presence for the JOHCM Ltd., JOHCM USA was established in early 2013 as a wholly owned subsidiary with an office in New York City and in September 2014 opened a further office in Boston, MA. A third office was opened in November 2015 in Berwyn PA. JOHCM USA is now the home for our US-based investment teams that provide advisory services directly to clients, along with client service, sales, distribution, marketing, trading, and compliance teams that complement the existing services that are already provided by JOHCM Ltd. to US clients.

To the extent allowed by law, arrangements among all members of JOHCM Group and its employees may take a variety of forms, including but not limited to dual employee, delegation, participating affiliate, sub-agency or other servicing arrangements. Certain directors, executive officers, portfolio managers and employees of one entity within the JOHCM Group may also serve as directors, executive officers, portfolio managers and employees of one or more other entities within the JOHCM Group. This practice is designed to make JOHCM Group’s global capabilities available to clients in a coherent and uninterrupted manner within the varying global framework. In these circumstances, the member of the JOHCM Group with which the client has its investment management agreement will remain fully responsible for the account from a legal and contractual perspective. No additional fees are charged for the affiliate’s services except as set forth in the investment management agreement.

Under a participating affiliate arrangement, JOHCM USA and JOHCM Ltd. may both use the services of JOHCM Singapore or appropriate personnel for investment advice and portfolio execution and trading in Asian markets without specific consent by the client, except to the extent specifically restricted by the client in or pursuant to its investment management agreement, or in compliance with applicable law. JOHCM Singapore is incorporated in Singapore and is regulated by the Monetary Authority of Singapore. JOHCM Singapore is not subject to regulation by the SEC. Please see Item 10 for additional details regarding the nature of the relationship between members of the JOHCM Group.

The JOHCM Group is indirectly wholly owned by Pandal Group Limited (“Pandal”), formerly BT Investment Management Limited. Pandal is listed on the Australian Securities Exchange (ASX code: PDL) and has assets under management of AUD\$101.6 billion as of September 30, 2018, (including assets managed by the JOHCM Group).

Regulatory assets under management for JOHCM USA as of September 30, 2018 were \$1,707 billion. Total assets under management, including RAUM and model portfolios for which we provide investment recommendations, for JOHCM Group as of September 30, 2018 were \$41,063 billion.

## ***B. JOHCM USA's Advisory Services***

The JOHCM Group specializes in providing discretionary investment advisory services across a diverse range of equity strategies. The JOHCM Group generally offers its investment advisory services through pooled vehicles (or investment funds) and to clients that establish separately managed accounts. JOHCM Group's origins in the mid-1990s were originally in specialist closed end equity investment vehicles. In 2001, JOHCM Group launched its first public equity strategies (UK Growth and Continental European) and this is the business which continues to this day.

JOHCM USA currently offers advisory services through pooled vehicles (or investment funds) and to clients that establish separately managed accounts (or segregated mandates). When advising clients that are investment funds, the investment advice JOHCM USA provides to such funds is dependent on and limited to the investment objectives of the respective fund as set forth in the entity's governing documents. Such investment advice is not based upon the individual needs of the investors in the fund. The information in this Brochure that describes or relates to the funds is qualified in its entirety by the offering documents of the respective entity. When providing investment services to segregated mandates, we will generally tailor our advisory services to the individual needs of such clients, including any specific guidelines or restrictions such clients may request.

We do not participate in wrap fee programs.

JOHCM USA in addition to these advisory services provides investor relations and business development services to JOHCM.

## ***C. JOHCM Group's approach to investment advisory services***

JOHCM USA shares the long established guiding philosophies of the wider JOHCM Group – we offer an alternative to the other, traditional investment management firms that have dominated the market for many years. We hire portfolio managers who are able to remain true to their own investment style. JOHCM Group has an excellent record of investment professional retention.

JOHCM Group, including JOHCM USA, has an entrepreneurial culture that aims to attract portfolio managers who have great confidence in their stock-picking skills. These are people who often have worked for major investment firms where they were bound to a corporate process, or restricted to core stock lists and set asset allocations. JOHCM Group's managers are free to invest - within agreed-upon portfolio construction criteria - where they choose.

JOHCM Group expects portfolio managers to deploy their proven and individual talents to their full extent for the benefit of investors.

JOHCM Group's culture is investment-led. JOHCM Group portfolio managers vet new hires and mutual respect is the driver behind their exchange of ideas. JOHCM Group is protective of investment integrity. Talented portfolio managers join the JOHCM Group because they recognize that JOHCM Group cares about protecting their performance records via capacity discipline and is active in aligning their interests with those of investors and the firm.

The definition of success for many investment houses is to attract the largest possible amount of assets both generally and specifically in each offered strategy. Every time JOHCM Group launches a strategy, the portfolio manager determines the maximum amount of money that he or she is prepared to run in that

strategy (including any investment funds and segregated mandates). Once any strategy reaches its predetermined size limit, it is closed to new investors, giving the portfolio manager the conditions in which they can deliver and sustain outperformance and stay focused on the interests of our clients.

Talented people, excellent research and hard work are every investment manager's stock in trade. However, we believe that it requires more than just exceptional asset management skills to exceed benchmarks; it also takes a special environment where all the supporting conditions and incentives that portfolio managers need to outperform are in place - as indeed they are at JOHCM USA.

Unlike the other investment houses, JOHCM USA's managers spend little time on office management and marketing-related activities. Being heavily involved in such matters does little to engender investment outperformance. By distancing managers from some of the peripheral activities associated with investment management and giving them the degree of scope and total support they need, we make our portfolio managers more accountable for the performance of the funds they manage. Also, when portfolio managers have all they need to get results, they have no reason to move on and every reason to stay. All of the above coupled with our unceasing drive for outperformance, the self-imposed limits on strategy asset sizes and firmly committed portfolio managers, directly aligns our interests with those of our clients.

## Item 5 -Fees and Compensation

We generally offer two fee structures for clients: (i) an advisory fee based on a percentage of assets under management (or “management fee”) or (ii) a lower management fee plus an incentive fee based on whether we outperform the relevant benchmark. Management fees are typically paid quarterly in arrears and incentive fees are paid annually. With respect to clients that are investment funds, the custodian/trustee calculates the management fees, which are checked and approved by the JOHCM Ltd. finance department, prior to the custodian/trustee forwarding payment to JOHCM Ltd. With respect to segregated account clients, we invoice those clients for our services. Those clients may choose to instruct the custodian for the account to pay our fees or such funds may pay our fees directly.

A representative fee schedule for institutional segregated accounts managed by JOHCM Group for US clients is provided below, although it is expected that, from time to time, the fee charged following negotiation may differ from the illustrations below depending the nature, circumstances and requirements of the individual client. The client agreement will provide details for the termination of the agreement which will be as agreed with individual clients for segregated accounts. The management fee is paid whether or not the account is profitable in a given quarter. The detailed investment management agreement with the individual client will specify whether fees are deducted from the client account or are payable separately.

<b>Investment Strategy</b>	<b>Management Fee Range Per Annum* (No Performance Fee)</b>	<b>Management Fee Range Per Annum* (15% Performance Fee)</b>
Global and International Equities - International Select - Global Opportunities - International Small Companies	-- .65 - .80% .75 – 1.00%	.55% .50 - .60% .55 - .75%
Emerging Markets Equities - Global Emerging Markets Opportunities - Emerging Markets Small Cap	.90% 1.25%	.65% .90%
Continental European Equities (excluding UK) - European Concentrated Value	.65 - .75\$%	.50 - .55%
US Equities - US Small Mid Cap	.55 - .65%	.35 - .45%

\*Based on size of account. Fees may be tiered as asset levels increase

In the foregoing illustration, where the client has elected to pay an incentive fee on its advisory account, we will be entitled to receive a management fee plus a performance based fee equal to 15% of the Relative Performance (as defined below) of the client's account. "Relative Performance" means the excess of the account's performance over the performance of the applicable index (for instance, the index for an International Small Companies mandate will typically be the MSCI All Country World ex-US Small Cap Index) calculated on a geometric basis, less any underperformance carry forward.

Fees for pooled vehicles are included in the offering memorandum or the fund prospectus as applicable.

JOHCM USA does not charge or receive compensation in connection with the sale of securities/private funds/mutual funds/or other investment products. However, certain of our employees accept compensation (also referred to as "commissions") for the sale of securities/private funds/mutual funds/or other investment products. Accepting commissions gives rise to a conflict of interest in that it may give our employees an incentive to recommend investment products based on the compensation they will receive, rather than solely on a client's needs. JOHCM USA has policies and procedures in place to address the suitability of a product for each client prior to sale.

### **Other Expenses**

As is usual for institutional segregated mandates, the client portfolio will bear the actual transactions costs such as brokerage commission and transaction fees. JOHCM USA does not provide custody services and these and the costs thereof are governed by the clients' own arrangements. In the case of investment funds, investors in those funds also bear other fees and expenses, including administration, audit and legal expenses.

"Item 12 – Brokerage Practices" describes the factors that JOHCM USA considers in selecting or recommending broker-dealers for transactions and determining the reasonableness of their compensation (e.g., commissions).



## **Item 6 - Performance based Fees and Side-by-Side Management**

Mandates managed by JOHCM USA may include both those where remuneration is based solely on a percentage of net asset value and others where, in addition, there is a performance fee element. A representative fee schedule is detailed in Item 5 above.

For any particular strategy, the relevant investment management team will typically have a mixture of mandates some with performance fees and some without. This has the potential for conflicts of interest including, for instance, trading for the different categories of account at different times or the unfair allocation of trades between performance fee and non-performance fee accounts. Performance-based fee arrangements may create an incentive for managers to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. JOHCM USA has implemented policies and procedure that are designed to address these potential conflicts of interest, including procedures for the fair allocation of trades and investment opportunities, be they buy or sell decisions or participation in IPOs or other corporate activities.

A fuller description of the types of conflicts that exist in our business and the procedures we have adopted to manage them is set out in Appendix A.

**Item 7—Types of Clients**

JOHCM USA seeks to provide investment advisory services on a segregated basis to US institutional investors, including banks or thrift institutions; pension and profit sharing plans; foundations, family offices, trusts, estates or charitable organizations; or other corporate entities. The normal minimum size for such segregated accounts is \$75 million

We also provide advisory and/or sub-advisory services to U.S registered investment companies, U.S. private investment funds and offshore (UK and Irish domiciled) open ended investment companies (UCITS funds).

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

### **Our Approach**

JOHCM USA follows the long established JOHCM Group approach and does not impose a house investment philosophy on our portfolio managers, but rather allows them to flourish in their own way. We offer them a chance to concentrate on pure fund management, by allowing them autonomy, accountability and ownership with strong operational support.

JOHCM Group built its business by hiring a series of investment teams from other investment firms. These teams had developed their own investment philosophies and track records within their former firms before joining JOHCM Group – this is the approach we are also adopting for JOHCM USA. Without centralized research or committees, portfolio managers may apply their own individual philosophy to the strategies they manage and make their own decisions, within pre-agreed portfolio construction criteria.

JOHCM Group offer a range of different equity investment strategies, those offered by JOHCM USA which are summarized below, and those offered by JOHCM Ltd which are summarized in that adviser's Form ADV. This section concludes with risk factors which investors need to consider and details of our procedures for investment oversight.

### **Details of JOHCM USA Investment Strategies**

<b><i>Global &amp; International Equities</i></b>	<p><b>Global Smaller Companies</b> <i>Managed by: Thorsten Becker, Senior Portfolio Manager</i> <i>Arun Daniel, Senior Portfolio Manager</i> <i>Vincent Rivers, Senior Portfolio Manager</i></p> <p><b>Strategy description</b> The portfolio managers take a sector-based approach to the management of Global Small Companies. Applying their significant experience in global sector research and portfolio management, they collaborate to identify the future long-term winners throughout the globe. The portfolio is concentrated in best ideas, typically resulting in 45-70 positions. The typical market cap of individual holdings is US\$1 billion - US\$15 billion.</p> <p><b>Investment strategy</b> As a team the portfolio managers operate with independent, sector-specific investment processes developed through their significant experience in global sector research and portfolio management. They collaborate to identify cross-sector investment themes and trends, and work individually to develop investment ideas for their respective sectors. They then reconvene collectively to assess risk, conviction and to size positions appropriately</p>
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**Global Opportunities**

*Managed by: Ben Leyland, Senior Portfolio Manager*

*Robert Lancaster, Senior Portfolio Manager*

**Strategy description**

The Global Opportunities strategy is a high conviction, benchmark unconstrained stock picking strategy that invests in both developed and emerging markets. Experienced portfolio managers bring to bear the same investment philosophy and process that established the UK Opportunities strategy, focusing on companies that are capable of producing compounding growth over the long term.

**Investment strategy**

- Concentrated portfolios are constructed with no reference to any index.
- The managers aim to “know a lot about a little” and cluster the portfolio around a few key areas of opportunity.
- The process identifies companies with durable competitive advantages, strong balance sheets and opportunities for reinvestment.
- Valuation is assessed in absolute terms, with reference to both best and worst case scenarios for long term cash flows.

**International Small Companies**

*Managed by: Robert Cresci Senior Portfolio Manager*

**Strategy description**

The International Small Companies strategy invests in equity securities of non-U.S. small companies, across 45 countries and the 11 GICs Sectors. Companies considered to be small are those with a market capitalization below US\$2 billion at time of purchase. The manager believes utilizing a disciplined fundamental bottom-up research approach will generate profitable insights, resulting in a portfolio of high-quality, durable growth companies and robust risk-adjusted returns over the long term.

**Investment strategy**

Using our long-established fundamental philosophy and disciplined investment process, each potential investment is subject to fundamental analysis where the past five fiscal years’ financials and other corporate disclosures are reviewed to understand the particulars of the business (i.e. accounting treatments, operating procedures, market behavior, corporate governance); management is interviewed in an effort to clearly understand the business model, their growth strategy and action plan; on-site visits to company’s production facilities are conducted to verify balance sheet quality and the integrity of operations. These analytical efforts enable us to accumulate an understanding of the business and develop assumptions to construct an investment thesis and subsequent financial models for valuation

	<p>purposes. Information is updated on an on-going basis based upon a company's business performance, managerial developments and strategic progress. We assign medium and long-term "mileposts" to test the rational of our investment thesis and value assumptions. Management contact occur no less than semi-annually.</p> <p>The portfolio is built on a bottom-up stock-selection basis. Individual company investments are added to the portfolio based on their own merits and our investment horizon for each holding ranges between 4 – 7 years, allowing for the companies' management to execute their growth strategies and the markets to fully recognize the value we have identified. We will continue to hold our investments as long as our specific investment thesis remains intact and management continues to execute and invest in their growth strategy. Country and sector exposures reflect the results of stock selection, while diversification is ensured through established limits on number of individual holdings, countries, sectors and currencies.</p> <p><b>International Select (World ex USA – EAFE)</b>  <i>Managed by: Christopher Lees, Senior Portfolio Manager</i>  <i>Nudgem Richyal, Senior Portfolio Manager</i></p> <p><b>Strategy description</b>  JOHCM International Select has been designed to offer investors a proposition of high conviction, benchmark unconstrained stock picking on a global ex USA ("EAFE") basis. Its "4-Dimensional" investment process identifies what factor actually drives each stock; for example, stock specific idiosyncrasy, sector correlation, country correlation and how this changes over time.</p> <p><b>Investment strategy</b></p> <ul style="list-style-type: none"> <li>• The portfolio managers have a Growth at a Reasonable Price (GARP) investment philosophy, which is sometimes described as Core with a growth bias. They aim for consistency of returns, by exploiting multiple market anomalies/inefficiencies.</li> <li>• Growth and value disciplines are combined to help avoid the volatility that can occur in a single-style strategy, in an effort to obtain better risk-adjusted returns over the medium and long term</li> <li>• They use mean reversion and momentum as proven predictors of risk and return</li> <li>• They look for stocks, sectors and countries that have displayed long term underperformance (3 to 5 years) followed by short term outperformance (6 to 12 months).</li> <li>• They believe that markets are not efficient and correlations/betas change over time</li> <li>• They use a "4-Dimensional" investment process (stocks, sectors,</li> </ul>
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	countries, time/change) with factors weighted to what actually drives each share price.
<b>US Equities</b>	<p><b>US Small Mid Cap</b>  <i>Managed by: Thorsten Becker, Senior Portfolio Manager</i>  <i>Arun Daniel, Senior Portfolio Manager</i>  <i>Vincent Rivers, Senior Portfolio Manager</i></p> <p><b>Strategy description</b>  The portfolio managers take a sector-based approach to the management of US small and mid-cap companies. Applying their significant experience in global sector research and portfolio management, they collaborate to identify the future long-term winners of corporate America. The portfolio is concentrated in best ideas, typically resulting in 45-60 positions. The typical market cap of individual holdings is US\$1 billion to US\$10 billion.</p> <p><b>Investment strategy</b>  As a team the portfolio managers operate with independent, sector-specific investment processes developed through their significant experience in global sector research and portfolio management. They collaborate to identify cross-sector investment themes and trends, and work individually to develop investment ideas for their respective sectors. They then reconvene collectively to assess risk, conviction and to size positions appropriately.</p>
<b>Asia ex Japan</b>	<p><b>Asia ex Japan</b>  <i>Managed by: Samir Mehta Senior Portfolio Manager</i>  <i>Cho Yu Kooi, Senior Portfolio Manager</i></p> <p><b>Strategy description</b>  The JOHCM Asia ex Japan strategy is a concentrated, benchmark agnostic, all-cap portfolio. The portfolio is biased towards quality companies. The team uses a fundamental bottom-up approach to stock selection. Their investment style is low turnover and is of a long-term nature with a three year average holding period.</p> <p>The team aims to outperform the benchmark index for each strategy over a market cycle of four to five years. They aim to generate long-term capital returns provided by the economic and demographic growth of the region and in particular India and China.</p> <p><b>Investment strategy</b>  The team's investment philosophy is based on the following beliefs:</p> <ul style="list-style-type: none"> <li>• There are pricing inefficiencies in Asian stock markets. The greatest inefficiencies are at the individual stock level. This is, therefore, where they focus their investment resources, with approximately 70% of total value added expected to come from fundamental stock</li> </ul>

	<p>selection.</p> <ul style="list-style-type: none"> <li>• Value creation in a company is driven by long-term growth and the ability to generate returns above its cost of capital. They, therefore, focus on companies displaying long-term sustainable quality growth characteristics</li> <li>• Detailed analysis and regular interaction with company management is vital. The team's analysis gives them the conviction to take a long-term investment view, meaning that turnover is low.</li> </ul> <p>Asian markets are frequently driven by macroeconomic and political factors that are separate from stock-specific considerations. These markets have a history of giving high returns but also with high volatility. The team aims to blend their growth stock focus with cyclical exposure that is valuation-driven and based on top-down views. They may also use downside protection strategies in adverse market conditions. Approximately 30% of value added is expected to come from top-down views.</p>
<b>Emerging Markets Equities</b>	<p><b>Emerging Markets</b>  <i>Managed by: Emery Brewer, Senior Portfolio Manager</i>  <i>Dr. Ivo Kovachev, Senior Portfolio Manager</i></p> <p><b>Strategy description</b>  The Global Emerging Markets strategy draws on the stock picking skills of experienced investment managers, in order to identify fast-growing companies within emerging markets</p> <p><b>Investment strategy</b>  The portfolio managers follow a principally bottom-up, stock selection driven process that seeks to identify the most dynamic growth stocks within their investment universe. By making extensive use of screening tools and closely tracking corporate news flow, they aim to identify companies demonstrating strong and improving operational performance. They will look to find companies that have the potential to develop world class products or become industry leaders in local markets. In addition to strong fundamentals, the team considers market timeliness, as well as individual and relative valuations, when making investment decisions</p> <p><b>Emerging Markets Small Cap</b>  <i>Managed by: : Emery Brewer, Senior Portfolio Manager</i>  <i>Dr. Ivo Kovachev, Senior Portfolio Manager</i>  <i>Stephen Lew, Portfolio Manager</i></p> <p><b>Strategy description</b>  The Emerging Markets Small Cap strategy aims for long-term capital appreciation from investing in a portfolio of equity securities issued by small</p>

	<p>and mid-capitalization companies primarily located in emerging markets including frontier markets.</p> <p><b>Investment strategy</b> The managers believe that all markets are subject to some inefficiency often driven by investors with short-term viewpoints. The strategy seeks opportunities to take advantage of persistent company and industry trends that other managers may miss. The managers build the portfolio primarily from a bottom-up growth philosophy and individual stock selection process, but also consider top-down macroeconomic information in determining sector and country weightings in the portfolio.</p> <p><b>Global Emerging Markets Opportunities</b> <i>Managed by: James Syme, Senior Portfolio Manager Paul Wimborne, Senior Portfolio Manager</i></p> <p><b>Strategy description</b> The Global Emerging Markets Opportunities strategy aims to outperform its benchmark through a combination of top-down (country level) and bottom-up (stock level) active positions. The team believes in the importance of understanding the investment drivers and risks at the country level. They believe in only investing in companies that benefit from the top-down environment that they can foresee. They buy quality growth stocks at attractive valuations leading to a focused portfolio of 40-60 emerging markets stocks.</p> <p><b>Investment strategy</b> Through an exhaustive monthly country allocation process that covers all 24 countries within the MSCI Emerging Markets Index, the team produces country allocation targets for each country within the index based on a five-factor analysis: Growth, Liquidity, Currency, Management/Politics and Valuation of the equity market. Complementing their top-down view is a stock selection process that focuses on identifying quality growth stocks trading on attractive valuations within the portfolio managers' favored countries. Over time, they expect that top-down and bottom-up decisions will each contribute 50% of total value added.</p>
<b>European Equities</b>	<p><b>European Concentrated Value</b> <i>Managed by: Robrecht Wouters, Senior Portfolio Manager Luis Fananas, Portfolio Manager</i></p> <p><b>Strategy description</b> This strategy is a large-cap, concentrated version of the JOHCM European Select Values strategy (ESV). The managers have a highly selective, valuation-oriented investment approach, which focuses on undervalued pan-European large-cap companies that generate high returns on capital. The</p>



	<p>managers' stock-picking approach is unconstrained by benchmark weightings and combines traditional 'value' investing (focusing on attractive valuations) and 'quality' characteristics, such as high return on capital employed.</p> <p>Portfolios will typically hold around 25 high conviction positions and are expected to exhibit a low portfolio turnover. The strategy will be expected to have sizeable sector biases, usually avoiding commodity-like industries and capital-intensive sectors such as financials.</p> <p><b>Investment strategy</b></p> <ul style="list-style-type: none"> <li>• Drawing upon their exhaustive analysis of individual stocks, the managers seek to find large-cap European stocks that they believe to be fundamentally undervalued in absolute terms (trading at a discount of 25+% to their intrinsic value)</li> <li>• The portfolio managers believe that, over time, value companies with high returns on capital employed and strong cash flow should outperform</li> <li>• In their view, a portfolio comprising quality companies, characterized by established and superior business models, and high conviction investment ideas provides greater potential for capital appreciation</li> </ul>
<b>Mult-Asset</b>	<p><b>Global Income Builder</b></p> <p><i>Managed by: Giorgio Caputo, Senior Portfolio Manager Robert Hordon, Senior Portfolio Manager Lale Topcuoglu, Senior Portfolio Manager</i></p> <p><b>Strategy description</b></p> <p>The Global Income Builder strategy aims to generate meaningful monthly income distributions and long-term capital appreciation by applying a global value investment philosophy to income-generative assets. The strategy invests in global equities and fixed income but may also hold cash and hedging assets e.g. commodity-linked investment instruments such as exchange traded funds that invest in gold and precious metals. The investment team has a long-term, absolute return-oriented investment philosophy and believes their highest priority is to protect the capital they manage from permanent impairment.</p> <p><b>Investment strategy</b></p> <p>The Global Income Builder strategy seeks to achieve its investment objective by applying a bottom-up, long-term global value investing philosophy across a broad range of asset classes. In a bottom-up approach, companies and securities are researched and chosen individually. The strategy normally will invest in a wide range of income-producing equity securities, including common stocks of U.S. and foreign companies that offer attractive dividend yields. The strategy also normally will invest in a wide range of fixed income instruments from markets in the United States and multiple countries around</p>

	<p>the world such as high-yield instruments (commonly referred to as “junk bonds”), investment grade instruments and sovereign debt. Additionally, the strategy normally will invest in hybrid securities that embody elements of both equity and fixed income securities such as preferred shares and convertible bonds. The strategy may invest in securities of any maturity or investment rating, as well as unrated securities. The strategy may invest in various hedging assets that the Adviser believes will reduce the overall volatility of the strategy, protecting capital, in certain market environments. Such hedging assets may include, but are not limited to: exchange-traded funds and commodity-linked investment vehicles that primarily invest in gold and precious metals; inflation-linked investments; and currency hedging instruments such as currency forward contracts and currency futures. As a multi-asset strategy, the strategy invests in the various asset classes described above and may shift its investments from one asset class to another. The Adviser anticipates that—under normal circumstances—the strategy will invest in a portfolio of between 30% and 70% equity securities, with the balance of its assets invested in fixed income securities, hedging assets and cash or cash equivalents. However, the Adviser maintains the ability to adjust the strategy’s allocations as needed to adapt the portfolio to various income, market, and valuation environments.</p>
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### **Risk Factors**

#### *Investment Approach*

All investments of these strategies risk the loss of capital. No guarantee or representation is made that the investment approach utilized on behalf of these strategies will be successful.

#### *Asset Allocation Risk*

There is a risk that if the specific strategy for allocating assets among different asset classes does not work as intended, the strategy may not achieve its objective or may underperform other similar investment strategies.

#### *Market Risks*

The trading and investment strategies utilized are subject to market risk. Certain general market conditions – for example, a reduction in the volatility or pricing inefficiencies of the markets in which the strategy is active – could materially reduce the strategy’s profit potential.

#### *Investments in Equity Securities*

Equity market risk is the risk that a particular stock, a fund, an industry, or stocks in general may fall in value. The value of an investment in the strategy will go up and down with the prices of the securities in which the strategy invests. The prices of stocks change in response to many factors, including the historical and prospective earnings of the issuer, the value of its assets, management decisions, decreased demand for an issuer’s products or services, increased production costs, general economic conditions, interest rates, currency exchange rates, investor perceptions and market liquidity. Common stock and similar equity securities generally

represent the most junior position in an issuer's capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of common stock generally are entitled to dividends only if and to the extent declared by the governing body of the issuer out of income or other assets available after making interest, dividend and any other required payments on more senior securities of the issuer.

#### *Investing in smaller or mid-capitalization equity securities*

Certain strategies invest in small and mid-capitalization companies. Such companies may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, these small and mid-capitalization companies may have limited: (i) product lines, (ii) history of operations, (iii) ability to raise additional capital, (iv) access to markets and financial resources, and (v) may depend upon relatively small management groups. These factors may make them more susceptible to market pressures and, therefore, small and mid-capitalization stocks may be more volatile than those of larger companies

#### *Illiquidity in Certain Markets*

The strategy may invest in securities that later become illiquid or otherwise restricted. The strategy might only be able to liquidate these positions at disadvantageous prices, should the portfolio manager determine, or it becomes necessary, to do so. For example, substantial withdrawals from the strategy could require the strategy to liquidate its positions more rapidly than otherwise desired in order to obtain the cash necessary to fund the withdrawals. Illiquidity in certain markets could make it difficult for the strategy to liquidate positions on favorable terms, thereby resulting in losses or a decrease in the net asset value of the strategy.

#### *International Investing*

Investing in securities of non-U.S. issuers, positions which generally are denominated in foreign currencies, and utilization of forward foreign currency contracts, involve both opportunities and risks not typically associated with investing in U.S. securities. These include: fluctuations in exchange rates of foreign currencies; possible imposition of exchange control regulation or currency restrictions that would prevent cash from being brought back to the United States; less public information with respect to issuers of securities; less governmental supervision of exchanges, securities brokers and issuers of securities; difficulties in obtaining and enforcing a judgment against a foreign issuer; different accounting, auditing and financial reporting standards; different settlement periods and trading practices; less liquidity and frequently greater price volatility in foreign markets than in the United States; imposition of foreign withholding and other taxes; and sometimes less advantageous legal, operational and financial protections applicable to foreign sub-custodial arrangements. The cost of investing in securities of non-U.S. issuers can be higher than the cost of investing in U.S. securities. Investments in securities denominated in foreign currencies also involve the additional cost of converting currencies upon the purchase and sale of securities.

#### *Emerging Markets*

The securities markets of emerging countries are substantially smaller, less developed, less liquid and more volatile than the securities markets of the U.S. and other more developed countries. Disclosure and regulatory standards in many respects are less stringent than in the U.S. and other major markets. There also may be a lower level of monitoring and regulation of the markets and

the activities of investors in certain less developed countries, and enforcement of existing regulations can be extremely limited. Emerging markets may have slower clearance and settlement procedures, higher transaction costs and investment restrictions that may restrict or delay trading. In addition, certain governments may require approval for, or otherwise restrict, the repatriation of investment income, capital or proceeds of sales of securities by foreign investors. War, governmental intervention, lack of capital, corruption, poor corporate management and limited resources are also common risks associated with investing in these markets. Sovereign debt may carry below investment grade credit ratings and be highly speculative. Defaults or restructurings of public and inter-bank indebtedness have occurred in several emerging markets, including Argentina, Brazil, Costa Rica, Ecuador, Indonesia, Malaysia, Mexico, Pakistan, Peru, Russia, South Korea, Vietnam, Thailand, Uruguay and Venezuela, as well as several African countries. There can be no assurance that foreign sovereign debt securities will not default or be subject to similar restructuring arrangements. Investments in securities of issuers located in emerging market countries can be more speculative than investments in securities of issuers located in developed countries and are subject to certain special risks. The political and economic structures in many of these countries may be in their infancy and developing rapidly, as such countries may lack the social, political and economic characteristics of more developed countries. Certain of these countries have in the past failed to recognize private property rights and have at times nationalized and expropriated the assets of private companies. Some countries have inhibited the conversion of their currency to another. The currencies of certain emerging market countries have experienced devaluations relative to the U.S. dollar, and future devaluations may adversely affect the value of assets valued in such currencies. Many emerging markets have experienced substantial, and in some periods, extremely high, rates of inflation for many years. Continued inflation may adversely affect the economics and securities markets of such countries. In addition, unanticipated political or social developments may affect the value of investments in these countries. The small size, limited trading volume and relative inexperience of the securities markets in these countries may make an investment in such countries illiquid and more volatile than investments in more developed countries, and the strategy may be required to establish special custodial or other arrangements before making investment decisions in these countries. There may be little financial or accounting information available with respect to issuers located in these countries, and it may be difficult as a result to assess the value or prospects of an investment in such issuers.

#### *Equity-Linked Instruments Risk*

There is a risk that, in addition to market risk and other risks of the referenced equity security, an account that invests in equity-linked securities may experience a return that is different from that of the referenced equity security. Equity-linked instruments also subject the account to counterparty risk, including the risk that the issuing entity may not be able to honor its financial commitment, which could result in a loss of all or part of the account's investment.

#### *Fixed Income Risk*

Fixed income securities will increase or decrease in value based on changes in interest rates. If rates increase, the value of fixed income securities generally declines. On the other hand, if rates fall, the value of the fixed income securities generally increases.

### *Credit Risk*

An issuer of debt securities may fail to make interest payments or repay principal when due, in whole or in part. Changes in an issuer's financial strength or in a security's credit rating may affect a security's value.

### *High Yield ("Junk Bond") Investments Risk*

These securities, also known as "junk bonds," are not investment grade and are generally considered speculative because they present a greater risk of loss than higher quality debt securities. These lower-rated or defaulted debt securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

### *Value Investing Risk*

Value securities are securities of companies that may have experienced adverse business, industry or other developments or may be subject to special risks that have caused the securities to be out of favor and, in turn, potentially undervalued. It may take longer than expected for the value of such securities to rise to the anticipated value, or the value may never do so.

### *Derivatives Risk*

Accounts that use derivatives (including futures and forward contracts) to enhance returns or hedge against market declines are subject to risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. These risks include (i) the risk that the counterparty to a derivative transaction may not fulfill its contractual obligations; (ii) risk of mispricing or improper valuation; and (iii) the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index.

### *Convertible Securities Risk*

Accounts that invest in convertible securities are subject to the risks associated with both fixed-income securities and equity securities. If a convertible security's investment value is greater than its conversion value, its price will likely increase when interest rates fall and decrease when interest rates rise. If the conversion value exceeds the investment value, the price of the convertible security will tend to fluctuate directly with the price of the underlying equity security.

### *ETF Risk*

The value of commodity-linked ETFs may be affected by changes in overall market movements, commodity index volatility, change in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political and regulatory developments. The prices of commodity-related ETFs may fluctuate quickly and dramatically and may not correlate to price movements in other asset classes, such as stocks, bonds and cash.

### *Commodities Related Investment Risk*

Exposure to the commodities markets may mean greater volatility than investments in traditional securities. The value of commodity-linked derivative instruments, commodity-based exchange

traded trusts and commodity-based exchange traded funds and notes may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political and regulatory developments.

#### *Preferred Stock Risk*

The value of preferred stocks will fluctuate with changes in interest rates. Typically, a rise in interest rates causes a decline in the value of preferred stock. Preferred stocks are also subject to credit risk, which is the possibility that an issuer of preferred stock will fail to make its dividend payments.

#### *Foreign Custody Arrangements*

In addition to the general risks associated with international investing described above, maintaining assets in foreign countries involves generally higher costs and greater risks than those associated with similar U.S. investments, particularly in the case of assets maintained in less developed countries. The scope and range of custodial services offered in many foreign countries may be more limited than in the U.S. and, as a result, assets may be maintained with banks, brokers and other financial institutions offering more limited custody services, and possessing less experience, less developed procedures for safekeeping of assets, poorer capitalization, and greater risks of bankruptcy, insolvency and fraud, than would typically be the case in the U.S. Assets maintained in certain emerging foreign countries also may be subject to other types of risks that either are not present or less pronounced in the U.S. and other more established markets, including political and economic risks (including nationalization of foreign bank deposits or other assets, and poor political and economic infrastructure and stability), commercial and credit risks (including poorly developed and regulated banks and financial systems), liquidity risks (including restrictions on repatriation and convertibility of currencies), legal and regulatory risks (including risks relating to evolving and/or undeveloped legal systems and regulatory frameworks) and operational risks (including risks relating to maintenance of shareholder title, clearing and settlement procedures and market transparency).

#### *Transactions on Non-U.S. Exchanges*

Transactions on non-U.S. exchanges are not regulated by U.S. governmental agencies, such as the SEC. Some non-U.S. exchanges, in contrast to exchanges in the United States, may be “principals markets” similar to forward markets, in which responsibility for performance is only that of the principal with whom a trader has entered into a transaction, and not of an exchange or clearing corporation. In some cases, a broker with whom the strategy enters into a transaction may in effect take the opposite side of trades made for the strategy. Because some non-U.S. exchanges generally lack a clearinghouse system such as that utilized by exchanges in the United States, market disruptions may be more likely to occur on non-U.S. exchanges.

#### *Currency Risk*

The value of foreign securities is affected by changes in currency rates, foreign tax laws (including withholding tax), government policies (in this country or abroad), relations between nations and trading, settlement, custodial and other operational risks. An increase in the strength of the U.S. dollar relative to other currencies may cause the value of investments to decline. Certain foreign currencies may be particularly volatile, and foreign governments may intervene

in the currency markets causing a decline in value or liquidity in foreign holdings, whose value is tied to the affected foreign currency. Some of the currencies in emerging markets have experienced devaluations relative to the U.S. dollar, and major adjustments have been made periodically in certain such currencies. Certain developing countries face serious exchange constraints. In addition, costs will be incurred in connection with conversions between various currencies.

#### *Management Risk*

The Adviser's judgments about the attractiveness, value and potential appreciation of a particular asset class or individual security may prove to be incorrect, and there is no guarantee that individual securities will perform as anticipated.

#### *Regulatory Risk*

Changes in the laws or regulations of the United States or other countries, including any changes to applicable tax laws and regulations, could impair the ability of the strategy to achieve its investment objective.

#### **Investment Oversight**

JOHCM provides our fund managers with a working environment that enables them to focus on alpha generation. Our fund managers have their own individual philosophies and employ their own investment styles. Adherence to investment restrictions is ultimately the fund manager's responsibility within pre-defined criteria. When a new strategy is established the fund managers work with the Investment Director, to agree the portfolio construction and liquidity guidelines within which the portfolio is to be managed. In order to monitor their portfolios, fund managers use live valuation spreadsheets alongside the embedded Bloomberg PORT function, which provides them with intra-day relative stock and sector positioning. They also have access to a number of portfolio analytical tools:

- Statpro (performance attribution)
- Factset (ex ante risk decomposition, risk attribution, liquidity, VaR, stress testing & extreme event analysis)
- Style Research (portfolio style bias)
- Analytics (trade level performance decomposition)
- MSCI ESG Ratings (independent ESG research)

The Investment Director chairs a quarterly portfolio review with the fund manager(s) of each strategy to ensure adherence to the applicable parameters (including adherence to all stated portfolio construction rules). In doing so the Investment Director also performs a comprehensive review of all aspects of performance and risk using detailed outputs from the systems listed above. The detailed outputs used in the portfolio reviews are provided by the Performance Team and the Risk Team, with representatives of both teams in attendance.

In addition to this "investment oversight", the Compliance team monitors compliance with formal investment restrictions including regulations applicable to a particular fund e.g. 40 Act rules, or the particular restrictions agreed with a segregated client and included in the written

agreement with that client. These restrictions are coded into the order management system (Bloomberg's AIM system). When orders are passed from the fund managers to the traders using Bloomberg AIM, the compliance module, which runs on both a pre and a post trade basis, provides alerts to the order originator and to the Compliance team of potential violations. Compliance monitors transactions and adherence to pre-determined portfolio construction guidelines on a daily basis using Bloomberg AIM.



**Item 9 - Disciplinary Information**

There are no legal, regulatory or disciplinary events which are material to a client's or prospective client's evaluation of the JOHCM USA business or the integrity of JOHCM USA management.

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

JOHCM Group's sole business activity is investment management

JOHCM USA is a wholly owned subsidiary of JOHCM Ltd, a company organized under the laws of the England & Wales. JOHCM Ltd is authorized and regulated by the UK Financial Conduct Authority and is also registered as an investment adviser with the SEC and provides similar investment advisory services to US institutional investors from its principal place of business in London, England. Further details on JOHCM Ltd are set out in its Form ADV, which is available on the SEC's website.

JOHCM USA makes use of a number of common systems and control mechanisms operated by its parent company, JOHCM Ltd in London. These include fund management decision support tools and order management systems, the execution of trades by the Group Central Dealing Desk, Middle and Back Office support coordinated by the team at JOHCM Ltd in London. Oversight and further control is exercised by the JOHCM USA Risk Committee which is supported both in relation to investment risk by the Group Investment Director (as described in item 8 above) and also by the Group Compliance team, the head of which also acts as Chief Compliance Officer for JOHCM USA and oversees the compliance policies and procedures adopted by JOHCM USA.

JOHCM USA (along with JOHCM Ltd) has a "participating affiliate" relationship with JOHCM Singapore, a company organized under the laws of Singapore and regulated by the Monetary Authority of Singapore. Generally, a participating affiliate relationship permits registered advisers to access the investment offerings, investment management capabilities and related services, including personnel of unregistered affiliates under prescribed conditions. Presently, JOHCM USA uses JOHCM Singapore's services for certain investment management capabilities and for execution and trading in Asian markets. The participating affiliate relationship is maintained according to applicable laws and the related SEC Staff guidance.

The JOHCM Group is wholly owned by Pental Group Limited ("Pental"), formerly BT Investment Management Limited, a leading Australian fund manager, based in Sydney. Pental operates a boutique model across a broad range of investment products including Australian equities, fixed income and cash. Pental is listed on the Australian Securities Exchange, having been floated in December 2007. At September 30<sup>th</sup>, 2018 Pental reported assets under management totaling AUD\$101.6 billion, including assets managed by JOHCM.

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

Subject to the personal trading rules described in further detail below, employees may personally invest in the same securities that are recommended to clients and they may own securities of issuers whose securities are subsequently recommended to clients. Employees may buy or sell a specific security for their own account based on personal investment considerations, which they do not deem appropriate to buy or sell for a particular client or clients. This presents potential conflicts of interest and the risk that our personnel may put their personal interests ahead of our clients' interests. We mitigate this risk and these conflicts through our personal trading rules, which are part of our code of ethics and generally described below.

All employees of the JOHCM Group, including all employees of JOHCM USA and other persons who provide services to JOHCM USA, are subject to a common set of Personal Trading Rules ("Code of Ethics"). The content of these comply with the requirements applicable to investment advisers registered under the US Investment Advisers Act of 1940, as amended.

The main elements of our rules in this area are:

1. Compliance with the personal trading rules is part of the individual's contract of employment.
2. Prior approval for all trades must be sought from a member of the compliance team (subject to certain industry standard exemptions, e.g., open ended funds not managed by the JOHCM Group).
3. Trading is not permitted where such trading would be on the basis of insider information or might be considered market abuse.
4. Trading is not permitted where such trading would conflict with client trade activity.
5. Copies of trade confirmations must be provided to compliance for all executed trades.
6. Certification of all personal securities trades must be provided to compliance quarterly.
7. Details of all personal holdings must be provided to Group Compliance annually.

A copy of our Code of Ethics is available on request.

## **Item 12 — Brokerage Practices**

### ***Trade Execution***

The execution of client orders is carried out by a central trading desk, staffed by full time trading professionals. To provide timely execution in all time zones in which we invest clients' portfolios, the trading desk is made up of traders from across the JOHCM offices in London, Singapore, and Boston, USA. The arrangements summarized in this document are applied across all the offices which make up the JOHCM Group central trading desk to trades executed in all jurisdictions.

The separation between investment management decisions and execution of orders means that our fund managers can concentrate on idea generation and portfolio construction, leaving order execution to our trading desk. This separation also provides a built-in control for managing conflicts of interest. In particular, fund managers are not allowed to dictate the choice of broker, trading venue or counterparty to be used.

In order to ensure prompt execution, our fund managers send order instructions to the JOHCM Group traders via our electronic trading system. Even though certain fund managers may tend to work with a particular trader, each instruction is received by every trader on the trading desk. Traders are required to execute orders as soon as possible upon receipt, and normal practice is for orders to be executed within seconds of appearing in their trading screen. We monitor the delay on an ex-post basis in order to check that orders are picked up by the traders on a timely basis.

In order to ensure fair execution, orders are executed by traders in the order in which they are received by the trading desk, which ensures that comparable orders (i.e. orders in the same stock which are received through the same media) are dealt with sequentially.

From time to time, JOHCM Group also provides trading services to affiliates. Trading for affiliates is carried out on the same basis as for other clients, and affiliates do not receive preferential services or treatment compared to other clients.

As we do not execute orders for our own account, there is no risk that our trading team will give preference to our orders and execute them ahead of prior client orders

### ***Broker selection/Best Execution***

JOHCM Group provides discretionary investment management services to clients. Most client mandates give us full discretion, subject to the investment restrictions stipulated in the client's investment management agreement, to make investment decisions on behalf of the client in respect of the portfolio that has been entrusted to JOHCM Group's management, including directing securities transactions to broker-dealers we select. When dealing with client orders, we seek to obtain the best execution for clients, taking into account the following execution factors:

- Price (e.g. the price at which the order is executed);
- Costs (e.g. commissions, taxes, exchange and account fees);

- Speed of execution (i.e. the time it takes to transmit an order to a broker or the market and how quickly the order is completed);
- Likelihood of execution;
- Likelihood of settlement;
- Size of order;
- Nature of order;
- Any other consideration relevant to the execution of the order.

JOHCM Group considers the following criteria when determining the relative importance of the execution factors:

- the characteristics of the client, including the categorization of the client as retail or professional;
- the characteristics of the client order;
- the characteristics of the financial instruments that are the subject of that order;
- the characteristics of the execution venues to which that order can be directed.

The following additional considerations may also have an impact on the relative importance of the execution factors to JOHCM Group:

- Liquidity of the financial instrument;
- Potential market impact;
- Investment strategy of the client's portfolio;
- Portfolio manager's instructions in respect of a specific order;
- Rationale for the transaction;
- Any specific client instructions (see further below);
- Market conditions.

While price and costs will generally be the most important of the execution factors to JOHCM Group, the other execution factors mentioned above will also play an important role in determining the venue, method of execution and trading strategy to be applied to a particular order, depending on the circumstances.

### ***Broker Approval Process***

Transactions may only be undertaken with approved counterparties and brokers or on approved trading venues.

The JOHCM Group approved broker and counterparty list comprises a mixture of large integrated investment banks and smaller country specific or niche firms as well as trading platforms. The large firms typically provide a full range of trading services across regions. The smaller firms are typically used to achieve best execution in particular markets or securities. Our aim in selecting counterparties, brokers and trading venues is to ensure that we have a sufficient number to allow us to access available liquidity and volume of trades in order to provide effective execution for our clients.

JOHCM Group will only use brokers, counterparties and trading venues for the execution of client orders which have been approved in accordance with our Counterparty and Venue Selection and Review Process. This process is managed by our Risk team and provides a detailed review covering the financials, information on execution arrangements and execution quality, legal documentation, commission rates and regulated status of any new entities proposed to be added to the list.

The Best Execution Committee (“BEC”) makes the final decision on any new appointment, based on the rationale provided by the trading desk, as well as the review mentioned above.

If approved, a counterparty is allocated to a specific counterparty tier (from 1 to 5) each of which has an overall exposure limit, reflecting the associated credit risk.

Each broker, counterparty and trading venue is reviewed on an annual basis taking into account latest financials, any changes highlighted to execution arrangements or terms of business, the level of service provided including execution quality obtained and any perceived settlement risks, and information provided by the broker or venue on its execution quality. The review will include feedback from meetings held with the broker, counterparty or trading venue over the course of the year. The review process will result in a recommendation to the BEC either to continue use or for removal of an entity from our approved list. The decision rests with the BEC.

We may also decide to stop using a broker, counterparty or trading venue immediately if we have identified a significant deficiency or failure in their execution arrangements or there are concerns regarding their financial status.

### ***Commission Rates***

JOHCM has, wherever practical, established standard execution only commission rates (i.e. excluding local fees and taxes) with brokers for each jurisdiction in which it trades, depending on the type of equity instrument and execution service provided. This does not include commissions for program trades which are separately negotiated. Commissions for other instruments, such as PNotes, may differ across the counterparties used. This will tend to reflect differences in the underlying costs incurred by the counterparties (e.g. exchange and custody fees).

We keep commission rates under regular review to ensure they reflect market trends and represent value for our clients, and our Best Execution Committee carries out a formal review of rates on an annual basis.

### ***Directed Brokerage***

On occasion a client may provide specific instructions to JOHCM with respect to the execution of an order. Where this occurs, it may have an impact on the extent to which we are able to follow our order execution process.

When we act in accordance with a client’s instructions, we will still owe a duty of best execution to the client in respect of the order, but that duty will be modified to the extent that the client’s

instructions prevent us from taking the steps we have designed and implemented in order to achieve best execution. As a result, where clients provide specific instructions, the client may pay higher brokerage commissions or receive less favorable prices.

### ***Affiliated Brokerage***

When executing orders we are acting as agent for our clients. We do not take positions for our own account and we do not transact with any affiliated counterparties.

### ***Trade Aggregation and Allocation***

JOHCM will only aggregate client orders if it is unlikely that the aggregation will work overall to the disadvantage of any client whose order is to be aggregated. Aggregation may work to a client's advantage or disadvantage in relation to a particular order.

The transactions resulting from aggregated orders are allocated in accordance with our Order Allocation Policy which provides for the fair, prompt and accurate allocation of transactions across the individual orders which have been aggregated. Where the aggregated order has only been partially executed, the resulting transactions will usually be allocated on a pro rata basis.

Orders in the same security will be aggregated by the fund manager across portfolios managed in accordance with the same investment strategy to ensure that the portfolios are managed consistently.

Our trading desk may also aggregate orders received in the same security with the unexecuted portion of an open order which is being executed using the same trading strategy. In order to minimize the risk of any client being disadvantaged by an aggregation we will only aggregate orders where aggregation is unlikely to have a material impact on the time it will take to fill any order being aggregated, which in turn could impact price. Thus orders of very different magnitudes may not be aggregated.

The regular compliance monitoring program includes a 100% check of all allocations on an other than strictly pro rata basis and a sample check of all other aggregations and allocations.

### ***Soft Dollars***

Effective January 1, 2018, JOHCM Group does not use client commissions to purchase services from brokers or other third parties, other than services which are directly related to the execution of the order.

### ***Client Referrals***

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

### **Item 13- Review of Accounts**

Client portfolios are subject to frequent review by the portfolio manager responsible for the individual account. They are assisted in ensuring compliance with the investment restrictions contained in the client agreement by automated pre and post trade checking of those restrictions which are coded into our order management system, Bloomberg AIM. These provide an alert to the portfolio manager and / or the dealer of potential violations. The system also provides a notification to compliance of these intraday items and an overnight re-evaluation of the restrictions to reflect end of day valuations. All exceptions and alerts are followed up on a daily basis by our Compliance team.

All portfolios are also subject to JOHCM USA's investment oversight procedures, the details of which are summarized in Item 8, above.

#### Client reporting

We aim to provide excellent client servicing to our institutional client base. The goal of what we do is to not only deliver timely and accurate client reporting but also to be seen as a trusted advisor to our clients.

We offer all of our clients the opportunity to speak to our portfolio managers on a quarterly basis via conference call and to participate in annual one-to-one meetings.

In addition, our Client Service team is always available to respond to day to day queries.



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

The only source of compensation for JOHCM USA are the client fees JOHCM USA receives for the investment management services it provides, as described in this brochure. JOHCM USA currently does not provide compensation for client referrals.

**Item 15 — Custody**

Custody of the assets and cash in client portfolios managed and advised by JOHCM USA is always the responsibility of independent third party custodians who are appointed by the individual client or fund entity.

JOHCM USA does not have custody of client assets.

## **Item 16 — Investment Discretion**

JOHCM USA has discretionary authority to manage accounts on behalf of its clients or those delegated to it by its parent company, JOHCM Ltd, on behalf of JOHCM Ltd.'s clients. The scope and limits on this discretionary authority are laid down in written investment management agreements agreed with clients before the mandate is established and which are subject to regular review.

We endeavor to ensure that all mandates for a particular strategy have similar limits on authority to ensure, as far as is possible, having regard to individual client wishes, that each investment team manages all the monies which are entrusted to them in a similar style.

## **Item 17 - Voting Client Securities**

JOHCM USA has established procedures to ensure that all proxies that are received are properly distributed and voted on a timely basis in the best interest of the client. JOHCM USA uses Broadridge Proxy Edge and ISS Proxy Exchange to facilitate its voting and engagement activities. ISS is used for research and recommendations and Broadridge Proxy Edge is used to vote.

Where ISS research highlights issues which do not represent best practice, the Investment Director will discuss the issues with the relevant fund manager before agreeing a course of action. In addition, fund managers may choose to discuss specific issues directly with company management. After careful analysis a voting decision is made by the fund manager for the particular account and an authorized individual submits the proxy vote.

Should a conflict of interest arise between JOHCM USA's interests and those of a client, JOHCM USA will arrange a discussion with such client to review the proxy voting materials and the conflict and will obtain the client's consent before voting. If JOHCM USA is not able to obtain the client's consent, JOHCM USA shall take reasonable steps to ensure, and must be able to demonstrate that those steps resulted in, a decision to vote the proxies in the best interests of the client.

Once the proxy has been voted, it is recorded and stored on the Broadridge Proxy Edge system. These records contain the proxy statements received on behalf of the client and the record of votes cast on behalf of the client. The Adviser also retains any documents that it has prepared which were material to making a decision on how to vote, or that memorialized the basis for the decision, and records of the client's requests for proxy voting information and any written response.

Clients may request a copy of our proxy voting policy or information regarding this proxy voting policy, including how JOHCM USA voted on specific proxies.

## **Item 18 — Financial Information**

JOHCM USA does not require prepayment of fees for its investment management services and does not have financial commitments that impair its ability to meet contractual or fiduciary duties to its clients. Accordingly there is no requirement to disclose financial information about the firm in this brochure.

**Item 19 — Requirements for State-Registered Advisers**

Not Applicable.

## **Appendix A — Conflicts of Interest**

The summary below sets out the types of Conflicts of Interest which may arise within JOHCM USA and the way in which they are managed.

### **General**

JOHCM USA and its UK-based parent company, JOHCM Ltd act as discretionary investment manager for a number of separate public and private funds and segregated institutional accounts. The investment mandates for these clients are such that a particular investment will be suitable for inclusion in a number of different portfolios.

Each portfolio is managed by a named senior portfolio manager and deputy. It is a key part of JOHCM Group's investment philosophy that these investment teams have the freedom, subject to agreed mandate restrictions, to make their own investment decisions.

Subject to any particular size or other constraints such as risk appetite contained in client mandates the proposed participation in an investment will be in proportion to the relative size of the portfolios managed by that investment team. However a different investment team may make different decisions or make similar decisions at different times in respect of the same investment.

### **Ownership and Group Relationships**

JOHCM USA is a wholly owned subsidiary of JOHCM Ltd. JOHCM USA makes use of a number of group wide services, including trade execution, middle office functions, investment oversight and compliance oversight. In this way the portfolio managers employed by JOHCM USA operate and support their clients in exactly the same way as their colleagues employed by JOHCM Ltd in London. No conflicts arise from these basic arrangements which are designed to provide a quality service to our clients.

JOHCM Ltd is itself a wholly owned subsidiary of Pental, an Australian listed investment management group, headquartered in Sydney, Australia. JOHCM Group operates as a stand-alone boutique within the Pental Group. Neither JOHCM USA nor JOHCM Ltd transacts any business for clients with Pental. No conflicts thus arise from our ownership structure.

### **Basis of remuneration**

The basis of JOHCM USA's remuneration, which is recorded in the investment management agreements with individual clients, may be different for different types of client portfolios. The percentage rate for the annual management charge is not the same for all accounts and in many cases, there will also be a performance fee payable which may be calculated on differing bases for different types of portfolios e.g. pooled fund or segregated.

The remuneration of the individual portfolio managers is a combination of some or all of a salary, a share of performance fees earned by the firm from the portfolios they manage or the

bonus pool of the particular business unit, and that which derives from their equity interest in JOHCM Group.

This remuneration schedule creates a potential conflict of interest because a portfolio manager may allocate more favorable trades to those accounts which pay higher fees in order to benefit themselves. To mitigate this risk JOHCM Group has an investment oversight process which is the responsibility of JOHCM's Investment Director. Although portfolio structure and security selection is the responsibility of portfolio managers, formal peer group review meetings are held quarterly for each strategy. These are attended by the portfolio managers and the performance team and chaired by the Investment Director. At each meeting, performance between accounts with the same mandate is compared, and discrepancies challenged. Fund/account performance versus peers is also reviewed. The key contributors to performance by security and by market cap group are assessed.

In addition the remuneration of individual group employees is overseen by the Group Remuneration Committee.

### **Investment in Funds Managed by JOHCM Group**

Our employees, including the portfolio managers and traders, are permitted to invest in funds managed by JOHCM Group (PM Funds). This may create conflicts of interest, as the portfolio managers would have an incentive to favor the PM Funds by, for example, directing their best investment ideas to the PM Funds or allocating trades in favor of the PM Funds to the disadvantage of other accounts. They may also have an incentive to dedicate more time and attention to the PM Funds to give them better execution and brokerage commissions than our other clients. To mitigate this risk JOHCM Group has an investment oversight process which is the responsibility of JOHCM's Investment Director. [See "Basis of Remuneration" above for a description of review process undertaken to mitigate this conflict]

### **Confidentiality of Information**

JOHCM Group operates a "need to know" approach and complies with all applicable laws in respect of the handling of confidential and price sensitive information in relation to its clients and their investment portfolios. Whilst the group is too small to operate any formal Chinese wall arrangements, access to confidential information is restricted to those who have a proper requirement for the information consistent with the legitimate interest of the client or the relevant part of the JOHCM Group.

### **Inside Information**

If employees are in receipt of inside information, JOHCM Group's policy requires that staff report it to Group Compliance which will result in a restriction on further trading in the securities of the relevant company.



### **Employee Personal Dealing**

All employees are subject to JOHCM Group's Employee Dealing Rules which places clear parameters on how and when they may deal in securities for their own account and their immediate family and include regular reporting of personal transactions and holdings.

### **Gifts & Entertainment**

The giving and receiving of gifts or entertainment are subject to JOHCM Group's policy which is designed to ensure that staff do not offer or give, solicit or accept in the course of normal business any inducement which is likely to create a conflict of interest.

### **Disclosure**

In certain circumstances, where a conflict of interest remains, we will seek the relevant client's consent to allow us to act ensuring that the client has enough information to allow it to make an informed decision.

### **Declining to Act**

Where we determine we are not able to manage the conflict in any other way, we may decline to act for the client.