
PART 2A OF FORM ADV: FIRM BROCHURE

**ICBC CREDIT SUISSE ASSET MANAGEMENT
(INTERNATIONAL) COMPANY LIMITED**

March 2019

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This brochure (this "Brochure") provides information about the qualifications and business practices of ICBC Credit Suisse Asset Management (International) Company Limited (the "Investment Adviser," "we," "us," and similar terms). If you have any questions about the contents of this Brochure, please contact us at +852 3975.3675 or compliancehk@icbccs.com.hk. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

The Investment Adviser is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about the Investment Adviser is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2

MATERIAL CHANGES

We are updating this brochure as of March 2019 as part of our annual amendment. The following is a summary of the material changes made since the Investment Adviser's previous annual brochure dated March 2018.

- Items 5 and 6 have been amended to clarify that certain previously discussed activities only apply to our non-U.S. clients.
- Item 8 has been amended to remove a discussion of certain investment strategies the Investment Adviser expected to pursue, but which it has not, and does not intend to do so, for its U.S. clients.

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ITEM 4

ADVISORY BUSINESS

A. General Description of Advisory Firm.

1. *ICBC Credit Suisse Asset Management (International) Company Limited*

ICBC Credit Suisse Asset Management (International) Company Limited (the "Investment Adviser," "we," "us," and similar terms), is a company incorporated in Hong Kong in 2011.

We only have one office, which is located in Hong Kong.

We are controlled by our principal owner, ICBC Credit Suisse Asset Management Company Limited (the "Principal Owner"), which is the sole shareholder of the Investment Adviser. The Principal Owner is a joint venture between the Industrial and Commercial Bank of China Limited ("ICBC") and Credit Suisse AG. Credit Suisse AG is a Swiss bank that is 100% owned by Credit Suisse Group AG. ICBC is primarily owned by various entities of the government of the People's Republic of China. ICBC's ownership information is further detailed in Schedule B of Part 1A of our Form ADV. Mr. WANG Qingren serves as the Chief Executive Officer of the Investment Adviser.

B. Description of Advisory Services.

This Brochure discloses all required information with regard to the advisory services provided by the Investment Adviser to U.S. clients and does not reflect the business of the Investment Adviser in total. We also advise non-U.S. clients and investors in several additional strategies which are not available in the U.S.

1. *Advisory Services.*

We may serve as either the investment adviser or sub-investment adviser to registered investment companies pursuant to the Investment Company Act of 1940 (the "Funds"). Our principal place of business is outside the U.S. and we have no U.S. office. Currently, we serve as a sub-adviser to a U.S. domiciled exchange-traded fund ("ETF"), though the majority of our business is advising non-U.S. clients. We do not intend to advise U.S. clients other than the Funds.

This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. Persons reviewing this Brochure should not construe this as an offer to sell or a solicitation of an offer to buy the securities of any investment vehicles. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.

2. *Investment Strategies and Types of Investments.*

We currently manage an ETF with a passive equity trading strategy which uses a representative sampling to replicate the performance of a broad-based index. Any descriptions set forth in this Brochure of specific advisory services that we offer to our clients, and investment strategies pursued and investments made by us on behalf of our clients, should not be understood to limit in any way our investment activities. We may offer any advisory

services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client's investment objectives and guidelines. The investment strategies we pursue may be speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

C. Availability of Customized Services for Individual Clients.

Our investment decisions and advice with respect to each client will be subject to each client's investment objectives and guidelines, as set forth in its respective prospectus or other governing documents.

D. Wrap Fee Programs.

We do not currently participate in any Wrap Fee Programs.

E. Assets Under Management.

We manage, on a discretionary basis, \$2,129,700,000 of client assets, determined as of December 31, 2018.

We do not manage any assets on a non-discretionary basis.

ITEM 5

FEES AND COMPENSATION

A. Advisory Fees and Compensation.

The Investment Adviser sub-advises an ETF and is compensated from the ETF's named investment adviser based on a negotiated schedule. Such fee schedule is based on a percentage of assets under management. The ETF's direct fees and expenses are called out in its prospectus and statement of additional information. The Investment Adviser generally charges asset-based and performance-based fees to non-U.S. clients.

B. Payment of Fees.

Fees and compensation paid to the Investment Adviser or its affiliates by its non-U.S. Clients are generally deducted from the assets of such clients. For our U.S. clients, namely, the Funds, fees will be paid to us by the Funds or the Funds' investment advisers as pursuant to applicable agreements. We will not have the ability to directly debit fees from any U.S. client's accounts.

Fees are generally paid in arrears. If a client terminates the investment management agreement with the Investment Adviser in the middle of a billing period the Investment Adviser will invoice the client for an amount that is pro-rated based on the number of days that the account was managed.

C. Additional Fees and Expenses.

The Investment Adviser expects that each client will bear its own expenses, as set forth in the applicable investment management agreement or other agreement governing the advisory client relationship. In addition, such clients will bear applicable brokerage and custodial fees.

D. Prepayment of Fees.

The Investment Adviser does not require the prepayment of fees by the Funds.

E. Additional Compensation and Conflicts of Interest.

The Investment Adviser may receive a percentage of the management fees received by the Principal Owner for non-U.S. client referrals made by the Investment Adviser to the Principal Owner. The Investment Adviser does not make referrals with respect to the Funds.

ITEM 6
PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not intend to accept performance-based compensation from any Funds. However, we do accept performance-based compensation from non-U.S. clients that have actively-managed strategies. This potential conflict is mitigated by the fact that our management of the Funds will be handled by a different investment team than our non-U.S. actively-managed strategy clients.

ITEM 7
TYPES OF CLIENTS

We provide investment advice to investment companies registered under the Investment Company Act of 1940. Our non-U.S. clients consist of banking or thrift institutions, pooled investment vehicles, and non-U.S. institutional clients.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies.

The descriptions set forth in this Brochure of specific advisory services that we offer to clients, and investment strategies pursued and investments made by us on behalf of our clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client's investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

The Investment Adviser currently advises on an ETF with a passive equity trading strategy which uses a representative sampling to replicate the performance of a broad-based index. Representative sampling means that we generally will invest in a sample of the securities in the index whose risk, return and other characteristics resemble the risk, return and other characteristics of the index as a whole.

B. Material, Significant or Unusual Risks Relating to Investment Strategies.

The Investment Adviser currently advises on an ETF with a passive equity trading strategy which uses a representative sampling to replicate the performance of a broad-based index. Key risks in our general investment strategies are listed below. Further risks associated with the ETF client are recorded in the ETF's prospectus and statement of additional information.

Equity Securities Generally. The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, clients may suffer losses if the Investment Adviser causes them to invest in equity instruments of issuers whose performance diverges from the Investment Adviser's expectations or if equity markets generally move in a single direction and the Investment Adviser has not hedged its clients' positions against such a general move. Clients also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Exchange-Traded Funds. ETFs are publicly traded unit investment trusts, open-end funds or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector, or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying securities they are designed to track. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate perfectly with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. Generally, each shareholder of an ETF bears a pro rata portion of the ETF's expenses, including management fees. Accordingly, in

addition to bearing investment management expenses, Clients may also bear the expenses of the ETFs in which the investment manager causes them to invest.

Representative Sampling. Representative sampling involves the selection of the securities included in, or representative of, an underlying index regardless of their investment merit. Usually used in passive management, an account utilizing this strategy does not attempt to outperform an underlying index or take defensive positions in declining markets. As a result, an account's performance may be adversely affected by a general decline in the market segments relating to the index. Further, performance may be affected by the Investment Adviser's ability to select a sampling of securities that would represent the performance of all securities comprising the underlying index.

Model and Data Risk. The Investment Adviser will rely heavily on quantitative and systematic models (both proprietary models developed by the Investment Adviser, and those supplied by third parties) and information and data supplied by third parties ("Models and Data"). Models and Data can be used to construct sets of transactions and investments, to value investments or potential investments (whether for trading purposes, or for the purpose of determining the net asset value of the client portfolios), to provide risk management insights, and to assist in hedging the Funds' exposure.

When Models and Data prove to be incorrect, misleading or incomplete, any decisions made in reliance thereon expose clients to potential risks. For example, by relying on Models and Data, the Investment Adviser may be induced to buy certain investments at prices that are too high, to sell certain other investments at prices that are too low, or to miss favorable opportunities altogether. Similarly, any hedging based on faulty Models and Data may prove to be unsuccessful.

All models rely on correct market data inputs. Because the Investment Adviser's models are usually constructed based on, or employ, historical or current market data supplied by third parties, the success of relying on Models and Data may depend heavily on the accuracy and reliability of the supplied data, which can contain errors.

For the sake of clarity and without limitation, though Model and Data risks could adversely affect the Funds' performance, losses that arise as a result of the use of Models and Data likely would not constitute reimbursable trade errors under the Investment Adviser's policies or the Funds' governing documents.

General Risk of Emerging and Frontier Markets. Investment in emerging and frontier markets securities involves a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, emerging and frontier markets securities investments may carry the risks of less publicly available information, more volatile markets, less strict securities market regulation, less favorable tax provisions and a greater likelihood of severe inflation, unstable currency, war and expropriation of personal property than investments in securities of issuers based in developed countries. In addition, the Investment Adviser's investment opportunities in certain emerging and frontier markets may be restricted by legal limits on foreign investment in local securities.

Emerging and frontier markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and, therefore, transactions would need to be made on a neighboring exchange. Volume and liquidity levels

in emerging and frontier markets are lower than in developed countries. When seeking to sell emerging and frontier markets securities, little or no market may exist for the securities. In addition, issuers based in emerging and frontier markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging and frontier markets may not accurately reflect the actual circumstances being reported.

The issuers of some non-U.S. securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and therefore potentially carry greater risk. Custodial expenses for a portfolio of emerging and frontier markets securities generally are higher than for a portfolio of securities of issuers based in developed countries.

Investments in China. Although the Chinese economy has grown rapidly during recent years and the Chinese government has implemented significant economic reforms to liberalize trade policy, promote foreign investment, and reduce government control of the economy, there can be no guarantee that economic growth or these reforms will continue. Economic liberalization in China may also result in disparities of wealth that lead to social disorder, including violence and labor unrest. The Chinese economy may also experience slower growth if global or domestic demand for Chinese goods decreases significantly and/or key trading partners apply trade tariffs or implement other protectionist measures. The Chinese economy is also susceptible to rising rates of inflation, economic recession, market inefficiency, volatility, and pricing anomalies that may be connected to governmental influence, a lack of publicly-available information and/or political and social instability.

The government of China maintains strict currency controls in order to achieve economic, trade and political objectives and regularly intervenes in the currency market. The Chinese government also plays a major role in the country's economic policies regarding foreign investments. Foreign investors are subject to the risk of loss from expropriation or nationalization of their investment assets and property, governmental restrictions on foreign investments and the repatriation of capital invested. These and other factors could have a negative impact on the Chinese economy as a whole.

Investments in Hong Kong. Investing in companies organized or traded in Hong Kong involves special considerations not typically associated with investing in countries with more democratic governments or more established economies or securities markets. China is Hong Kong's largest trading partner, both in terms of exports and imports. Any changes in the Chinese economy, trade regulations or currency exchange rates may have an adverse impact on Hong Kong's economy.

Legal Risk. Many of the laws that govern private and non-U.S. investment, securities transactions, creditors' rights and other contractual relationships in non-U.S. countries, particularly in developing countries, are new and largely untested. As a result, the Fund may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets, and lack of enforcement of existing regulations.

Regulatory controls and corporate governance of companies in developing countries may confer little protection on investors. Anti-fraud and anti-insider trading legislation is often rudimentary. The concept of fiduciary duty is also limited when compared to such concepts in developed country markets. In certain instances, management may take significant actions without the consent of investors. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on clients and their operations. Furthermore, it may be difficult to obtain and enforce a judgment in certain of non-U.S. countries in which Client assets are invested.

Taxation by Non-U.S. Jurisdictions. Taxation of dividends, interest, capital gains, other income, and gross sale or disposition proceeds, received by non-residents varies among emerging and frontier markets countries and, in some cases, tax rates are high compared to developed countries. In addition, developing countries typically have less well-defined tax laws and procedures. With respect to certain countries, there is a possibility of expropriation, confiscatory taxation and imposition of withholding or other taxes on dividends, interest, capital gains, other income and gross sale or disposition proceeds.

Risk of Errors and Omissions in Information. Companies in emerging and frontier markets countries are generally subject to less stringent and less uniform accounting, auditing and financial reporting standards, practices and disclosure requirements than those applicable to U.S. companies. Consequently, there is less publicly available information about an emerging and frontier markets country company than about a U.S. company. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging and frontier markets countries may not accurately reflect the statistics being reported.

Investment and Repatriation Restrictions. Some emerging and frontier markets countries have laws and regulations that currently preclude direct non-U.S. investment in the securities of their companies. However, indirect foreign investment in the securities of companies listed and traded on the stock exchanges in these countries is permitted by certain emerging and frontier markets countries through investment funds which have been specifically authorized. The Fund may invest in these investment funds. If the Fund invests in such investment funds, the investors will bear not only the expenses of the Fund, but also will indirectly bear similar expenses of the underlying investment funds.

In addition to the foregoing investment restrictions, prior governmental approval for foreign investments may be required under certain circumstances in some emerging and frontier markets countries, and the extent of non-U.S. investment in U.S. companies may be subject to limitation in other emerging and frontier markets countries. Non-U.S. ownership limitations also may be imposed by the charters of individual companies in emerging and frontier markets countries to prevent, among other concerns, violation of foreign investment limitations. Some attractive equity securities may not be available to the Fund because U.S. investors hold the maximum amount permitted under current laws or because of minimum eligibility requirements (such as net worth) for investing in certain types of securities in some emerging and frontier markets countries.

Repatriation of investment income, assets and the proceeds of sales by non-U.S. investors may require governmental registration and/or approval in some emerging and frontier markets countries. The Fund could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes

imposed by emerging and frontier markets countries on interest or dividends paid on securities held by the Fund or gains from the disposition of such securities.

Government Involvement in the Private Sector. Government involvement in the private sector varies by degree among the emerging and frontier markets countries in which the Fund may invest. Such involvement may include government ownership, wage and price controls or imposition of trade barriers or other protectionist measures.

ITEM 9
DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

ITEM 10
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status.

The Investment Adviser and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status.

The Investment Adviser and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

C. Material Relationships or Arrangements with Industry Participants.

The Investment Adviser is under the control of ICBC and Credit Suisse AG. The Investment Adviser provides investment management services to certain non-U.S. entities owned by or affiliated with ICBC. Credit Suisse AG is a client of the Principal Owner (as defined above) and the Investment Adviser acts as the client service agent pursuant to that arrangement. The Investment Adviser receives compensation from its Principal Owner for acting as client service agent. Clients do not bear such compensation.

D. Material Conflicts of Interest Relating to Other Investment Advisers.

We refer certain non-U.S. clients to our Principal Owner. As a result of such referrals, we may receive a fee that is a portion of the management fee collected by our Principal Owner from those non-U.S. clients. Such clients do not directly bear such fee paid to us.

ITEM 11
CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS
AND PERSONAL TRADING

A. Code of Ethics.

We strive to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, we have adopted a Code of Ethics (the "Code"). The Code incorporates the following general principles that all employees are expected to uphold:

- employees must at all times place the interests of clients first;
- all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided;
- employees must not take any inappropriate advantage of their positions;
- information concerning the identity of securities and financial circumstances of the Funds must be kept confidential; and
- independence in the investment decision-making process must be maintained at all times.

Clients may request a copy of the Code by contacting us at the address or telephone number listed on the first page of this document.

B. Securities that the Investment Adviser or a Related Person Has a Material Financial Interest.

1. **Cross Trades**

The Investment Adviser may determine that it would be in the best interests of certain clients to transfer a security from one client to another, without recording the trade on the exchange, (each such transfer, a "Cross Trade") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the clients, or to reduce transaction costs that may arise in an open market transaction. If the Investment Adviser decides to engage in a Cross Trade, the Investment Adviser will determine that the trade is in the best interests of each client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those clients.

The Investment Adviser generally executes Cross Trades with the assistance of a broker-dealer who executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a Cross Trade between two clients of the Investment Adviser may occur as an "internal cross", where the Investment Adviser instructs the custodian for the Clients to book the transaction at the price determined in accordance with the Investment Adviser's valuation policy. If the Investment Adviser effects an internal cross, the Investment Adviser will not receive any fee in connection with the completion of the transaction.

The Investment Adviser generally does not conduct internal cross, but may do so from time to time with consent of the Fund and in compliance with the exemption given from Rule 17a-7 under the Investment Company Act of 1940 Act.

2. Principal Transactions

To the extent that Cross Trades may be viewed as principal transactions due to the ownership interest in a client by the Investment Adviser or its personnel, the Investment Adviser will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be considered on behalf of investors in such a client and approved or disapproved by (i) an advisory board comprised of representatives of such investors or (ii) a committee consisting of one or more persons selected by the Investment Adviser (or its affiliate), and any valuation approved by such a committee will be determined by an independent third party that has appropriate experience in providing such valuations.

C. Investing in Securities that the Investment Adviser or a Related Person Recommends to Clients.

The Code places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to the Investment Adviser on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions. The Investment Adviser, its affiliates and its employees may invest on behalf of themselves in securities and other instruments that would be appropriate for, held by, or may fall within the investment guidelines of clients.

The Investment Adviser, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more clients. Potential conflicts also may arise due to the fact that the Investment Adviser and its personnel may have investments in some Funds but not in others or may have different levels of investments in the various Funds.

The Investment Adviser has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same securities made at or about the same time as client trades.

D. Conflicts of Interest Created by Contemporaneous Trading.

The Investment Adviser manages investments on behalf of a number of clients. Certain clients have investment programs that are similar to or overlap and may, therefore, participate with each other in investments. It is the policy of the Investment Adviser to allocate investment opportunities among all clients fairly, to the extent practical and in accordance with each client's applicable investment strategies, over a period of time. The Investment Adviser will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any client solely because the Investment Adviser purchases or sells the same security for, enters into a transaction on behalf of, or provides an

opportunity to any client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for the client.

ITEM 12

BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.

As noted previously, we have full discretionary authority to manage our client portfolios, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. The Investment Adviser's authority is limited by its own internal policies and procedures and each client's investment guidelines.

Portfolio transactions for each client will be allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers may provide other services that are beneficial to us and/or certain clients, but not beneficial to all clients. Subject to best execution, in selecting brokers and dealers (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services, we may consider, among other things, the following:

- the ability of the brokers and dealers to effect the transaction;
- speed and responsiveness;
- accuracy of order placement;
- the availability of liquidity;
- the brokers' or dealers' facilities, reliability and financial responsibility; and
- the provision by the brokers of capital introduction, talent introduction, marketing assistance, consulting with respect to technology, operations and equipment, commitment of capital, access to company management and access to deal flow.

Accordingly, the commission rates (or dealer markups and markdowns) charged to clients by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers who may not offer such services. The Investment Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally, neither the Investment Adviser nor its clients separately compensate any broker or dealer for any of these other services.

We maintain policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

1. Research and Other Soft Dollar Benefits.

Neither the Investment Adviser nor its related persons have acquired any products or services with Fund brokerage commissions (or markups or markdowns). The Investment Advisers may do so for its non-U.S. clients. From time to time, the Investment Adviser may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transaction) for effecting client transactions in excess of that which another

broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. The Investment Adviser will effect such transactions, and receive such brokerage and research services, on behalf of the Funds only to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended, and subject to prevailing guidance provided by the SEC regarding Section 28(e). The Investment Adviser believes it is important to its investment decision-making processes to have access to independent research.

Also, consistent with Section 28(e), research products or services obtained with "soft dollars" generated by one or more Funds may be used by the Investment Adviser to service one or more other clients, including clients that may not have paid for the soft dollar benefits. The Investment Adviser does not seek to allocate soft dollar benefits to client accounts in proportion to the soft dollar credits the client accounts generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to the Investment Adviser (*i.e.*, a "mixed use" item), the Investment Adviser will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of the Investment Adviser's allocation of the costs of such benefits and services between those that primarily benefit the Investment Adviser and those that primarily benefit its clients.

When the Investment Adviser uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, the Investment Adviser receives a benefit because it does not have to produce or pay for such products or services. The Investment Adviser may have an incentive to select or recommend a broker-dealer based on the Investment Adviser's interest in receiving research or other products or services, rather than on its clients' interest in receiving most favorable execution.

To the extent that the Investment Adviser begins to utilize research services from broker-dealers, it will on, at least, an annual basis consider the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its clients on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will the Investment Adviser make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

2. Brokerage for Client Referrals.

Brokers may refer investors for the creation of ETF units that will be managed by the Investment Adviser. All brokerage commissions will be borne by investors in the ETFs and not deducted from the assets of the overall fund that invests in ETFs. However, as discussed above, subject to best execution, the Investment Adviser may consider, among other things, capital introduction and marketing assistance with respect to investors in the Funds in selecting or recommending broker-dealers for the Funds.

3. **Directed Brokerage.**

The Investment Adviser does not recommend, request or require that a client direct the Investment Adviser to execute transactions through a specified broker-dealer. In relation to the ETFs, to the extent creation or redemption transactions are conducted on a cash or cash-in-lieu basis, the ETF may contemporaneously transact with broker-dealers for the purchase or sale of portfolio securities in connection with such transactions. Such orders may be placed with an authorized participant in its capacity as broker-dealer or with an affiliated broker-dealer of such authorized participant.

B. Order Aggregation.

If the Investment Adviser determines that the purchase or sale of a security is appropriate with regard to multiple clients, the Investment Adviser may, but is not obligated to, purchase or sell such a security on behalf of such clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating client will receive the average price, with transaction costs generally allocated *pro rata* based on the pre-allocation ratio of the order (or allocation in the event of a partial fill) as determined by the Investment Adviser. In the event of a partial fill, allocations may be modified on a basis that the Investment Adviser deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by the Investment Adviser. As a result, certain trades in the same security for one client (including a client in which the Investment Adviser and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another client, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

ITEM 13

REVIEW OF ACCOUNTS

A. Frequency and Nature of Review of Client Accounts or Financial Plans.

We perform various daily, weekly, monthly, quarterly and periodic reviews of each client's portfolio. Such reviews are conducted by the members of the Investment Adviser's Investment Committee, portfolio managers and research associates.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review.

A review of a client account may be triggered by any unusual activity or special circumstances.

C. Client Reporting

Shareholders of the Funds would receive reporting concerning their investment either via the Fund or the financial institution through which they hold Fund shares. The Investment Adviser will not provide any information directly to shareholders. The Investment Adviser may provide applicable reporting to a primary investment adviser of a Fund, or the Fund's board of trustees as required and requested.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients.

We do not receive economic benefits from non-clients for providing investment advice and other advisory services.

B. Compensation to Non-Supervised Persons for Client Referrals.

As discussed previously in Item 10, the Investment Adviser refers certain non-U.S. clients to its Principal Owner for investment management services. The Investment Adviser receives a percentage of the management fees received by the Principal Owner for such clients as compensation for its referral.

ITEM 15 CUSTODY

The Investment Adviser intends to only serve as investment adviser or sub-investment adviser of investment companies registered under the Investment Company Act of 1940. As a result, the Investment Adviser does not expect to be deemed to have custody of Client funds or securities for the purposes of Rule 206(4)-2 under the Advisers Act.

ITEM 16
INVESTMENT DISCRETION

The Investment Adviser serves in an advisory capacity with discretionary trading authority to each client.

Our investment decisions and advice with respect to each client are subject to each client's investment objectives and guidelines, as set forth in its offering documents.

The Investment Adviser or an affiliate of the Investment Adviser entered into an investment management agreement, or similar agreement, with each client, pursuant to which the Investment Adviser or an affiliate of the Investment Adviser was granted discretionary trading authority.

ITEM 17

VOTING CLIENT SECURITIES

A. Policies and Procedures Relating to Voting Client Securities.

In compliance with Advisers Act Rule 206(4)-6, the Investment Adviser has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "Proxies") in a prudent and diligent manner that will serve the applicable client's best interests and is in line with each client's investment objectives.

We may take into account all relevant factors, as determined by us in our discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant client and the returns on those securities;
- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information; and
- industry and business practices.

In limited circumstances, the Investment Adviser may refrain from voting Proxies where we believe that voting would be inappropriate, taking into consideration the cost of voting the Proxies and the anticipated benefit to its clients. Generally, clients may not direct our vote in a particular solicitation.

Conflicts of interest may arise between the interests of the clients on the one hand and us or our affiliates on the other hand. If we determine that we may have, or may be perceived to have, a conflict of interest when voting Proxies, we will vote in accordance with our Proxy voting policies and procedures.

Clients may obtain a copy of our Proxy voting policies and our Proxy voting record upon request.

ITEM 18
FINANCIAL INFORMATION

The Investment Adviser is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time since its inception.