

## **Leadenhall Capital Partners LLP**

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This Brochure provides information about the qualifications and business practices of Leadenhall Capital Partners LLP.

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The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Leadenhall Capital Partners LLP also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and on the Financial Services Authority's website at [www.the-fca.org.uk](http://www.the-fca.org.uk).

Registration as an investment adviser does not imply that Leadenhall Capital Partners LLP or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

**Item 2: Material changes**

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This document is the second annual update to the initial Brochure prepared by Leadenhall Capital Partners LLP. The Brochure will be updated further at least on an annual basis and any material changes to it will be identified in this section.

**Annual update**

- There are no major updates to this Brochure this year.

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#### Item 4: Advisory Business

Leadenhall Capital Partners LLP (“Leadenhall” or “the Firm”) is an independent management company founded in April 2008 by John Wells and Luca Albertini (previously known as Nectaris Capital Partners LLP). MS Amlin Plc became a corporate partner in Leadenhall on 5 November 2008. MS Amlin Plc’s interest, was sold to Mitsui Sumitomo Insurance Company Limited (“MSI”) on 28 December 2018. Both MS Amlin Plc and Mitsui Sumitomo Insurance Company Limited are part of the MS&AD Group. Leadenhall is authorised and regulated by the Financial Conduct Authority (“FCA”) in the United Kingdom with registered number 486112.

Leadenhall has ten partners: MSI, a wholly owned subsidiary of MS&AD Insurance Group Holdings, Inc., owns 80% of the partnership interest and as a result two representatives of MSI sit on the Leadenhall Board as Non-Executive Directors; the remaining 20% is owned by other Leadenhall staff.

Leadenhall engages in the business of investment management, including discretionary management of investment portfolios, fund distribution and advice on investment opportunities.

Leadenhall presently has permission from the Financial Conduct Authority (“FCA”) to carry out the following regulated activities:

- Advising on investments (except on pension transfers and pension opt outs);
- Agreeing to carry on a regulated activity;
- Arranging (bringing about) deals in investments;
- Dealing in investments as agent;
- Making arrangements with a view to transactions in investments; and
- Managing investments
- Managing an unauthorised Alternative Investment Fund (“AIF”)
- Managing a Undertaking for Collective Investment in Transferable Securities (“UCITS”)

The Firm may control but not hold client money and assets. It also has a Collective Portfolio Management Investment (CPMI) firm requirement and is known as an AIFM and a UCITS Management Company because of its permissions.

Leadenhall provides discretionary investment management services to seven Irish QIAIFs, two non-EU AIFs and 6 managed accounts. It is also a UCITS Management Company for a UCITS fund and an investment adviser to the general partner of a Cayman Islands limited partnership and also to an open ended Cayman Islands fund.

The funds managed by the Firm are as follows:

Fund	Short name	Type of fund
<b><i>Unregulated funds (collectively the AIFs)</i></b>		
Leadenhall Diversified Insurance Linked Investments Fund Plc	Diversified Fund	Irish QIAIF
Leadenhall Value Insurance Linked Investments Fund Plc	Value Fund	Irish QIAIF

Leadenhall Life Insurance Linked Investments Fund Plc	Life Fund	Irish QIAIF
Leadenhall Cimetta Insurance Linked Investments ICAV	Cimetta Fund	Irish QIAIF
Leadenhall Nat Cat Focus Insurance Linked Investments Fund ICAV	Nat Cat Focus Fund	Irish QIAIF
Leadenhall Remote Risk Insurance Linked Investments Fund ICAV	Remote Risk Fund	Irish QIAIF
Leadenhall Life Insurance Linked Investments Fund II L.P.	Life Fund II	Cayman Islands LP
Leadenhall Life SMA III ICAV	Life Fund III	Irish QIAIF
NK Cat Bond Fund	NK Fund	Cayman Islands exempted company

<b>Regulated Funds</b>		
Leadenhall UCITS ILS Fund	UCITS Fund	Irish UCITS fund

Managed Accounts	Short name	Type of account
Segregated Managed Life Account	N/A	UK pensions fund (over GB£20bn in assets)
Segregated Managed Annuity Account	N/A	UK pensions fund (over GB£20bn in assets)
Segregated Managed Settlements Account	N/A	UK pensions fund (over GB£20bn in assets)
Segregated Managed Non-Life Account	N/A	New Zealand Pension Fund (over USD20bn of assets)
Segregated Managed Non-Life Account	N/A	US Family Office
Segregated Managed Non-Life Account	N/A	US Family Office

The Cimetta Fund, the Life Fund III, the NK Fund and the UCITS Fund do not have US based investors, are not marketed in the US and are generally not available to US investors. Therefore less detail on such funds is included in this Brochure in comparison to the funds which are marketed to and invested in by US investors.

Each fund and sub fund managed by the Firm contains a number of different share classes, which differ as to matters such as reporting currency, minimum investment, redemption terms, treatment of income and fees.

The information contained in this Brochure summarises the details contained within the prospectuses prepared for each of the funds. The Brochure is not required to provide all the information which a prospective investor will require prior to making an investment.

Accounts managed by Leadenhall will typically be invested across asset classes and geographies. Before determining an appropriate asset allocation, the Firm obtains a thorough understanding of each client's financial situation, return objectives and risk profile. Should clients wish to impose restrictions on investing in certain types of securities, then the Firm discusses and documents these requirements at the outset of the relationship.

As at 31 December 2018, the Firm managed US\$ 5,501,471,657[•], all of which is managed on a discretionary basis.

## Item 5: Fees and Compensation

### Management Fees

The Firm charges each client a management fee. For the funds, these fees are based on the Net Asset Value ("NAV") of each class within a fund and are deducted from the portfolio on a monthly basis.

The fee schedule for the funds varies from fund to fund and between share classes in those funds. A summary of the current fee schedule is set out below:

<b>Fund</b>	<b>Fee range</b>
<b><i>Unregulated funds</i></b>	
Leadenhall Diversified Insurance Linked Investments Fund Plc	1/12 of 1.5 per cent per month of the Net Asset Value of the Class A Shares, Class B Shares, Class C Shares, Class E Shares, Class F Shares, 1/12 of 1 per cent per month of the Net Asset Value of the Class G Shares and up to 1/12 of 1.5 per cent per month of the Net Asset Value of the Class H Shares (before deduction of that month's Investment Management Fee and before deduction for any accrued Performance Fees) as at the last Valuation Day in each month, payable in arrears.
Leadenhall Value Insurance Linked Investments Fund Plc	1/12 of 2 per cent per month of the Net Asset Value of the Class A Shares, 1/12 of 1.5 per cent per month of the Net Asset Value of the Class B Shares, Class C Shares, Class E Shares, Class F Shares and Class G Shares and up to 1/12 of 1.5 per cent per month of the Net Asset Value of the Class H Shares (before deduction of that month's Investment Management Fee and before deduction for any accrued Performance Fees) as at the last Valuation Day in each month, payable in arrears.
Leadenhall Life Insurance Linked Investments Fund Plc	1/12 of 1 per cent. of the Net Asset Value (prior to deduction of that month's Investment Management Fee or Performance Fee) of the relevant Class. (Excluded classes: GBP Accumulating Manager Class and the USD Accumulating Manager Class)
Leadenhall Nat Cat Focus Insurance Linked	1/12 of 1.5 per cent per month of the

Investments Fund ICAV	Net Asset Value of the Class A Shares, 1/12 of 1 per cent per month of the Net Asset Value of the Class G Shares and up to 1/12 of 1.5 per cent per month of the Net Asset Value of the Class H Shares (before deduction of that month's Investment Management Fee and before deduction for any accrued Performance Fees) as at the last Valuation Day in each month, payable in arrears.
Leadenhall Remote Risk Insurance Linked Investments Fund ICAV	1/12 of 0.75 per cent per month of the Net Asset Value of the Class A Shares, 1/12 of 0.5 per cent per month of the Net Asset Value of the Class G Shares and up to 1/12 of 0.75 per cent per month of the Net Asset Value of the Class H Shares (before deduction of that month's Investment Management Fee and before deduction for any accrued Performance Fees) as at the last Valuation Day in each month, payable in arrears.
Leadenhall Life Insurance Linked Investments Fund II L.P.	During the Investment Period, the Management Fee will be an amount equal to 0.95 per cent per annum of drawn down Commitments. Thereafter, the Management Fee will be an amount equal to 0.70 per cent per annum of the net present value of the Fund at the start of the relevant quarter.

Each of the above named funds contains a variety of share classes with different minimum subscription levels, redemption arrangements and management fees. The management fees charged to the unregulated funds are as set out above. Some of the Irish fund contain share classes where no management fees are charged.

At its sole discretion the Firm, out of its own resources, may decide to reduce or waive part or all of the investment management fees incurred to clients.

Fees are payable monthly in arrears and are charged only in respect of the period for which the fund was managed.

#### Other fees

Other fees that may be charged to fund clients are set out below:

*Administrator fees*



Diversified and Value Funds: The Administrator receives from the fund a monthly administration fee (exclusive of value added tax and expenses), which will be accrued monthly and payable monthly in arrears and which is subject to a minimum of €5,000 per month, of (i) 0.16 per cent of the Net Asset Value of the fund up to US\$125 million, (ii) 0.14 per cent of the Net Asset Value of the Fund between US\$125,000,001 and US\$500 million, and (iii) 0.10 per cent of the Net Asset Value of the Fund exceeding US\$500 million. The Administrator also receives a shareholders' services fee and a tax reports fee, which are at normal commercial rates. In addition, the Administrator is reimbursed out of the assets of the Fund for any reasonable costs and expenses incurred on behalf of the Fund.

Nat Cat Focus Fund: The Administrator receives from the Fund a monthly administration fee (exclusive of value added tax and expenses), which will be accrued monthly and payable monthly in arrears of (i) 0.14 per cent of the Net Asset Value of the Fund up to US\$500 million, (ii) 0.12 per cent of the Net Asset Value of the Fund between US\$500,000,001 and US\$1 billion, and (iii) 0.10 per cent of the Net Asset Value of the Fund exceeding US\$1 billion. The Administrator also receives a shareholders' services fee, a financial statement preparation fee and tax reporting fees, which are at normal commercial rates. In addition, the Administrator is reimbursed out of the assets of the Fund for any reasonable costs and expenses incurred on behalf of the Fund.

Life Fund: The Administrator is paid an administration fee, calculated and accrued monthly and payable monthly in arrears out of the assets of the Company, of a maximum of 10 basis points per annum of the Net Asset Value of the Company. The Company also reimburses the Administrator out of the assets of the Company for reasonable out-of-pocket expenses incurred by the Administrator. The Administrator is also paid a fee in respect of each Class established by the Company. In the event that the Administration Agreement is terminated by the Company within 18 months of its execution, the Administrator reserves the right in certain circumstances to levy a reasonable de-conversion fee relating to the transfer of administrative services to the another party, as agreed between the parties.

Remote Risk Fund: The Administrator is paid an administration fee, calculated and accrued monthly and payable monthly in arrears of \$6,250 per month (discounted to \$3,050 for the first three months, and to \$4,690 for the following six months). The Administrator is reimbursed for reasonable out-of-pocket expenses incurred. The Administrator also receives a shareholders' services fee and a tax reports fee, which are at normal commercial rates.

Life Fund II: The Administrator is paid an administration fee, calculated and accrued monthly and payable monthly in arrears of 0.08 per cent, subject to a minimum monthly fee of \$6,000 (discounted to \$3,600 per month for the first nine months). The Administrator is reimbursed for reasonable out-of-pocket expenses incurred. The Administrator also receives a shareholders' services fee and a tax reports fee, which are at normal commercial rates.

#### *Depository fees*

The Funds will pay to the Depository a monthly fee (exclusive of value added tax and expenses) (which will be accrued monthly and payable monthly in arrears. Depository fees will not exceed normal commercial rates. They may also levy transaction charges and other charges which can include Value Added Tax. The Funds will also pay certain expenses of the Depository, including sub-custody fees (which shall be at normal commercial rates).

#### *Other fees and expenses*

Other fees and expenses charged may include the following:

(a) charges and expenses of legal advisers, accountants and independent auditors, (b) brokers' commissions, broker funding costs (c) all taxes or stamp duties and corporate fees payable to governments or agencies, (d) Directors' fees (if any) and expenses, (e) interest on borrowings if applicable, including borrowings from the Prime Broker and Custodian, (f) communication expenses with respect to investor services and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents, (g) the cost of insurance for the benefit of the Directors, (h) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business, (i) the cost of obtaining and maintaining the listing of shares on a stock exchange (if applicable) and (j) some other organisational and operating expenses.

Further detail on the expenses associated with each of the funds can be found in the offering circular of the given fund and in the Firm's Expense Allocation Policy, which is available to clients and investors in the funds upon request.

Please see the section on "Brokerage practices" for a description of other brokerage charges.

## Item 6: Performance-Based Fees

The Firm is also entitled to receive performance fees from the following funds:

Fund	Fee range
<b>Unregulated funds</b>	
Leadenhall Diversified Insurance Linked Investments Fund Plc	<p>20% (in respect of Class A Shares, Class B Shares and Class C Shares)</p> <p>10% (in respect of the Class E Shares, Class F Shares and Class G Shares)</p> <p>Up to 20% (in respect of Class H Shares)</p> <p>(Various triggers and hurdles apply))</p>
Leadenhall Value Insurance Linked Investments Fund Plc	<p>20% (in respect of Class A Shares, Class B Shares and Class C Shares)</p> <p>10% (in respect of the Class E Shares, Class F Shares and Class G Shares)</p> <p>Up to 20% (in respect of Class H Shares)</p> <p>(Various triggers and hurdles apply)</p>
Leadenhall Life Insurance Linked Investments Fund Plc	10% (hurdle applies)
Leadenhall Nat Cat Focus Insurance Linked Investments Fund ICAV	<p>20% (in respect of Class A Shares)</p> <p>10% (in respect of the Class G Shares)</p> <p>Up to 20% (in respect of Class H Shares)</p> <p>(hurdles apply)</p>
Leadenhall Remote Risk Insurance Linked Investments Fund ICAV	<p>10% (in respect of Class H Shares)</p> <p>(hurdle applies)</p>

Where performance fees are due, these are calculated in respect of discrete periods based on the increase in the NAV per share of each class within each fund. No performance fee becomes due unless the NAV exceeds the previous high point reached (termed a high watermark). Some funds also have additional 'hurdles' which have to be surpassed i.e. to outperform a specific benchmark or to outperform LIBOR by a certain percentage. Depending on the fund performance fees are deducted from the portfolio on an annual basis in arrears and may not be chargeable to all of the sub classes within a particular fund.

Performance fees may also be charged to individual accounts and these are agreed with each client. This will depend on the client type, the strategy and the size of the mandate.

The Firm has an allocation policy which governs the manner in which trades are allocated between clients and funds and seeks to ensure fair treatment of clients and funds. This allocation policy seems to minimise the potential conflict of interest of the Firm being incentivised to prioritise funds or clients whom it can charge higher fees (either performance or management fees).

No other hourly, flat or asset-based fees are charged to the funds and accounts (the Life Fund II is entitled to Carried Interest in certain circumstances however this is structured and payable as a return on fund distributions and not as a performance fee).

## Item 7: Types of Clients

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### Funds

The funds managed by Leadenhall are described above under “Advisory Business”.

Each fund where Leadenhall Capital Partners LLP acts as investment adviser specifies minimum subscription limits and the subscription and redemption terms applicable. These may vary according to the terms and base currency of each individual share class. Minimum initial subscription limits and redemption terms by fund are as follows:

### *Unregulated funds*

Leadenhall Diversified Insurance Linked Investments Fund Plc, Leadenhall Value Insurance Linked Investment Fund Plc and Leadenhall Nat Cat Focus Insurance Linked Investments Fund ICAV:

Euro	€250,000
US Dollar	US\$ equivalent of €250,000
Sterling	GB£ equivalent of €250,000

Investors may subscribe to Leadenhall Diversified Insurance Linked Investments Fund Plc, Leadenhall Value Insurance Linked Investment Fund Plc and Leadenhall Nat Cat Focus Insurance Linked Investments Fund ICAV on the first business day of each month and or such other day or days as the Directors may from time to time determine if the share class is in issue. Shares in classes not yet in issue are available for issue during the relevant initial offer period and thereafter on the first business day of each month.

Subsequent redemptions may be made on the first business day of January, April, July and October (in the case of the Diversified Fund, Remote Risk Fund and Value Fund) and on the first business day of January and July (in the case of the Nat Cat Focus Fund) upon the giving of at least 90 days’ prior written notice to the Administrator in respect of Redemption Days in January and July of each year and 120 days’ prior written notice to the Administrator in respect of Redemption Days in April and October of each year (in the case of the Diversified Fund and Value Fund) or after such lesser period and/or upon such shorter notice as the Directors may in general determine.

Leadenhall Remote Risk Insurance Linked Investments Fund ICAV

Euro	€100,000
US Dollar	US\$ equivalent of €100,000
Sterling	GB£ equivalent of €100,000

Investors may subscribe to Leadenhall Remote Risk Insurance Linked Investments Fund ICAV on the first business day of each month and or such other day or days as the Directors may from time to time determine if the share class is in issue. Shares in classes not yet in issue are available for issue during the relevant initial offer period and thereafter on the first business day of each month.

Subsequent redemptions may be made on the first business day of January, April, July and October upon the giving of prior written notice to the Administrator (see the Remote Risk Fund's prospectus for the exact length of notice required).

Leadenhall Life Insurance Linked Investments Fund Plc:

Euro	€250,000
US Dollar	US\$ equivalent of €250,000
Sterling	GB£ equivalent of €250,000

Investors may subscribe to Leadenhall Life Insurance Linked Investments Fund Plc on the first business day of each month and or such other day or days as the Directors may from time to time determine.

Subsequent redemptions may be made on the first business day of January, April and October by providing 30 calendar days' notice.

Leadenhall Life Insurance Linked Investments Fund II L.P.:

US Dollar	US\$ 1 million
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There is an investment period that ends on 31 March 2019, which may be extended by the general partner for up to an additional year. Subsequent closing dates, after the initial closing date, may be held from time to time no later than 31 March 2019.

The Life Fund II is a closed-ended fund.

**Item 7: Methods of Analysis, Investment Strategies and Risk of Loss**

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**Investment objective**

The principal investment objective of the six Funds is to seek to achieve the targeted risk and return profile by investing in insurance-linked investments taking into account the Funds' specific investment restrictions.

**Investment Strategies**

The investment approaches adopted in respect of each of the funds managed are as follows:

**Diversified Fund**

The Fund aims to achieve its investment objective by investing in a range of different insurance-linked assets, exposed to a range of risks and perils, taking into account the Fund's specific investment restrictions.

The Fund is expected to have significant exposure to instruments linked to natural catastrophes (e.g. hurricanes and earthquakes), and to life contingencies (e.g. mortality and morbidity, where morbidity is the onset of severe disease, illness or disability). As the relative pricing of risks and perils changes over time, it is intended that investments will be regularly reviewed with a view to optimising the positions held in the investment portfolio.

The Fund may only invest in insurance-linked investments and may not invest in investment opportunities with pure credit risk, although insurance-linked investments may have an embedded element of credit risk due to structural features and/or due to counterparty risk with respect to parties to the transaction.

The Fund is not limited in the range of insurance-linked investments that it may invest in, with the exception that it is not expected that the Fund will invest in products with embedded longevity risk. Potential insurance investments include, but are not limited to, the following risk areas:

- Natural catastrophe events, including perils such as earthquakes, windstorms and floods;
- Abnormal experience in high frequency low severity property and casualty ('P&C') insurance portfolios, including motor insurance risk and personal life insurance risk;
- Terrorism risk;
- Nuclear risk;
- Marine, space and aviation risk;
- Weather risk;
- Mortality risk;
- Morbidity risk;
- Persistency (or lapse) risk for portfolios of life contingent products;
- Risks embedded in blocks of life contingent products (including, but not limited to, credit and market risks); and
- Other life and non-life insurance-linked risk.

The Fund does not generally invest in investments exposed to modelled natural catastrophe risk with:

- an initial annualised expected loss greater than 6 per cent; or

- an initial annualised attachment probability greater than 10 per cent.

**Life Fund**

The Fund aims to achieve its investment objective by making investments in a range of different insurance-linked investments that have exposure to life contingencies and other exposures and risks associated with life insurance (including those associated with health and accident insurances) taking into account the Fund's specific investment restrictions.

The Fund may have significant exposure to instruments linked to the risks of life insurance and life contingencies.

The Fund considers only investments linked to the life insurance market, although such investments may have an embedded element of credit and market risk due to their inseparability from the underlying life contingency or due to structural features and/or counterparty risk with respect to parties to the transaction.

Except as provided for in the Life Fund's prospectus, the Fund does not limit the scope of its investments which are linked to life contingencies and the life insurance market.

Potential insurance investments include, but are not limited to, the following risk areas:

- Risk of persistent deterioration of mortality;
- Risk of mortality improving at a slower rate than assumed;
- Risk of the under-estimation of the expected mortality level at the time of underwriting;
- Risk of shocks or spikes in mortality affecting the general population in territories covered by the portfolio and/or affecting selected individuals referenced by the Company's investments;
- Other mortality risk;
- Morbidity risk (where morbidity is the onset or occurrence of illness, disease, disability or the like);
- Persistency (or lapse) risk for portfolios of life contingent products;
- Risks embedded in blocks of life contingent products (including, but not limited to, credit and market risks); and
- Other risks associated with life insurance.

**Value Fund**

The Fund aims to achieve its investment objective by investing in a range of different insurance-linked assets exposed to a range of risks and perils and, principally, to risks which are considered to have higher expected returns for a given level of expected loss, taking into account the Fund's specific investment restrictions.



The Fund is expected to have significant exposure to instruments linked to natural catastrophes (e.g. hurricanes and earthquakes). As the relative pricing of risks and perils changes over time, it is intended that investments will be regularly reviewed with a view to optimising the positions held in the investment portfolio.

The Fund may only invest in insurance-linked investments and may not invest in investment opportunities with pure credit risk, although insurance-linked investments may have an embedded element of credit risk due to structural features and/or due to counterparty risk with respect to parties to the transaction.

The Fund is not limited in the range of insurance-linked investments that it may invest in, with the exception that the Fund does not intend to invest in products with embedded life insurance risk (including any exposure to mortality and or longevity risk) unless such life insurance risk is incidental in the non-life insurance linked investment and caused by a non-life event.

Potential insurance-linked investments include, but are not limited to, the following risk areas:

- Natural catastrophe events, including perils such as earthquakes, windstorms and floods;
- Abnormal experience in high frequency low severity property and casualty ('P&C') insurance portfolios, including motor insurance risk and personal life insurance risk;
- Terrorism risk;
- Nuclear risk;
- Marine, space and aviation risk;
- Weather risk; and
- Other non-life insurance-linked risk.

The Fund does not generally invest in investments exposed to modelled natural catastrophe risk with:

- an initial annualised expected loss greater than 12.5 per cent; or
- an initial annualised attachment probability greater than 15 per cent.

### **Nat Cat Focus Fund**

The Fund aims to achieve its investment objective by investing in a range of different insurance-linked assets, principally exposed to those risks with higher expected returns for a given level of expected loss, taking into account the Fund's specific investment restrictions.

The Fund is expected to have significant exposure to instruments linked to natural catastrophes (e.g. hurricanes and earthquakes). As the relative pricing of each peril changes over time, such investments are regularly reviewed with a view to optimising the positions held in the investment portfolio.

The Fund considers only insurance-linked investments and not investment opportunities with pure credit risk, although insurance-linked investments may have an embedded element of credit risk due to structural features and/or due to counterparty risk with respect to parties to the transaction.

The Fund does not limit the scope of insurance-linked investments that it may invest in, with the exception that the Fund does not invest in products with embedded life insurance risk (including any exposure to mortality and or longevity risk) unless such life insurance risk is incidental in the non-life insurance linked investment and caused by a non-life event.

Potential insurance investments include, but are not limited to, the following risk areas:

- Natural catastrophe events, including perils such as earthquakes, windstorms and floods; and
- Incidental risks and secondary perils associated with an investment exposed primarily to property insurance linked risk which are not the main driver of the investment risk profile.

The Fund does not generally invest in investments exposed to modelled natural catastrophe risk with:

- an initial annualised expected loss greater than 10 per cent; or
- an initial annualised attachment probability greater than 15 per cent.

### **Remote Risk Fund**

The Fund aims to achieve its investment objective by investing in a range of different insurance linked assets exposed to a range of risks and perils, taking into account the Fund's specific investment restrictions.

The Fund is expected to have significant exposure to instruments linked to natural catastrophes (e.g. hurricanes and earthquakes). As the relative pricing of risks and perils changes over time, it is intended that investments will be regularly reviewed with a view to optimising the positions held in the investment portfolio.

The Fund may only invest in insurance-linked investments and may not invest in investment opportunities with pure credit risk, although insurance-linked investments may have an embedded element of credit risk due to structural features and/or due to counterparty risk with respect to parties to the transaction.

The Fund is not limited in the range of insurance-linked investments that it may invest in, with the exception that it is not expected that the Fund will invest in products with embedded life insurance risk (including any exposure to mortality and or longevity risk) unless such life insurance risk is incidental in the non-life insurance linked investment and caused by a non-life event. Potential insurance investments include, but are not limited to, the following risk areas:

- natural catastrophe events, including perils such as earthquakes, windstorms and floods;
- high frequency low severity property and casualty ('P&C') insurance portfolios, including motor insurance risk and personal life insurance risk;
- cyber and terrorism risk;
- nuclear risk;
- marine, space and aviation risk; and
- weather risk;

The Fund does not generally invest in investments exposed to modelled natural catastrophe risk with:

- an initial annualised expected loss greater than 3.5 per cent; or
- an initial annualised attachment probability greater than 6 per cent.

### **Life Fund II**

Life Fund II will seek to make investments that are supported by cash flows that arise from life insurance related risks. Due to the cash flows on the Underlying Life Assets, which support the repayment of the investments the Fund intends to make, Leadenhall expects

there to be a good level of cash distribution (comprising interest and a return of principal) to limited partners over the life of the Fund.

The linkage of the investment assets to the cash flows of the Underlying Life Assets means that any variables which can cause deviations in the timing and/or quantum of those cash flows will be risks to which the investment assets of the Fund will be exposed. The range of these risks is more fully described in the section of the Offering Memorandum of the Fund titled “Risk Factors and Potential Conflicts of Interest” and includes:

**Lapse Risk:** A lapse happens when a policyholder ceases paying the premiums on their life insurance policy or they otherwise decide to cancel the policy. In valuing the Underlying Life Assets, there is an allowance made, based on historic experience for the particular block of business and industry, for an expected level of lapses by policyholders. Lapse risk is therefore the risk that more policyholders lapse than expected.

**Biometric Risk:** Any event which causes the life of an individual to be altered in some way is a biometric risk. The most common biometric risks protected through life insurance are death, disease and disability. Mortality risk is the risk that more people than expected die during a given period. Morbidity risk is the risk that more people than expected suffer a significant disease or disability during a given period.

Due to the combination of risks to which the cash flows of the Underlying Life Assets are exposed, it is expected that the risk level of the investment assets of the Fund will be of noninvestment grade nature.

### **Risk of Loss Factors**

Investing in non-life insurance and life insurance involves risk of loss that clients should be prepared to bear. Investors should consider the following factors before investing in any of the funds referred to in this Brochure. The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in each of the funds. Prospective investors are urged to consult their professional advisers and the fund prospectuses before deciding to invest in the funds.

### **Derivatives**

The Funds may from time to time utilise both exchange-traded and over-the-counter futures, options, swaps and contracts for difference as part of its investment policy. These instruments are highly volatile and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further loss exceeding any margin deposited. Transactions in over-the-counter contracts may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

The Funds may also sell covered and uncovered options on securities. To the extent that such options are uncovered, the Fund could incur an unlimited loss.

### **Counterparty Risk**

The Funds will be subject to the risk of the inability of any counterparty (including the Depository) to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

***Currency Exposure – Diversified, Value, Nat Cat Focus and Remote Risk Funds***

The Funds are exposed to the potential for a diminution in the value of the underlying net assets of the Funds which are denominated in a currency other than the US Dollar arising from adverse movements in the currencies of quotation of those net assets. The Firm may hedge (“portfolio hedging”) this exposure for the benefit of the entire portfolio and therefore all Shareholders.

The assets attributable to the non-US Dollar Shares will also be exposed to possible adverse currency fluctuations between the currency in which the relevant Shares are denominated, and the US Dollar, the base currency of the Funds. In this regard, the Funds may, at the discretion of the Firm, enter into foreign exchange hedging transactions with the aim of protecting the Net Asset Value of the non-US Dollar Shares (“Currency Class hedging”). Any such Currency Class hedging will be operated within a range of 95 to 105 per cent of the Net Asset Value of each of the non-US Dollar Shares and will be reweighted on at least a monthly basis. In no event will over hedged positions be carried forward.

In contrast to portfolio hedging described above, the costs of, and profits and losses resulting from hedging transactions in respect of a non-base currency Class will be allocated solely to the relevant Class, save to the extent described under the Funds’ prospectuses.

***Currency Exposure – Life Fund***

The Net Asset Value per Share of the Fund is computed in the Base Currency of the Fund, whereas the investments held for the account of the Fund may be acquired in other currencies. The Base Currency value of the investments of the Fund designated in another currency may rise and fall due to exchange rate fluctuations in respect of the relevant currencies. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital. The investments of the Fund may be fully hedged into its Base Currency. In addition, currency hedging transactions, while potentially reducing the currency risks to which the Fund would otherwise be exposed, involve certain other risks, including the risk of a default by a counterparty.

***Currency Exposure – Life Fund II***

Although the currency of the Fund will be U.S. dollars, there may be circumstances in which the General Partner permits Limited Partners to commit to the Fund and maintain their capital accounts in different currencies. Where capital accounts are in different currencies, the amounts payable by Limited Partners in connection with a subsequent closing, investment participation, fee and expense participation will all be determined in U.S. dollars with the effect that such Limited Partner may be paying more or less in its capital account currency to ensure that the Fund has sufficient U.S. dollar amounts to provide for such fees and expenses, investments and subsequent closing equalization amounts. In addition, if the commitment of a Limited Partner is in a currency other than the Fund, and that currency falls relative to the U.S. dollar, that commitment may be depleted more rapidly than the commitments of Limited Partners whose commitments are U.S. dollar denominated with the consequence that such Limited Partners may have insufficient commitment to participate in all investments of the Fund.

The Fund or any SPV may internally hedge the currency of any payment or transaction using any cash or cash entitlement of the Fund or relevant SPV. If so, all Partners will participate in such hedging and bearing any loss or gain from such hedging even if the payment or transaction is in the same currency as a Partner's capital account.

**Life Insurance Risk**

The life insurance risks assumed by the Life Fund and Life Fund II will incorporate exposure to changes in life contingencies. Such investments may also incorporate elements of the business risk of the life insurers which have originated the portfolio which, either as a result of a change in their credit profile or as a result of a change in the attractiveness of the product or of the insurer to the general public, or both, could experience a higher than expected lapse or persistency of policies, with a consequent possible loss to the Life Fund or Life Fund II. Other life insurance related investments may also embed an element of market risk (whether through exposure to fixed rate products, or due to adverse experience in the investment portfolio backing the life insurance linked investments purchased by the Life Fund or Life Fund II). Finally natural catastrophes could also cause an unexpected increase in mortality affecting life insurance linked investments of the Life Fund or Life Fund II.

It is not always possible for the Life Fund or Life Fund II to accurately monitor its respective mortality exposure in areas also exposed to natural catastrophes.

**Non-Life Insurance Risk**

Seasonality of Investments: Whilst the Fund will seek to diversify its investments, there is a level of seasonality in relation to the risk profile and pricing of some insurance risks with significant fluctuations in operating results due to competition, catastrophic events, general economic and social conditions and other factors (e.g. a significant proportion of new issuance occurs around the key insurance renewal dates). It is difficult to predict the timing of such events with certainty or to estimate the amount of loss that any given event will generate. In addition, increases in the frequency and severity of loss suffered by reinsurers can significantly affect these cycles.

**Liquidity and Market Characteristics of Insurance-Linked Investments**

In some circumstances, investments may be relatively illiquid or restrictions may exist on transferability, making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. Accordingly, the Fund's ability to respond to market movements may be impaired and the Fund may experience adverse price movements upon liquidation of its investments. Settlement of transactions may be subject to delay and administrative uncertainties. Also, the difficulty in liquidating investments may cause the Fund's concentration in some investments to increase as a result of events affecting other investments or due to the Fund's need to liquidate other investments for any reason including redemptions.

Given the nature of the Funds' investments, there may be significant reinvestment risk once investments have matured or have been sold due to the lack of constant supply of insurance linked investments within the parameters of the Fund's investment strategy.

**Item 9: Disciplinary Information**

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The Firm has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Firm have been subject to such action.

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

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The Firm is authorised and regulated by the FCA in the UK as a CPMI Firm operating as a Full Scope AIFM and UCITS Management Company. Its Firm Reference Number is 486112. The authorisation that it holds means that the Firm is permitted to provide discretionary management and advisory services to professional clients. The Firm is not permitted to deal with retail clients.

The Firm maintains a record of any potential conflicts of interest, including external appointments held by all staff, including the management persons listed above. This list is updated when necessary and completeness is confirmed on an annual basis. Except for the following, none of the relationships notified to the Firm by the individuals concerned create a material conflict of interest between the Firm and its clients or between clients.

Potential instances where Conflicts may arise from Leadenhall's association with the MS&AD Group are clearly disclosed in marketing material issued to prospective clients.

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

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The Firm has in place a Code of Ethics which sets out the procedures in place governing personal trading. The Code of Ethics is available to clients or prospective clients upon request and includes the following provisions:

- All personal brokerage accounts of access persons and their spouses and dependent children (“associates”) must be notified to the Firm.
- Prior approval may be required before a trade can be executed.
- Initial and annual holdings reports are submitted to the Firm by access persons.

The Firm may promote funds to clients in which related persons may also have an investment. This is disclosed to the client at the time of investment. No other securities are bought or sold for client accounts in which the Firm’s related persons have a material financial interest. Such activity is considered to be an alignment of interest between the related persons and the client.

Personal trading rules generally do not permit related persons to purchase securities for their own accounts at times when the funds or accounts managed are actively trading in such securities. In this instance, related persons wishing to trade in such securities must seek prior approval to deal from the Chief Compliance Officer.



**Item 12: Brokerage Practices**

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**General arrangements**

The Firm maintains a list of brokers with whom it may deal for the funds managed. This list is reviewed at least on an annual basis and brokers are added or deleted according to the Firm's view of the quality and cost of the service provided. Brokers are used by the Firm at its own discretion.

**Selection of brokers**

Brokers with whom the Firm trades are selected on the basis of the following execution factors, with particular emphasis being given to the price:

- Price
- Costs
- Speed
- Likelihood of execution and settlement
- Size
- Nature
- Other considerations relevant to the execution of an order

The Firm is not incentivised to select a more expensive broker over another when executing trades.

**Allocation**

Orders for clients are able to be allocated and aggregated and the Firm has a Trade Allocation Policy which is updated on an annual basis.

### Item 13: Review of Accounts

Each fund or account that the Leadenhall manages is subject to periodic review in order to ensure that it remains within the investment guidelines agreed with the client. The frequency of the review is determined by client requirements and can be summarised as follows:

Client	Frequency of review*	Reviewed by (state job title only)
<b>Unregulated funds</b>		
Leadenhall Diversified Insurance Linked Investments Fund Plc	Monthly	CEO and Principal Portfolio Manager for the AIFs
Leadenhall Value Insurance Linked Investments Fund Plc	Monthly	CEO and Principal Portfolio Manager for the AIFs
Leadenhall Life Insurance Linked Investments Fund Plc	Monthly	CEO and Principal Portfolio Manager for the AIFs
Leadenhall Nat Cat Focus Insurance Linked Investments Fund ICAV	Monthly	CEO and Principal Portfolio Manager for the AIFs
Leadenhall Remote Risk Insurance Linked Investments Fund ICAV	Monthly	CEO and Principal Portfolio Manager for the AIFs
Leadenhall Life Insurance Linked Investments Fund II LP	Monthly	CEO and Principal Portfolio Manager for the AIFs

The Fund and Accounts are formally reviewed on a quarterly basis by the Board.

In addition all funds and accounts are reviewed on an informal basis on a (working) daily basis. Further reviews may also be triggered by a notification of a change in a client's circumstances, such as an injection or redemption of capital.

The Firm reports to the boards of the funds on a quarterly basis. These reports comprise of analysis of risk and return drivers during the period in question, major asset allocation changes, benchmark or peer analysis as well as a review of any trading or operational factors.

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

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Leadenhall is not remunerated by any party other than its clients. The Firm receives no economic benefit for providing investment advice or other advisory services to its clients whether directly or indirectly.

Leadenhall has engaged one third party marketer to promote its funds in the U.S. in accordance with the cash solicitation rule in the Advisers Act Rule 206(4)-3. Any fees paid to such third party marketer are paid by Leadenhall directly and are not a cost to the Client.

**Item 15: Custody**

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The Funds managed by Leadenhall have direct relationships with their respective Prime Brokers, Custodians and Depositaries for the safekeeping of funds. Leadenhall does not send out account statements.

For the purposes of the Custody Rule (Rule 206(4)-2 of the Investment Advisers Act) the Firm is not deemed to have *custody* of client assets. For the purposes of the rules of the UK's Financial Conduct Authority, the Firm controls client money and manages investments but does not hold client money or safeguard client assets.

**Item 16: Investment Discretion**

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Leadenhall has discretionary authority to manage accounts on behalf of all its funds and accounts.

As described in the “Advisory Business” section above, the Funds are subject to specific investment guidelines.

Prior to accepting an appointment to act as a discretionary manager for a client, Leadenhall conducts a full “know your customer” assessment. This is performed so that the Firm understands each client’s investment objectives and is then able to manage the portfolio in a suitable manner.

**Item 17: Voting Client Securities**

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The Firm does not invest in any investments for its own account. The firm does provide investment management and advisory services with a strategy of investing in insurance linked investments. The firm's strategy does not involve investing in UK equities. Therefore Leadenhall does not vote on client securities.

**Item 18: Financial Information**

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Leadenhall does not require or solicit pre-payment of any type of client fees in advance. The Firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.