

First State Investments (UK) Limited

Form ADV Part 2A – Brochure: A Guide to Our Services

Updated November 2018

Stewart Investors is a trading name for First State Investments (UK) Limited (FSI UK). This brochure provides information about the qualifications and business practices of the Stewart Investors division (SI) of First State Investments (UK) Limited (FSI UK). If you have any questions about the contents of this brochure, please contact us on +44 (0)131 473 2900 or enquiries@stewartinvestors.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about First State Investments (UK) Limited is also available on the SEC's website www.adviserinfo.sec.gov.

Stewart Investors

First State Investments (UK) Limited

Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB, United Kingdom

www.stewartinvestors.com

First State Investments (UK) Limited is registered as an investment adviser with the SEC. Please note, registration as an investment adviser with the SEC does not imply a certain level of skill or training.

2. Material changes

On 26 March 2018, Stewart Investors decided to close the Mahout Asia Pacific Leaders Fund and, following consultation with investors, the assets of the fund were returned to investors on and shortly after 2 April 2018.

The change referenced above is the only material change we have identified since the last update of this brochure, which was carried out in September 2017.

3. Table of contents

Section	Description	Page
1.	Cover page	1
2.	Material changes	2
3.	Table of contents	3
4.	Advisory business	4
5.	Fees and compensation	5
6.	Performance based fees and side-by-side management	6
7.	Types of clients	7
8.	Methods of analysis, investment strategies and risk of loss	8
9.	Disciplinary information	12
10.	Other financial industry activities and affiliations	13
11.	Code of Ethics	15
12.	Brokerage practices	17
13.	Review of accounts	20
14.	Client referrals and other compensation	21
15.	Custody	22
16.	Investment discretion	23
17.	Voting client securities	24
18.	Financial information	25

4. Advisory business

First State Investments (UK) Limited (FSI UK) was incorporated in 1988. FSI UK is part of Colonial First State Global Asset Management (“CFSGAM”), the consolidated asset management business of the Commonwealth Bank of Australia. FSI UK is ultimately 100% owned by the Commonwealth Bank of Australia which is listed on the Australian Stock Exchange and is one of Australia’s largest financial institutions.

FSI UK will only carry on the following regulated activities as specified in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001:

- Managing an Alternative Investment Fund (AIF)
- Managing Undertaking for Collective Investments in Transferable Securities (UCITS)

FSI UK acts as the investment manager to investment vehicles with U.S., and non-U.S., institutional investors (“Private Funds”). FSI UK does not anticipate registering such investment vehicles under the U.S. Investment Company Act of 1940 and their shares or interests, as applicable, will not be registered under the U.S. Securities Act of 1933. Accordingly, the Private Funds will not be publicly offered in the United States.

The Mahout Delaware Statutory Trust and the Mahout Group Trust (together the “Funds”), are US domiciled funds which are only sold to US investors, FSI UK is also the manager of funds domiciled in the European Union (however, these funds are not sold in the US).

This document and the figures contained within only refer to the Mahout Delaware Statutory Trust and the Mahout Group Trust.

However, please note that the ADV part 1 application refers to the capabilities of FSI UK as a whole, and the supporting facts and figures reflect this.

On 1 July 2015 the First State Stewart investment team split to form two new teams, one primarily based in Hong Kong (First State Stewart Asia) and the other primarily based in Edinburgh (Stewart Investors). Stewart Investors (SI) has become an investment division in its own right. Both teams remain part of Colonial First State Global Asset Management. Stewart Investors operates as a division of First State Investments (UK) Limited, and this brochure relates solely to Stewart Investors.

As at 30 June 2018, FSI UK had a total of \$25 billion assets under management, of which \$984 million relates to the Mahout Delaware Statutory Trust and the Mahout Group Trust, which are managed by Stewart Investors.

SI does not participate in wrap fee programs.

5. Fees and compensation

Fees and compensation are negotiated on a case-by-case basis with our clients. We charge an advisory fee based on a percentage of funds under management.

Clients pay advisory fees quarterly in arrears.

We will normally invoice clients directly for the fees they have incurred. Clients may elect to separately pay the advisory fee to SI, or may direct the Custodial Trustee to pay the fee to SI by redeeming the appropriate number of units.

In addition to SI's advisory fee, clients incur other fees, for example fund administration, audit and legal fees.

6. Performance based fees and side-by-side management

Currently no clients in the Funds are charged a performance fee.

We have clear and equitable trade allocation procedures to ensure fair treatment of all clients and avoid potential conflicts of interest for clients who elect to have different fee structures.

7. Types of clients

The Funds are available for investment by institutional investors including, but not limited to:

- Pension plans
- Investment companies
- Endowments
- State and Municipal organisations
- Charitable organisations

Clients are 'qualified purchasers' as defined in section 2(a)(51)(A) of the Investment Company Act of 1940.

8. Methods of analysis, investment strategies and risk of loss

Our approach to investing

Stewart Investors is an investment business. We manage portfolios on behalf of clients in Asia Pacific, Emerging Markets, Worldwide, Frontiers and Sustainable equity investment strategies. Primarily based in Edinburgh, but with offices also in London, Singapore and Sydney, we have a distinct culture and investment philosophy that is unchanged in more than two decades, since the launch of our first investment strategy in 1988.

The principle of stewardship has remained central to our investment philosophy. We believe that investment ought to have a social purpose, this being the efficient allocation of our clients' assets to high quality companies at a sensible price. We are long-term investors and have held some shares for over twenty years - when we make an investment, we regard ourselves as buying shares, on behalf of our clients, in a real business. Our investment style is inherently conservative and by focusing on the potential downside as well as on the upside when making any investment decision, we believe the risk to long-term client returns is significantly reduced. Capital preservation is as important to us as capital growth. We adopt an absolute return mindset to avoid being carried away by indiscriminate euphoria.

Our investment approach represents a balance between the collegiate and the individual. We are very much a team, united by one investment philosophy, in how we research companies and contemplate decisions. Yet we are equally committed to giving clarity to the single point of decision-making for client portfolios. In our view, portfolio construction is most effectively undertaken by one lead manager who is best placed to balance all the risks taken in a portfolio. This focus also promotes clear accountability and responsibility for decision making over alternative approaches such as management by committee.

Everyone on the team is considered an analyst and this includes all portfolio managers. Members of the team are personally invested in the strategy and have multiple opportunities to challenge lead managers on their decisions.

Key strategies

Asia Pacific ex-Japan equities

Our investment management team is one of the most stable and well-known in the industry, and includes individuals based in both the UK and the Asian region. We employ a rigorous, bottom-up research process which combines regular company visits with extensive fundamental analysis.

Our investment research aims to identify the highest quality companies with sustainable long-term earnings per share growth prospects and focuses on those stocks where we believe the market has incorrectly priced future growth potential.

We see a dynamic long-term picture emerging for Asia, including positive demographic trends in countries such as India which should contribute to a major expansion of consumer markets. Another encouraging factor is the entrepreneurial culture which is firmly entrenched across the region. We continue to find many high-quality companies with excellent management and strong business franchises focused on shareholder value.

Emerging markets equities

We have been managing global emerging markets equities since 1992 through both pooled and segregated portfolios.

Our investment management team has strong credentials in this asset class as each team member has first-hand knowledge of specific regions throughout the emerging markets. Our extensive contact with companies allows us to thoroughly assess company managements before making any stock decisions. As with our other funds, we maintain a conservative style in what can be a volatile asset class, focusing on capital preservation as well as growth. We aim to produce consistent long-term outperformance, seeking out opportunities that allow us to invest in the highest quality companies in the emerging markets universe.

Worldwide equities

Our investment philosophy is founded on responsible stewardship. Most importantly we invest our clients' monies as if they were our own. We believe investment ought to have a social purpose, this being the efficient allocation of clients' assets to high quality companies at sensible prices.

Our approach has a number of key features:

- We focus as much on capital preservation as on capital growth and regard ourselves as 'absolute return mind-set' investors. We specifically define risk as losing clients' money;
- This is reinforced by our indifference to benchmark composition and also to short-term relative index and peer group performance. We are not required to own any country, sector or individual stock;
- We only invest where we perceive managements operate businesses effectively and in the interests of all stakeholders. Companies which do not look after their customers, employees, suppliers and the larger community are unlikely to be rewarding long-term investments; and
- We are long-term investors and have invested in some companies for over twenty years. This entails responsibilities as well as normal shareholders' rights and we engage extensively on environmental, labour and various governance issues.

Frontiers markets equities

Our investment approach is to start with a blank piece of paper and not a benchmark index when building portfolios. We do not target tracking error relative to any benchmark index and instead define risk as that of losing money in real terms in the medium term. We invest with a three to five year time horizon and aligns our remuneration structures with this time horizon.

We try to identify the right type of companies and only then considers any macroeconomic factors. We seek to invest in high quality companies defined as being owned and run by people who we believe have been conscientious stewards of investors' money. We also prefer companies with pricing power and more stable cash flows to cyclical price takers.

We aim not to overpay for quality companies. We focus as much on capital preservation (what can go wrong) as capital gain (what can go right) and tend to outperform the markets more often when markets fall than when they rise.

We do not believe that markets are efficient or that there is any useful trade-off between risk and return in the long run. We spend most of our time meeting managers and owners of companies using these meetings to explore their values as well as their business franchises. Based on these principles, we will select our 'best ideas' from these frontier markets.

Worldwide Sustainability

We believe our job is to entrust our clients' capital to good quality companies with strong management teams and sound long-term growth prospects. All the Stewart Investors' strategies strive to integrate environmental, social and governance (ESG) considerations into every investment decision. Our sustainability strategies take this one step further by focusing on long-term sustainability themes as a key driver of the investment process:

- We aim to generate attractive, long-term, risk-adjusted returns for our clients by investing in the shares of those companies which are particularly well positioned to benefit from, and contribute to, the sustainable development of the countries in which they operate;
- We seek to invest only in good quality companies. Quality is measured through the lenses of quality of management, financials and the franchise. By analysing the sustainability performance and positioning of companies we can better measure less tangible elements of quality and identify hidden risks;
- We are long-term investors. We strive to make investment decisions with a minimum five-year time horizon; and
- We have an absolute return mind-set. That is, we define risk as losing money for our clients, rather than in terms of deviation from any benchmark Index.

General investment risk

Investing in securities involves a risk of loss that clients should be prepared to bear. Investments are focused on securities of issuers that we believe are undervalued or inexpensive relative to other investments. These types of securities present risks in addition to the general risk of investing in equity and bond securities. These securities generally are selected on the basis of an issuer's fundamentals relative to current market price and are subject to the risk of misestimating certain fundamental factors. In addition, during certain time periods market dynamics may favour securities of issuers that do not display strong fundamentals relative to market price based upon positive price momentum and other factors. Disciplined adherence to our investment approach during such periods may result in significant underperformance relative to overall market indices and other managed investments that pursue growth style investments and/or flexible style mandates.

Foreign investment risk

Maintaining assets in foreign countries generally involves higher costs and greater risks than those associated with similar investments in the UK or clients' home jurisdictions, particularly in the case of assets maintained in emerging countries. Investments in securities of issuers located in emerging markets can be more speculative than investments in securities of issuers located in developed countries and are subject to certain special risks.

Custody risk

The scope and range of custodial services offered in many foreign countries, particularly less developed or developing nations (known as "emerging markets") can be limited. As a result, assets may be maintained with banks, brokers and other financial institutions which have more limited custody services, less experience, less developed procedures for safekeeping of assets, poorer capitalisation, and greater risks of bankruptcy, insolvency and fraud than would typically be the case in other jurisdictions.

Political & economic risk

The political and economic structures in many emerging markets are in their infancy and developing rapidly, as such these countries may lack the social, political and economic characteristics of more developed countries. In the past, some of these countries have failed to recognise private property rights and have at times nationalised and expropriated the assets of private companies. Many emerging markets have experienced periods of substantial and sometimes extremely high rates of inflation for many years. Continued inflation may adversely affect the economies and securities markets of such countries. In addition, unanticipated political or social developments may affect the value of investments in these countries.

Liquidity risk

The small size, limited trading volume and relative inexperience of the securities markets in some countries makes investments in such countries less liquid and more volatile than investments in more developed countries. Assets may be invested in illiquid or restricted securities for which there is no established resale market; these securities may only be able to be liquidated at disadvantageous prices.

Currency risk

A majority of assets will be invested in equity or bond securities denominated in currencies other than the base currency of the client's account and in other financial instruments, the prices of which are determined with reference to currencies other than the base currency of the client's account. Currency exchange rates can also be affected unpredictably by intervention, or lack thereof, by foreign governments or central banks. These factors will affect the value of your investments. Forward currency contracts may be utilised to hedge against currency fluctuations, however we generally do not undertake such hedging transactions, and there can be no assurance that such hedging transactions will be effective. Further, by engaging in cross-hedging transactions, the risk of imperfect correlation between the subject currencies will be assumed. These practices present risks different from, or in addition to, the risks associated with investments in foreign currencies.

Market risk

Trading and investment strategies are subject to market risk. There can be no assurance that what is perceived as an investment opportunity will not, in fact, result in substantial losses as a result of one or more of a wide variety of factors. Certain general market conditions, for example, a reduction in the volatility or pricing inefficiencies in the markets in which assets are invested, could materially reduce profit potential. Where the portfolio or fund we manage includes bond (or debt) securities, these will also be affected by movements in interest rates. In general, if interest rates rise the value of such securities will fall, and if interest rates fall the value of such securities will rise.

9. Disciplinary information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of our company or the integrity of our management. At the present time, we do not have any material legal, financial or other disciplinary items to report.

10. Other financial industry activities and affiliations

FSI UK is part of the CBA Group which is one of Australia's leading providers of integrated financial services including retail, business and institutional banking, funds management, superannuation, insurance, investment and broking services. In some cases, business arrangements with affiliates create potential conflicts of interest, or the appearance of a conflict of interest between FSI UK and a client. Recognised conflicts of interest are discussed in Item 11 (Code of Ethics, Participation or Interest in Client Transactions and Personal Trading) of this Brochure.

Associated Investment Advisers

First State Investments International Limited (FSII) is a registered investment adviser and is an associate of FSI UK. FSII was incorporated in 1982 and is a wholly owned subsidiary of the CBA Group. FSII is an investment advisory firm providing discretionary investment management and portfolio management services to a range of institutional clients and funds. FSII has entered into a sub-delegation agreement with FSI UK to act as sub-adviser to the Mahout Delaware Statutory Trust and the Mahout Group Trust. From time to time, other affiliates may be appointed to act as further sub-advisers.

First State Investment Management (UK) Limited (FSIM) was incorporated in 1970 and is part of Colonial First State Global Asset Management ("CFSGAM"). FSIM is an investment advisory firm providing discretionary investment management and portfolio management services to a range of institutional clients and funds.

Colonial First State Asset Management (Australia) Limited (CFSAMA) is a registered investment adviser and is an associate of FSI UK. CFSAMA was incorporated in 2005 and is a wholly owned subsidiary of the CBA Group. CFSAMA is an investment advisory firm providing discretionary investment management and portfolio management services to a range of institutional clients and funds.

CFSAMA serves as a Sub-Adviser and provides discretionary investment management services in respect of the following funds and certain client portfolios:

- Mahout Asia Pacific Leaders Fund, a series of Mahout Delaware Statutory Trust
- Mahout Worldwide Sustainability Fund, a series of Mahout Delaware Statutory Trust

First State Investments (Singapore) (FSIS) is licensed by the Monetary Authority of Singapore in the conduct of its investment business in Singapore and is registered as an investment adviser with the United States Securities and Exchange Commission (the "SEC"). FSIS was incorporated in 1969 and is a wholly owned subsidiary of the CBA Group. FSIS provides portfolio construction and investment management services to a range of institutional clients and funds.

First State Investments (Hong Kong) Limited ("FSIHK") is a company incorporated under the laws of Hong Kong. FSIHK is an investment adviser registered with the SEC in 2015 and licensed by the Securities and Futures Commission in Hong Kong on 11 March 2005. FSIHK provides investment advisory services to clients from its principal business office located in Hong Kong. As a result, FSIHK currently is and will continue to be licensed with the Securities and Futures Commission in Hong Kong and subject to regulations by the Hong Kong regulatory authorities.

First State Investments (US) LLC (FSI US) is an SEC registered investment adviser and is an affiliate of FSI UK. Employees of FSI US provide U.S. marketing and solicitation services for the advisory services of FSII. FSI US serves as a sub-adviser for accounts or clients for which one or more CFSGAM affiliates serve as investment manager or investment adviser.

FSI UK receives services, including but not limited to investment advisory services, from certain affiliates. For example, in the areas of legal and compliance, risk management, human resources, finance, information technology, trade support, back and middle office support, and sales and marketing, services are provided or received and employees are shared between FSI UK and various affiliates.

11. Code of Ethics

SI has adopted a Code of Ethics (the “Code”) that requires all Supervised Persons (including Access Persons) to:

- Act with integrity, competence and in an ethical and professional manner;
- Always act in the best interests of our clients;
- Comply with all applicable US federal securities laws, as well as all other applicable laws and regulations; and
- Promptly report any violation of the Code of Ethics.

Definitions:

Supervised Person: any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment adviser, or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the investment adviser.

Access Person: a supervised person who has access to non-public information regarding clients’ purchase or sale of securities, is involved in making securities recommendations to clients or who has access to such recommendations that are non-public.

All Supervised Persons have received a copy of the Code and are required on an annual basis to confirm that they have read and understood the content.

The Code includes policies which will ensure the standards detailed above are adhered to and include:

Protection of Material Non-public Information

It is a crime in the U.S. and many other countries to transact in a company’s securities while in possession of material non-public information about the company. Questions regarding perceived material information should be directed to a member of the SI Risk Management staff. Supervised Persons are responsible for safeguarding non-public information relating to securities recommendations, fund and client holdings. As such, Supervised Persons should not trade based on SI’s confidential and proprietary investment information. Other types of information (e.g. marketing plans, employment issues, client identities, etc.) may also be confidential and should not be shared with individuals outside SI (except those retained to provide services for SI).

Personal Securities Trading

An investment adviser is required to designate the categories or sub-categories of persons covered by its Code or portions of its Code. Rule 204A-1 requires this Code to cover SI’s ‘Supervised Persons’. A subset of these Supervised Persons, known as ‘Access Persons’, are required to comply with specific reporting requirements in relation to personal account trading. Rule 204A-1, contains a presumption that, if the firm’s primary business is providing investment advice, then all of its directors, officers and partners are Access Persons.

All SI Supervised Persons are subject to personal trading restrictions as required. There are additional pre-clearance and reporting requirements applicable to Access Persons.

Additional personal trading restrictions also apply, through policies adopted outside the Code, to all SI personnel and their associates such as their partner. In summary, pre-approval is required for transactions in listed securities. These restrictions operate in addition to the requirements of this Code and their effectiveness is monitored by the Risk Management team.

Gifts and Gratuities

Giving and accepting gifts and entertainment still occurs in many areas of business. In our industry, although the practice is decreasing it is still, to an extent, prevalent in many regions in which Stewart Investors operates. As a business which insists on its people meeting the highest professional standards, Stewart Investors provides guidance on how its employees should conduct themselves accordingly:

- Employees must ensure they do not receive or offer gifts or entertainment which could be seen as being inappropriate or which may give rise to actual or potential conflicts of interest.
- Employees should ensure that personal relationships with third parties, clients or suppliers, do not influence or prejudice their obligations to Stewart Investors or its clients.
- Employees should only attend client related or business partner lunches or dinners or similar events (e.g. drinks receptions) where there is a significant industry, relationship or business agenda and can reasonably be deemed to be beneficial to our clients.

Conflicts of Interest

In the discharge of its fiduciary duties SI has in place policies and procedures to manage actual or perceived conflicts of interest. In summary this involves:

- Putting in place controls to ensure the impact of the actual or potential conflict is reduced to an acceptable level; and/or
- Disclosing all material facts concerning any actual or potential conflict that may arise; or
- Avoiding situations where an actual or potential conflict cannot be effectively managed by either disclosure or control.

Outside business interests and affiliations

To manage conflicts of interest, inside information and other compliance and business issues, SI maintains a record of its Supervised Persons serving as officers or members of the board of any other entity. Advice must be obtained through the Risk Management team where there is a perceived potential conflict of interest. SI can deny approval where the perceived conflict of interest cannot be managed effectively.

SI will, from time to time, invest in the same securities that First State Investments International Limited, Colonial First State Asset Management (Australia) Limited and/or First State Investments (Singapore) Limited, First State Investments (Hong Kong) Limited, First State Investment Management (UK) Limited, First State Investments (US) LLC are also currently invested. Portfolio management and security recommendations are undertaken within SI separately to other investment teams within FSII and other affiliates. Information barriers and other controls exist between investment teams to manage any potential conflicts that may arise.

You may request a copy of our Code of Ethics by writing to the Chief Compliance Officer, First State Investments (UK) Ltd., Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB, UNITED KINGDOM.

12. Brokerage practices

Order Aggregation and Allocation

SI seeks to aggregate and allocate trade orders in a manner that is consistent with its duty to: (1) seek best execution of client orders; (2) treat all clients fairly and equitably over time; and (3) not systematically advantage or disadvantage any single client or group of clients.

SI follows policies and procedures pursuant to which it may combine or aggregate purchase or sale orders for the same security for multiple client accounts (also known as a bunched order) so that the orders can be executed at the same time. SI aggregates orders when it considers doing so appropriate and in the interests of its clients. Client accounts may be included in the aggregated orders with clients of SI's affiliated advisers.

When orders are aggregated, the orders will generally be placed with one or more brokers for execution. When an aggregated order is filled, SI generally will allocate the securities purchased or proceeds of sale pro rata among the participating client accounts based on the pre-trade allocation. Adjustments or changes may be made under certain circumstances, such as to avoid small allocations or to satisfy cash flows and guidelines. If an order at a particular broker is filled at several different prices, through multiple trades, generally all participating client accounts will receive the average price.

Although allocating orders among SI clients creates potential conflicts of interest because SI could receive greater fees or overall compensation from some clients than received from other clients, allocation decisions will not be made based on such greater fees or compensation. When an investment opportunity is suitable for two or more clients, allocations will be made in a fair and equitable manner, and will take the following factors, among others, into consideration: the relative size of the client account, available cash for investment, investment objectives and restrictions, liquidity considerations, legal and regulatory restrictions, portfolio risk/return objectives, investment horizons, and client instruction.

Counterparty Approval

SI has a rigorous counterparty approval process to ensure that we use suitable, reliable counterparties (brokers) when dealing on behalf of clients. In order to ensure that they are suitable and reliable we have adopted an approved list of counterparties which have been reviewed and considered to be appropriate for us to deal with on behalf of our clients.

The process of conducting new counterparty reviews is the responsibility of the portfolio support group, with approval by business management who work with the compliance, finance and legal teams in assessing the suitability of a new counterparty using the following criteria:

- financial strength
- profitability
- leverage
- ethical standards
- terms of business
- acceptance of our standard commission rates

The portfolio support group conducts a rolling programme of counterparty reviews and each counterparty is reviewed at least annually.

Use of Dealing Commission

SI's policy is that all externally provided execution services are paid for as a part of the agreed standard commission, however all externally provided research is paid for directly by us from our own resources.

Where we execute orders through a broker or other person and those broker's or other person's charges are passed on to our customer in return for which goods or services in addition to the customer order execution are received, we must have reasonable grounds to be satisfied that those goods or services are related to the execution of trades on behalf of our customers, and will reasonably assist us providing services to our customers on whose behalf the orders are being executed and do not, or are not likely to, impair our compliance with our duty to act in those customers' best interests.

Where goods or services relate to execution, we should have reasonable grounds to be satisfied we have met the above requirements if the goods or services are linked to the arranging and conclusion of a specific investment transaction (or series of related transactions), and are provided between the point at which we make the investment or trading decision and the point at which the investment transaction (or series of transactions) is concluded. No arrangements regarding the use of dealing commission may be entered into that could compromise our ability to provide best execution to our customers.

The following is a list of examples of goods or services relating to execution which are specifically highlighted as not meeting the requirements for execution and are therefore not accepted by SI:

- services relating to the valuation or performance measurement of portfolios;
- computer hardware;
- connectivity services such as electronic networks and dedicated telephone lines;
- seminar fees;
- corporate access services;
- subscriptions for publications;
- travel, accommodation or entertainment costs;
- computer software including order and execution management systems and office administrative computer software, such as word processing or accounting programmes;
- membership fees to professional associations;
- purchase or rental of standard office equipment or ancillary facilities;
- employees' salaries;
- direct money payments;
- publicly available information; and
- custody services relating to designated investments belonging to, or managed for, customers other than those services that are incidental to the execution of trades.

Commission rates and allocation

The allocation of payment for execution services is the responsibility of the dealing team, as a by-product of the selection of a broker on an individual trade on the basis of best execution. In the day-to-day management of trading, the dealing desk is responsible for managing broker selection such that the achievement of best execution is the primary consideration on each individual trade

The dealing desk is responsible for agreeing the commission rates with each broker across each market. Stewart Investors' standard practice is to adopt fixed execution-only rates per market.

Directed commission

Directed commission is where a client may instruct us to generate commission on their account in order to pay for a service which they have contracted from one or more particular brokers. As we only

purchase execution services from the use of dealing commission, our view is that it would not be treating all our clients fairly to allow individual clients to enter into such arrangements. We are also unwilling to make any commitment to trade, whether at certain amounts or even at all, with particular brokers. SI will therefore not enter into directed commission arrangements if requested to do so by clients or prospective clients.

Cross trades

Where an internal crossing is undertaken, where one internal fund/client is selling and another is buying, the trader must ensure the price is fair to both customers. Our standard approach in all such cases is to transact through a broker as a net trade, rather than to cross internally. Such transactions are only entered into when Stewart Investors deems the transaction to be in the best interest of both clients and at a price Stewart Investors has determined by reference to independent market source. The transaction is done at a fixed commission rate which is a quarter of our average rate. Neither Stewart Investors nor any related party receives any compensation as a consequence of such 'cross' transactions.

Role of the Execution Oversight Group

The Stewart Investors Execution Oversight Group has responsibility for oversight of order execution activity in relation to all relevant funds and portfolios under the management of the Stewart Investors division of FSI UK. This includes a formal review of the use of counterparties, counterparty risk and associated issues.

13. Review of accounts

We regularly review the Funds. The frequency of that review is determined by the nature of the Funds and includes periodic reviews of performance, investment activity and outlook. Normally these reviews will be carried out by the named Portfolio Managers or other qualified members of the investment team.

Periodic written data, including valuations and transaction information, is usually provided on a monthly basis, along with quarterly factsheets.

Clients are also invited to participate in regular webcasts where the investment team discusses topics relevant to clients. Clients also receive a replay link by email after the webcast has taken place.

The Stewart Investors Board and Execution Oversight Group have responsibility in relation to all relevant funds and portfolios under the management of SI and regularly review performance, counterparty risk and associated issues, breaches of investment guidelines and any general dealing or operational factors which may affect the funds that we manage.

In the event of a major market dislocation, or similar event, the Funds would be reviewed and appropriate action and communication undertaken promptly.

14. Client referrals and other compensation

SI does not enter into agreements with third parties for the referral of new clients in the US.

SI does not receive any economic benefit from anyone who is not a client for providing investment advice.

15. Custody

Because FSI UK is authorised to deduct fees from the Funds' accounts and because FSI UK provides payment instructions to the custodians of the Funds, FSI UK is deemed to have custody of the Funds' assets within the meaning of Rule 206(4)-2 of the Investment Advisers Act of 1940. Physical custody of the Funds' assets is with a qualified custodian.

The figures quoted in Item 9 of the Form ADV reflect the firm's custody of assets for funds offered to US persons.

16. Investment discretion

We have authority to manage the Mahout Delaware Statutory Trust and the Mahout Group Trust on behalf of clients, in accordance with the relevant offering documentation which sets out the investment objectives of the Funds and any limits which may be imposed on the Funds.

17. Voting client securities

Because FSI UK delegates portfolio management responsibility to sub-advisors, FSI UK generally does not exercise voting authority over securities held in the funds. The sub-advisors of the funds have in place a comprehensive corporate engagement policy that describes how they vote on various issues, taking into consideration the best interests of the investors.

The corporate engagement policy or a record of voting of a fund's securities can be obtained by writing to our Chief Compliance Officer.

18. Financial information

SI does not require prepayment of any advisory fees. Presently, SI has no financial commitments or obligations that would interfere with our obligations to our clients. FSI UK has never filed for bankruptcy protection.

For further information

Stewart Investors First State Investments (UK) Limited

Registered office:
Finsbury Circus House
15 Finsbury Circus
London
EC2M 7EB
United Kingdom

Registered in the United Kingdom with company number 02294743