

## Item 1: Cover Page

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Form ADV, Part 2A (the “Brochure”) provides information about the qualifications and business practices of Alquity Investment Management Ltd. and its affiliates (“Alquity”). For more information on the disclosure requirements required for Part 2A see the “General Instructions for Part 2 of Form ADV” by visiting <https://www.sec.gov/about/forms/formadv-part2.pdf>. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer, Additional information about Alquity is also available on the SEC’s website at: Francisco Almada (+44 207 557 7860 / [Francisco.Almada@alquity.com](mailto:Francisco.Almada@alquity.com)). [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Alquity is registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

## **Item 2: Material Changes**

The Adviser is making an annual amendment to the Brochure following a change of the Compliance Officer from Paul Robinson to Francisco Almada

The Adviser previously provided an annual update to the Brochure for the fiscal year ended June 30, 2018. A summary of the material changes made to this Brochure since the date of the last filing is set forth below:

- The adviser updated the name of the Compliance Officer in item 1; and
- The Adviser updated the Regulatory Assets under management in Item 4.

Future Disclosure Brochure filings will address “material changes” since the date of this filing concerning the Adviser, which will either be delivered, or offered for delivery to clients. A copy may also be downloaded from the SEC’s website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Nevertheless, investors and clients are encouraged to review this brochure in its entirety. The information set forth in this brochure is qualified in its entirety by the applicable offering and governing documents. In the event of a conflict between the information set forth herein and the applicable offering and governing documents, the information set forth in the applicable offering and governing documents shall control.

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## Item 4: Advisory Business

Alquity is an investment advisory firm organized as a private limited company under the laws of the United Kingdom. Alquity is wholly-owned by Alquity UK Limited. Paul Robinson is a principal owner of Alquity UK Limited and founded Alquity in 2006. Alquity intends to commence advisory services in the United States once its registration as an investment adviser is declared effective.

In the United States, Alquity provides investment advisory services to a single separately managed account client (“Client” or “Clients”). Alquity also manages pooled investment vehicles that are exclusive offered outside of the United States (“UCITS Funds”). In the future, Alquity may provide investment advisory services for other types of clients as well.

**All discussion of the Clients in this Brochure, including but not limited to their investments, the strategies used in managing the Clients, and conflicts of interest faced by the Alquity in connection with the management of the Clients are qualified in their entirety by reference to each Client’s respective investment management agreement (the “Investment Management Agreement”).**

Alquity provides investment advisory services on a discretionary basis. In providing such services to the Clients, Alquity formulates its investment objective, directs and manages the investment and reinvestment of the Client’s assets and provides appropriate reports to the clients.

The terms of Alquity’s management of the Client’s assets, including investment objectives, limitations and restrictions are governed by the terms of the investment management agreement (the “Investment Management Agreement”) entered between Alquity and the Clients. The Investment Management Agreement may be amended, supplemented, or modified from time to time.

Please see Item 8 for more information regarding Alquity’s investment strategy and risks associated with it.

As of date of this Brochure, Alquity has \$457 million in assets managed on a discretionary basis.

## Item 5: Fees and Compensation

Alquity receives compensation from the Clients in the form of fees based on a percentage of assets under management. Current and prospective clients should carefully review all fees charged by Alquity.

*Management Fee:* In consideration for its services, Alquity intends to charge an annual fee in a form of a percentage of the value of Client’s account (the “Management Fee”). The Management Fee is negotiated separately with each client and is payable in arrears at the end of each quarter, based on the average net market value of each Client’s account during a given quarter.

On a quarterly basis, Alquity directly bills Clients for fees. Currently, Alquity does not anticipate charging fees in advance.

*Other Expenses Charged to the Clients:* In addition to the Management Fee described above, Clients will be subject to the expenses consisting of, but not limited to: investment expenses such as commissions, research fees and expenses (including research-related travel); interest on margin

accounts and indebtedness; borrowing charges on securities sold short; custodial fees; bank service fees; and any other expenses related to the purchase, sale or transmittal of client assets.

Expenses charged to client accounts may vary for each client, depending on client specific investment objectives, limitations and geographical restrictions.

A full description of the fees and expenses are contained in applicable Investment Management Agreement or other governing documents executed between Alquity and each Client.

Alquity renders its services to the Clients at its own expense and is responsible for its overhead expenses including: office rent; utilities; furniture and fixtures; stationery; secretarial/internal administrative services; salaries and bonuses; entertainment expenses; employee insurance and payroll taxes.

## **Item 6: Performance Based Fees and Side-by-Side Management**

Currently, Alquity does not charge any performance-based fees to US based clients. Alquity is entitled to receive a performance based compensation as a percentage of the net capital appreciation attributable to each investor's capital account in a UCITS Funds (after taking into account expenses of such Fund, including any Management Fees). Performance compensation is generally calculated and paid annually and at the time of a withdrawal by an investor from a UCITS Fund (with respect to the amount withdrawn).

The performance compensation is subject to what is commonly known as a "high water mark." That is, if a UCITS Fund underperforms during a calendar year, the net underperformance will be recorded for each investor in a UCITS Fund and carried forward to future calendar years (such amount is referred to as the "Loss Carryforward"). Alquity will not receive performance compensation for future calendar years until the Loss Carryforward amount has been recovered (i.e., when the Loss Carryforward amount has been exceeded by the cumulative net outperformance in the calendar years following the Loss Carryforward). Once the Loss Carryforward has been recovered, the performance compensation is based on the excess net capital appreciation over the Loss Carryforward amount, rather than on all net capital appreciation. The "high water mark" procedure prevents Alquity from receiving performance compensation for net capital appreciation that simply restores previous underperformance and is intended to ensure that the performance compensation is based on the long-term performance of the UCITS Funds.

Alquity may reduce or waive the performance fee to certain investors, including but not limited to Alquity affiliates, employees, and family members. Early investors in the UCITS Fund may have preferential terms in a form of lower fees.

In general, performance-based fees may create an incentive for Alquity or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. Such fee arrangements may also create an incentive to favor higher fee paying clients over other clients in the allocation of investment opportunities. To address these conflicts of interest, Alquity implements policies and procedures to ensure that all clients receive equitable and fair treatment over time with respect to the allocation of investment opportunities.

## Item 7: Types of Clients

In the United States, Alquity provides discretionary management and advisory services to institutional investors through a separately managed account structure.

Alquity also provides discretionary management and advisory services to UCITS Funds that are offered exclusive to investors residing outside of the United States.

In the future, Alquity may also provide investment management services for other clients, including, but not limited to pooled investment vehicles.

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

**All discussion of the Clients in this Brochure, including but not limited to their investments, the strategies used in managing the Clients, and conflicts of interest faced by the Alquity in connection with the management of the Clients are qualified in their entirety by reference to each Client's respective Investment Management Agreement.**

### Methods of Analysis and Investment Strategies

Alquity's investment philosophy is to deliver attractive, risk adjusted returns to its clients by using its investment intellect and forward-looking financial and environmental, social and governance ("ESG") analysis to select the best opportunities in high-growth markets. Alquity focuses on long-term performance. In general, an overriding emphasis on short-term goals can, in Alquity's view, have negative consequences both for Clients and for the global economy. Thus, Alquity seeks out transparent companies with long term sustainable competitive advantage and capable management whose values are aligned with shareholders and communities in which they operate.

Alquity's goal is to generate attractive, long-term risk adjusted returns for clients through investments in Latin America, Asia and Africa. Alquity invests in companies that are listed on regulated markets in Latin America, Asia and Africa, plus those stocks listed outside the region, which realize at least 50% of their profit or revenue from the region. Alquity invests in ordinary shares principally, but has the flexibility to invest in fixed-income securities and money-market instruments. Alquity's strategy is an actively managed, long only non- benchmark orientated and aims is to generate attractive risk adjusted returns on an annual basis over the long term.

Alquity's investment analysis generally consists of:

### *Long Term Macro and Micro Analysis*

Within the broader universe, the companies of interest are those with a structural growth story, which can deliver a meaningful return to shareholders over the 3-5 years horizon. These long term themes are driven by macro or micro factors.

### MACRO

Macro analysis is focused at three levels:

1. First, clear underlying development themes. This is to say country or region level dynamics that will drive growth overtime, independent of the global context. These include demographics, urbanization and structural transformation.
2. Second, establishing the quality and potential for change of governments and institutions.
3. Lastly, the cyclical positioning of each country and industry to shift exposures over the business cycle, consistent with our 3-5 year average holding periods, in order to orientate the portfolio to those companies facing cyclical tail winds.

## MICRO

At the individual stock level, the focus is twofold:

1. Financial analysis, to identify sustainable competitive advantage and under-valuation.
2. Forward Looking Environmental, Social and Governance (ESG) analysis to assess material non-financial factors to identify management's transparency, attention to detail, judgement, alignment and values. ESG analysis is continuous and involves significant engagement with companies. Alquity also undertakes external checks.

Portfolio construction is based on the level of conviction determined from the above process. Consideration is also given to overall sector and country weightings and portfolio liquidity in constructing portfolios.

The investment strategy and process summarized above is not intended to be comprehensive and is qualified in its entirety by the information set forth in the Investment Management Agreement and other applicable governing documents.

*Thematic Analysis, ESG Review & Investability Check:* Alquity portfolio construction process is thematically driven. First, Alquity identifies themes that it believes will have a material effect on economic growth, such as urbanization and demographic changes. Once such themes are identified, Alquity further narrows down its investment universe to companies that primarily will benefit from such themes.

### Summary of Certain Risk Factors

**Investing in securities and other instruments involves risk of loss that clients should be prepared to bear. The management style offered by Alquity is not intended as a complete investment program, and may not be suitable for all investors. It is designed for sophisticated investors who fully understand and can bear the risk of such an investment. No guarantee or representation is made that Alquity will achieve its investment objectives.**

The following is a summary of certain significant risks associated with Alquity's investment strategies.

**General** – Alquity's investment strategies are speculative and entail a significant degree of risk and,

therefore, should be undertaken only by investors capable of evaluating the merits and risks of the investment strategies and bearing the risks they represent, including the potential loss of their entire investment. There can be no assurance that Alquity will be able to achieve the investment objectives or that significant losses will not be incurred.

**Emerging Markets Risk** – Emerging markets are markets associated with a country that is considered by international financial organizations, such as the International Finance Corporation and the International Bank for Reconstruction and Development, and the international financial community to have an “emerging” stock market. Such markets may be under-capitalized, have less-developed legal and financial systems or may have less stable currencies than markets in the developed world. Emerging market securities are securities: (1) issued by companies with their principal place of business or principal office in an emerging market country; (2) issued by companies for which the principal securities trading market is an emerging market country; or (3) issued by companies, regardless of where their securities are traded, that derive at least 50% of their revenue or profits from goods produced or sold, investments made, or services performed in emerging market countries or that have at least 50% of their assets in emerging market countries. Emerging markets countries are more often dependent on international trade and are therefore often vulnerable to recessions in other countries. Emerging markets may have obsolete financial systems and volatile currencies, and may be more sensitive than more mature markets to a variety of economic factors. Emerging market securities also may be less liquid than securities of more developed countries and could be difficult to sell, particularly during a market downturn.

Although a truly diversified global portfolio should include a certain level of exposure to the emerging markets, a portfolio consisting primarily of emerging market issuers’ securities may not be appropriate for all investors.

Many emerging market countries may be subject to a greater degree of economic, political and social instability than is the case in developed market countries. Such instability may result from, among other things: (i) authoritarian governments or military involvement in political and economic decision-making, including changes in government through extra-constitutional means; (ii) popular unrest associated with demands for improved political, economic and social conditions; (iii) internal insurgencies; (iv) hostile relations with neighboring countries; and (v) ethnic, religious and racial disaffection. In addition, governments in many emerging market countries participate to a significant degree in their economies and securities markets, which may impair investment and economic growth. Thus, their governments are more likely to take actions that are hostile or detrimental to private enterprise or foreign investment than those of more developed countries.

Markets in emerging market countries may have different clearance and settlement procedures than those in developed markets, and in certain financial markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Delays in settlement could result in temporary periods when a portion of the assets of a client is uninvested and no return is earned thereon. Alquity’s inability to make intended securities purchases due to settlement problems could cause it to miss potential investment opportunities. Inability to dispose of securities due to settlement problems either could result in losses to a client due to subsequent declines in the value of the securities or, if a client has entered into a contract to sell the securities, could result in possible liability to the purchaser.

Governments of many emerging market countries have exercised and continue to exercise substantial influence over many aspects of the private sector. In certain cases, the government owns or controls



many companies, including the largest in the country. Accordingly, government actions in the future could have a significant effect on economic conditions in these markets, which could affect the value of securities in a client's portfolio.

Foreign investment in certain instruments is restricted or controlled to varying degrees in certain emerging markets. These restrictions or controls may at times limit or preclude foreign investment in their capital markets, particularly the equity markets, and may increase the costs and expenses of a client. Certain emerging markets require prior governmental approval of investment by foreign persons, registration of investors, disclosure of ownership or holdings of investors, limit the amount of investment by foreign persons in a particular company or limit the investment by foreign persons to only a specific class of securities of a company which may have less advantageous terms (including price) than securities of the company available for purchase by nationals, or impose additional taxes or regulatory, registration or other requirements on investors. Certain countries may restrict investment opportunities in issuers or industries deemed important to national interests. There can be no assurance that Alquity will be able to obtain required governmental or regulatory approvals in a timely manner. In addition, changes to restrictions on foreign ownership of securities subsequent to the purchase of securities by a client may have an adverse effect on the value of such securities.

**Frontier Market Risk** – Frontier markets may experience greater political and economic instability and may have less transparency, less ethical practices, and weaker corporate governance compared to other emerging markets. Such markets are also more likely to have investment and repatriation restrictions, exchange controls and less developed custodial and settlement systems than other emerging markets.

Issues can include less stability, lack of transparency and interference in political and bureaucratic processes and high levels of state intervention in society and the economy. A client portfolio could be adversely affected by delays in, or refusal to grant, any such approval for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Stock exchanges and other such clearing infrastructure may lack liquidity and robust procedures and may be susceptible to interference. Clients may be adversely impacted in this way.

**Absence of Regulation - Counterparty Default** – In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which currencies, forward, spot and option contracts, credit default swaps, total return swaps and certain options on currencies are generally traded) than of transactions entered into on organized exchanges. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, may not be available in connection with OTC transactions. Therefore, any client entering into OTC transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and it will sustain losses. Alquity will only enter into transactions with counterparties which it believes to be creditworthy, and may reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties. Regardless of the measures Alquity may seek to implement to reduce counterparty credit risk, there can be no assurance that a counterparty will not default or that clients will not sustain losses as a result.

**Counter-Party Risk** – When Alquity enters into a repurchase agreement (an agreement where it buys a security in which the seller agrees to repurchase the security at an agreed upon price and time), clients are exposed to the risk that the other party will not fulfil its contract obligation. Similarly, clients are exposed to the same risk if it engages in a reverse repurchase agreement where a broker-dealer agrees

to buy securities and Alquity agrees to repurchase them at a later date. Clients are also exposed to such a risk when Alquity enters into OTC derivative transactions.

**Issuer Risk** – The value of a security may decline for many reasons, which directly relate to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's goods and services.

**Risks of Custodian Firms** – A client will be subject to the risk that a financial institution that holds its assets may not segregate or identify those assets so as to protect them from claims of the financial institution's creditors if the financial institution becomes bankrupt or insolvent. There may also be risks of uncertainty in the law governing which assets held by a financial institution are available generally to satisfy claims of its creditors in the event of its bankruptcy or insolvency.

**Sub-custodians** – Due to the volatile nature of certain market especially in relation to prevailing political and security environment added by high dependence on oil revenues and securities market in particular, investments in such markets bear certain number of risks including but not limited to political, economical or social risks as well as:

- Risk with OTC fixed income trade where cash settlement is via RTGS (Real Time Gross Settlement)
- Corporate actions risk: delay in payment
- No True DVP (security delivered before cash)
- Political Stability
- Exchange rates
- Exchange control liberalization.

In addition, Alquity may be required to place assets outside of a custodian's and the sub-custodian's safekeeping network in order for Alquity to trade in certain markets. In such circumstances custodian remains in charge of monitoring where and how such assets are held. However, in the event of a loss further to investments in such a market neither the custodian, having fulfilled its legal functions and duties, and/or the sub-custodian shall be liable and Alquity's ability to receive back client's cash and securities may be restricted and clients may suffer a loss as a result. In such markets, clients should note that there may be delays in settlement and/or uncertainty in relation to the ownership of a client's investments which could affect the client's liquidity and which could lead to investment losses.

**Risk of Limited Trading Volume** - Trading volumes of emerging country stock exchanges can be considerably lower than in leading world exchanges. The resulting lack of liquidity may adversely affect the price at which the securities held by a client can be sold.

**Accounting and Statutory Standards** - It may occur in some countries, where a client may potentially invest, that standards of accountancy, auditing and reporting are less strict than the standards applicable in more developed countries and that investment decisions have to be taken based on information less complete and accurate than that available in more developed countries.

**Currency Risks** - Certain clients, investing in securities denominated in currencies other than their reference currency, may be subject to fluctuations in exchange rates resulting in a reduction in the value of client's account. Changes in the exchange rate between the base currency of the client and the currency of its underlying assets may lead to a depreciation of the value of the client's assets as

expressed in the client's base currency. Alquity may attempt to mitigate this loss by the use of hedging.

**Investing in Equity Securities** - Investing in equity securities may offer a higher rate of return than those in short term and longer term debt securities. However, the risks associated with investments in equity securities may also be higher, because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might decrease in value. Equity security values may fluctuate in response to the activities of an individual company or in response to general market and/or economic conditions. Historically, equity securities have provided greater long-term returns and have entailed greater short-term risks than other investment choices. The value of, and income derived from, equity securities held may fluctuate and the clients may not recoup the original amount invested in such securities. The prices of and the income generated by equity securities may decline in response to certain events, including the activities and results of the issuer, general economic and market conditions, regional or global economic instability and currency and interest rate fluctuations, this may have an adverse impact on the value of clients' accounts.

**Investments in Debt Securities** - Debt securities, such as notes and bonds, are subject to credit risk, interest rate risk and fixed income securities risk.

Fixed income securities risk refers to the risk of an issuer's ability to meet principal and interest payments on the obligation, and may also be subject to price volatility due to such factors as interest rate sensitivity, changes in the financial strength of an issuer, market perception of the creditworthiness of the issuer and general market liquidity (liquidity risk). An investment in fixed-income securities may be interest rate sensitive and those with longer maturities are generally more sensitive to interest rate changes than those with shorter maturities. An increase in interest rates will generally reduce the value of fixed-income securities, whilst a decline in interest rate will generally increase the value of fixed-income securities. Changes in market interest rates do not affect the rate payable on existing fixed income securities, unless the instrument has adjustable or variable rate features, which can reduce its exposure to interest rate risk. Changes in market interest rates may also extend or shorten the duration of certain types of instruments, thereby affecting their value and the return on an investment in a client. The performance of a client will therefore partly depend on the ability to anticipate and respond to market interest rate fluctuations, and to utilize appropriate strategies to maximize returns, whilst attempting to minimize liquidity and credit risks to investment capital.

An issuer of an instrument may be unable to make interest payments or repay principal when due. Decrease in the financial strength of an issuer or decrease in the credit rating of a security may adversely affect its value. Fixed income securities are also exposed to the risk that their, or their issuers', credit ratings may be downgraded, which can cause a significant drop in the value of such securities. The above features may adversely impact a client.

**Foreign Investment Risks** - Government regulations and restrictions in certain countries, including countries in Asia and the Pacific region, Africa, Eastern Europe and Latin America, may limit the amount and types of securities that may be purchased by a client or the sale of such securities once purchased. Such restrictions may also affect the market price, liquidity and rights of securities that may be purchased by a client, and may increase client expenses. In addition, the repatriation of both investment income and capital is often subject to restrictions such as the need for certain governmental consents, and even where there is no outright restriction, the mechanics of repatriation may affect certain aspects of clients' portfolio. In particular, a client's ability to invest in the securities markets of

several of the Asian countries and other emerging countries is restricted or controlled to varying degrees by laws restricting foreign investment and these restrictions may, in certain circumstances, prohibit a client from making direct investments.

**Warrants** - Investment in warrants can lead to increased portfolio volatility. Thus, the nature of the warrants will involve clients in a greater degree of risk than is the case with conventional securities.

**Investments in Specific Sectors** - Alquity may concentrate investments in companies of certain sectors of the economy and therefore clients may be subject to the risks associated with concentrating investments in such sectors. More specifically, investments in specific sectors of the economy such as health care, consumer staples and services or telecommunications etc... may lead to adverse consequences when such sectors become less valued.

**Use of Derivatives and other Investment Techniques** - Alquity may also invest in financial derivative instruments, as more fully described in the governing documents, which may entail additional risks for clients.

The term “derivatives” covers a broad range of investments, including futures, options and swap agreements (including credit default swaps). In general, a derivative refers to any financial instrument whose value is derived, at least in part, from the price of another security or a specified index, asset or rate. For example, a swap agreement is a commitment to make or receive payments based on agreed upon terms, and whose value and payments are derived by changes in the value of an underlying financial instrument.

The use of derivatives presents risks different from, and possibly greater than, the risks associated with investing directly in traditional securities. The use of derivatives and currency hedging strategies may be ineffective and can lead to substantial losses because of adverse movements in the price or value of the underlying asset, index or rate, which may be magnified by certain features of the derivatives. These risks are heightened when Alquity uses derivatives to enhance a client’s return or as a substitute for a position or security, rather than solely to hedge (or offset) the risk of a position or security held by client. The success of management’s derivatives strategies will depend on its ability to assess and predict the impact of market or economic developments on the underlying asset, index or rate and the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. This may have an adverse impact on the value of a client’s account.

**Liquidity Risk** - A security may not be sold at the time desired or without adversely affecting the price.

**Market Risk** - The market price of securities owned by a client may go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously. Equity securities generally have greater price volatility than debt securities. Different parts of the market and different types of equity securities can react differently to these risks. For example, large cap stocks can react differently from

small cap stocks, and “growth” stocks can react differently from “value” stocks.

**Management Risk** - There is no guarantee that a client will meet its investment objective. Neither Alquity, nor any other party guarantees the performance of a client’s portfolio, nor do they assure that the market value of an investment in a client’s portfolio will not decline. They will not “make good” on any investment loss an investor may suffer as a result of market conditions, nor can anyone Alquity contracts with to provide services, such as selling agents or other service providers, offer or promise to make good on any such losses. For the avoidance of doubt, Alquity must comply with its obligations under the Investment Management Agreement, including, but not limited to, ensuring compliance with the investment objectives and investment restrictions of each client.

**Concentration Risk** - Alquity may invest only in a specific region or asset class. Concentration risk may arise from investing into the securities of the respective regions (e.g. Asia), regardless of whether the securities are listed in or outside the respective regions. Although each client’s portfolio will be well diversified in terms of the number of holdings, such clients are likely to be more volatile than a broad-based portfolio, as they are more susceptible to fluctuations in value resulting from adverse conditions in their respective region or asset class.

**Real Estate Securities Risk** - Real estate values fluctuate in response to a variety of factors, including local and global economic conditions, interest rates and tax considerations. When economic growth is slow, demand for property decreases and prices may decline. Performance of real estate investment trusts (“REITs”) depends on the types and locations of the properties it owns and on how well it manages those properties, it also depends on various reasons including but not limited to competition from other properties, extended vacancies, policy and regulatory changes. Since REITs typically invest in a limited number of projects or in a particular market segment, they are more susceptible to adverse developments affecting a single project or market segment than more broadly diversified investments. This may have an adverse impact on the value of a client’s portfolio.

**Investment in Small and Medium-Capitalized Companies** - Securities of companies with smaller and medium market capitalizations tend to be more volatile and less liquid than larger company stocks. Limited financial resources, a lower degree of expertise and liquidity in their securities, limits as regards to product range, markets or financial resources, a greater sensitivity to changes in general economic conditions and interest rates, and uncertainty over future growth prospects may all contribute to such increased price volatility and risks. Smaller and medium companies may have no or relatively short operating histories, or be newly public companies, thus may be unable to generate new funds for growth and development, may lack depth in management, and may be developing products in new and uncertain markets, all of which are risks to consider when investing in such companies and which may have an adverse impact on the value of a client’s portfolio. Some of these companies have aggressive capital structures, including high debt levels, or are involved in rapidly growing or changing industries and/or new technologies, which pose additional risks.

## **Item 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 investor’s evaluation of the adviser or the integrity of the adviser’s management. Neither Alquity nor any of its officers, directors, employees or other management persons, have been involved in any legal or disciplinary events in the past 10 years that would require disclosure in response to this Item.

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

Alquity is also registered with the Financial Conduct Authority in the United Kingdom.

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

### Code of Ethics and Personal Trading

Pursuant to Rule 204A-1 of the Advisers Act, Alquity has adopted a written Code of Ethics (the “Code”) predicated on the principle that Alquity owes a fiduciary duty to its clients. The Code is designed to address and avoid potential conflicts of interest and is applicable to all officers, directors, members, partners or employees of Alquity (the “Employees”), as well as each other individual designated in writing by a compliance officer as being subject to all or a portion of the compliance procedures or policies adopted by Alquity (collectively the “Covered Persons”). Alquity requires its Employees to act in its clients’ best interests, abide by all applicable regulations and avoid any action that is, or could even appear to be, legally or ethically improper.

Alquity requires Covered Persons to pre-clear before purchasing an IPO or limited offering (i.e., private placement); requires periodic reporting of Covered Persons’ personal securities transactions and all holdings; places other restrictions on Employee personal trading; and requires prompt internal reporting of Code violations. Alquity endeavors to maintain current and accurate records of all personal securities Clients of its Covered Persons in an effort to monitor all such activity. A copy of Alquity’s Code is available upon written request to: Francisco Almada Chief Compliance Officer, Alquity Investment Management Ltd., or by calling +44 (0) 207 557 7860 .

Certain transactions in which Alquity engages may require, for either business or legal reasons that no Covered Person trade in the subject securities for specified time periods. Such securities will appear on a list (the “Restricted List”) that will be circulated to all Covered Persons. No Covered Person may engage in any sort of trading activity with respect to a security or a derivative thereof on the Restricted List without obtaining prior written approval from the Chief Compliance Officer.

## **Item 12: Brokerage Practices**

### **General**

Alquity does not generally direct what brokers and custodians are utilized to hold Client assets and execute Client trades. Alquity may recommend a particular broker for execution of a particular trade or investment based on the ability of the broker to most effectively execute the trade or investment. In selecting the brokers for the Clients, Alquity considers such factors as: price; execution capabilities, including efficiency of execution and willingness to execute difficult transactions; financial strength and stability; block trading and block positioning capabilities; reputation; infrastructure; reliability and other value-added services.

Any such decisions will be based on an assessment of the alternatives and a desire to get the best and most cost-effective execution for the Clients.

If Alquity buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, Alquity would place an aggregate order with the broker on behalf of all such clients to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy.

### **Item 13: Review of Clients**

Alquity's portfolio managers perform various daily reviews of client portfolios. Additionally, Alquity's investment committee convenes on a quarterly basis to review all client portfolios.

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

- A.** Neither Alquity nor any of its affiliates generally receive any economic benefit from a non-client for providing investment advice or other advisory services with respect to the Funds. Nevertheless, portfolio companies may pay certain fees to Alquity's affiliates, including (among others), fees related to transaction advisory services and monitoring activities. Alquity and/or its affiliates may also earn fees (such as break-up or topping fees) in connection with any transaction that is not consummated.
- B.** Alquity has entered into and may in the future enter into agreements or arrangements with third party solicitors that solicit and refer prospective eligible clients to Alquity or an affiliate thereof. In consideration of such solicitation and referral services, such placement agents receive or may receive compensation from Alquity or its affiliates consisting of, among other things, a percentage of the Management Fee and carried interest distributions payable or distributable with respect to investors referred by such placement agents. Alquity and/or its affiliates may also pay fees to third parties for locating or sourcing potential investment opportunities and sharing information relating thereto with Alquity. Investors will not be charged any higher or additional fees as a result of any such placement agent arrangements. In each instance, all arrangements and payments of placement agent fees will be disclosed to applicable investors.

## **Item 15: Custody**

Currently, Alquity does not anticipate having access to or custody of the Client's assets within the meaning of Rule 206(4)-2 of the Investment Advisers Act of 1940. The Client will receive monthly statements directly from the custodian and will have an ability to independently verify the value of Client assets.

## **Item 16: Investment Discretion**

Subject to the terms of the Investment Management Agreement, Alquity will have sole discretion to determine, policies and strategies, the securities to be purchased or sold and in what amounts.

## **Item 17: Voting Client Securities**

Alquity does not anticipate voting client securities. If a situation arises where Alquity will need to exercise proxy voting, it will follow the following written policies and procedures governing the voting of client securities.

The proxy voting policy provides, among other things, that in general, if there is a conflict of interest or possible conflict of interest between the Client, on the one hand, and Alquity, on the other, the proxy will be voted in the best interest of the Client. If Alquity determines that any such conflict of interest exists or may be perceived to exist when voting a proxy, Alquity may, at its own discretion, resolve such conflict by: (i) delegating the voting decision for such proxy proposal to an independent third party; (ii) delegating the voting decision to an independent committee of partners, members, directors or other representatives of the Client, as applicable; (iii) informing the Client of the conflict of interest and obtaining consent to vote the proxy as recommended by Alquity ; or (iv) obtaining approval of the decision from Alquity 's Chief Compliance Officer. In general, Alquity 's proxy voting policy is to vote in accordance with the recommendation of the company's management, unless, in Alquity 's opinion, such recommendation is not in the best interests of the Client.

There may be circumstances when refraining from voting a proxy is in the Client's best interest including, without limitation, when and if Alquity determines that the cost of voting the proxy exceeds the expected benefit to the Client.

Clients may obtain a copy of Alquity 's Proxy Voting Policies and Procedures and information on how securities have been voted upon by submitting a written request directed to: Francisco Almada , Chief Compliance Officer, Alquity Investment Management Ltd., +44 (0) 207 557 7860 (Francisco.Almada@alquity.com). or by calling +44 (0) 207 5577 867.

## **Item 18: Financial Information**

A balance sheet is not required to be provided as Alquity (i) does not solicit fees more than six months in advance, (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients or (iii) has not been subject to any bankruptcy proceeding during the past 10 years.