

PART 2A OF FORM ADV: FIRM BROCHURE



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This brochure provides information about the qualifications and business practices of Phoenix Asset Management Partners Limited (“Phoenix” or the “Firm”). If you have any questions about the contents of this brochure, please contact Steve Tatters at +44 (0) 208 600 0100 or by email at [steve@pamp.co.uk](mailto:steve@pamp.co.uk). 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. References in this brochure to Phoenix as a “registered investment adviser” are not intended to imply a certain level of skill or training.

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

## Item 2: Material Changes

Phoenix is required to identify and discuss any material changes that have been made to this brochure since its last annual update. Phoenix's last annual update was made June 30, 2018.

Item 8 includes new wording on Phoenix's investment strategy and associated risks. Item 10 has been amended to make clear that executive officers of Phoenix may serve as Directors on the Funds and as Directors for entities in which Phoenix invests for Clients.

No other updates are considered material enough to highlight.

Phoenix is providing this annual updating amendment as of March 31, 2019.

Phoenix's registration with the SEC was effective on September 21, 2016.

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## Item 4: Advisory Business

Phoenix is a United Kingdom-based investment adviser with its principal place of business in London, England. Phoenix is a specialist investment manager founded in 1998. Channon Holdings Limited, a UK limited company, principally owns Phoenix. The Principal owners of Channon Holdings Limited are Gary Channon and Sedef Channon.

Phoenix offers and provides portfolio management to (1) pooled investment vehicles and (2) separately managed accounts. Phoenix currently provides discretionary investment advisory services to non-US pooled investment vehicles (the “Phoenix UK Fund,” “Huginn Fund” and the “Aurora Investment Trust”, collectively referred to as “Funds”) in addition to separately managed accounts (“Managed Accounts”) for institutional investors. Funds and Managed Accounts will be referred to herein as “Clients”. For the avoidance of doubt, investors in Funds managed by Phoenix are not clients of Phoenix. In the United States, Phoenix provides investment advisory services to institutional investors, all of which are qualified clients (as defined in Rule 205-3 of the Investment Advisers Act). Phoenix provides advice to Clients invested in managed accounts based on specific investment objectives and strategies detailed in the Clients’ Investment Management Agreement (“IMA”). Clients may impose restrictions on investing in certain securities or certain types of securities. Phoenix may tailor its advice to the individual needs of Clients by negotiating the terms in the IMA signed with the Client. Managed Accounts may also be tailored for legal, regulatory or tax purposes. Each IMA and related account documentation will specify the particular investment program and any related investment restrictions.

Any investment in a Fund managed by Phoenix should be based solely on the information in the Fund’s respective offering documents that outlines the investment objectives, strategies and risks of the Fund. Phoenix does not tailor its advisory services to the individual or particular needs of investors in the Funds and does not advise individual Fund investors on the merits of investing in any particular Fund. Phoenix has broad investment authority with respect to the Funds and, as such, investors should consider whether the investment objective of a Fund is in line with an investor’s individual objectives and risk tolerance prior to investment.

As of March 31, 2019, Phoenix had approximately \$1,247,172,961 assets under management, all of which was managed on a discretionary basis. Phoenix does not manage any assets on a non-discretionary basis.

## Item 5: Fees and Compensation

Phoenix is compensated by asset-based fees and performance-based fees. Fees described are generally subject to modification, waiver or reduction at the sole discretion of Phoenix, both voluntarily and on a negotiated basis.

For certain clients, Phoenix will charge a fee to each Client that is based on a percentage of net assets under management (the “Management Fee”). The Management Fee is accrued monthly and may be payable monthly or quarterly in arrears, as outlined in each Client’s IMA. Clients who invest or redeem their investment other than on the first or last business day of a period will pay a pro-rated fee.

The applicable Management Fee schedule for each Client is described in each Client’s IMA.

The Management Fee is typically paid directly from Clients’ assets as accrued on a monthly or quarterly basis by the administrator or custodian of a Client’s account. Phoenix does not deduct fees directly from Client accounts. Clients may negotiate with Phoenix to be invoiced directly for Management Fees incurred.

In some cases, Phoenix also receives a Performance Fee (the “Performance Fee”) from some Clients as discussed further in Item 6.

In addition to the Management Fee and Performance Fee, each Client will bear its own expenses, including but not limited to: investment expenses (e.g., expenses that, in the Firm’s discretion, are related to the investment of assets, whether or not such investments are consummated, such as brokerage commissions, clearing and settlement charges, custodial fees, bank service fees and interest expenses); some professional fees (including expenses, investment bankers, attorneys, accountants and other experts) relating to investments; administrative expenses (including fees and expenses of an administrator); legal expenses; external accounting and valuation expenses; audit and tax preparation expenses; directors fees; costs of preparing, printing and mailing reports, offering materials and notices; entity-level taxes; corporate licensing; regulatory expenses (including filing fees); insurance premiums (to the extent not prohibited by ERISA); organizational expenses including the costs of maintaining the Funds’ registered office(s); expenses incurred in connection with the offering and sale of shares and other similar expenses related to the Fund; income taxes, withholding taxes, transfer taxes, stamp duties, filing fees or other governmental fees imposed on the Funds and extraordinary expenses (including litigation and indemnification expenses, if any).

Please refer to the relevant Fund’s offering documents for a complete understanding of each Fund’s fees and expenses. The information contained herein is a summary only and is qualified in its entirety by the relevant Fund’s offering memoranda.

Fees charged on Managed Accounts will be negotiated separately at the time of the applicable accounts’ opening. Certain expenses for Managed Accounts are negotiated directly with the Clients’ service providers.

The only compensation received by Phoenix for effecting securities transactions for clients are the advisory fees described above. See Item 12- Brokerage Practices for more details on Phoenix’s brokerage practices

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

As described in Item 5 above, Phoenix charges Performance Fees on eligible accounts.

A Performance Fee is a fee paid to Phoenix based upon a percentage of the net profits of the account or fund being managed. When calculating net profits, Performance Fees may be based on absolute or benchmark relative returns and may be subject to high water marks.

With respect to Phoenix's management of assets, Performance Fees may give rise to certain conflicts of interest. Specifically, the Firm's entitlement to a Performance Fee in managing one or more accounts may create an incentive for Phoenix to take risks in managing assets that Phoenix would not otherwise take in the absence of such arrangements. Additionally, since Performance Fees reward the Firm for performance in accounts which are subject to such fees, Phoenix may have an incentive to favor these accounts over those that have only fixed asset-based fees with respect to areas such as trading opportunities, trade allocation, and allocation of new investment opportunities. Phoenix has policies and procedures in place to mitigate the conflicts of interest arising from the side-by-side management of accounts with different fee structures including an Order Aggregation and Allocation and Best Execution Policy.

### **Side-by-Side Management**

Phoenix's investment professionals may simultaneously manage multiple Client accounts according to the same or a similar investment strategy (i.e., side-by-side management). The simultaneous management of these different investment products gives rise to the types of conflicts described above, as the fees for the management of certain types of products are higher than for others. Nevertheless, when managing the assets of such accounts, Phoenix has an affirmative duty to treat all such accounts fairly and equitably over time. Side-by-side management of Client accounts raises the possibility of favorable or preferential treatment of a Client or a group of Clients arising from differences in fee arrangements. As a registered investment adviser and a fiduciary, Phoenix exercises due care to ensure that investment opportunities are allocated equitably among all Clients, regardless of their corresponding fee structure. Phoenix has procedures designed and implemented in furtherance of its efforts to treat all Clients fairly and equitably over time. By utilizing these procedures, Phoenix believes that Client accounts that are subject to side-by-side management alongside other Client accounts are receiving fair and equitable treatment over time. Please see Item 12 below for a more detailed discussion of Phoenix's Trade Allocation and Aggregation Policy and procedures.

Although Phoenix has a duty to treat all Clients fairly and equitably over time, Clients will not necessarily be managed the same at all times. Specifically, there is no requirement that Phoenix use the same investment practices consistently across all Clients. In general, investment decisions for each Client will be made independently from those of other Clients and will be made with specific reference to the individual needs and objectives of each Client. In fact, different account guidelines and/or differences within particular investment strategies may lead to the use of different investment practices for Clients within a similar investment strategy. Phoenix will not purchase or sell the same securities at the same time, in the same direction, or in the same proportionate amounts for all eligible Clients, particularly if different Clients have different amounts of investable cash available, different strategies, or different risk tolerances. As a result, although Phoenix manages numerous Client accounts with similar or identical investment objectives or may manage

accounts with different objectives that trade in the same securities, the decisions relating to these accounts, and the performance resulting from such decisions, may differ from Client to Client.

## Item 7: Types of Clients

Phoenix serves a wide range of institutional clients. Phoenix provides discretionary advisory services to institutional investors, including, but not limited to, endowments, pension and profit-sharing plans, trusts, estates, individuals, corporations and other business entities, and pooled investment vehicles (including private investment funds).

The Firm may impose minimum account requirements on Managed Accounts, which would be described in the written IMA entered into by and between the Firm and the Client(s). Managed Account minimums may vary. However, Phoenix typically will not take on a Managed Account below \$10,000,000.00. Minimums may be waived at the Firm's discretion.

In addition to the above, Phoenix manages three Funds. For two of the Funds investors must meet applicable investor standards based on the jurisdiction of the funds including being professional investors, accredited investors, qualified eligible purchasers and/or qualified purchasers. The minimum initial investment and subsequent minimum investment amounts for these Funds are as stated in their offering documents.

The third Fund managed by Phoenix is listed on the London Stock Exchange and is open to all investors. The cost of purchasing this Fund will vary according to fluctuations in the stock market and trading environment.



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

Phoenix's investment process starts by understanding the history of the business. That means a lot of background reading; books, annual reports, regulatory reports and anything else useful. The Firm also does fieldwork; visiting companies, their competitors, suppliers, and attends trade shows and mystery shops.

Phoenix seeks to understand how a business works, in other words how it makes a profit and what capital and expertise that requires. The Firm further seeks to understand why a company's customers use it and pay the company's prices. Phoenix assesses whether there is any rational way to forecast the future based upon the observations of the past and present.

In assessing a Company's management, Phoenix is judging their competence in managing the business. Phoenix looks at their track records including prior roles. Importantly Phoenix looks at management's integrity or for signs of its absence.

The Firm's work is very detailed and company evaluation can take years to get to a point where the Firm is ready to invest. Phoenix has developed its own system for evaluating businesses called DREAM, which breaks down all the Firm's assessments into a Business, Management and Price framework. If a company lines up in all three areas Phoenix call the company a Triple-A (AAA) but, as price rarely lines up just when the Firm is ready, Phoenix is happy to collect Double A's (AA) i.e. where the business and management fit and Phoenix are waiting for the price to reach an identified level.

Phoenix has a monitoring program for every business. The Firm looks to observe the business independently from the reports made by management. This work takes up the majority of the Firm's time because our biggest source of risk and opportunity is in the existing portfolio.

Buying a focused portfolio of stocks that are out of favor can result in a lot of volatility. Unlike most of the financial services industry Phoenix doesn't consider volatility to be a risk. Phoenix define risk as the chance of a permanent loss of capital. Phoenix seek to reduce risk through knowledge and focus helps us do that.

All Clients must assume the risk that investment returns will fluctuate, may be positive or negative, hold the potential for loss of principal and return or may result in delivery of returns that are higher or lower than those of other investment advisers, market indices or investment products. Though all of Phoenix's strategies seek positive returns, the strategies may not achieve their stated objectives. Investing in securities involves risk of loss that clients should consider.

In terms of investment strategy, Phoenix endeavour to deliver excellent long-term investment returns mainly from UK equities, although it may also invest in non-UK equities, fixed income or unlisted investments should they meet Phoenix's investment requirements. Although derivatives are not used generally, they may be used should a need or opportunity arise. In addition, although leverage does not form part of Phoenix's normal investment strategy it may do so in exceptional circumstances.

As the investment strategy is to invest in UK listed equities the main risk arises from the volatility of UK equities. However, there are also potential risks arising from the volatility of the fixed-income and currency markets, the risks of borrowings and short sales and the risk of loss from counterparty defaults.

## **Specific Risks**

### **Small and Medium Capitalisation Companies**

Phoenix may invest Client assets in the securities of companies with small to medium-sized market capitalisations. While Phoenix believes small to medium-sized companies often provide significant potential for appreciation, those stocks, particularly small-capitalisation stocks, involve higher risks in some respects than investments in securities of larger companies. For example, prices of small-capitalisation and even medium-capitalisation securities are often more volatile than prices of large-capitalisation securities and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in the securities of some small-capitalisation companies, an investment in those companies may be illiquid.

### **Limited Diversification**

Client accounts may hold only a limited number of investments at any one time and Phoenix is under no obligation whatsoever to diversify the investment risks to which the Client is exposed (subject to negotiated investment restrictions). Therefore, the Clients may be exposed to potentially damaging price movements in underlying securities.

### **Investments in Unlisted Securities**

Phoenix may invest in unlisted securities where the absence of any trading market for these investments, may mean that it takes longer to liquidate, or is illiquid. This may also arise if a listed company de-lists and Phoenix decides that it is appropriate to retain the investment. Although these securities may be resold in privately negotiated transactions, the prices realised on these sales could be less than those originally paid. Further, companies whose securities are not publicly traded will generally not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

## **Market Risks**

### *General Economic and Market Conditions*

The success of Client accounts will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of investments. Although Phoenix expects such conditions to provide opportunities to increase potential future returns. Volatility or illiquidity could impair profitability or result in losses.

### *Global Economic and Market Conditions*

Phoenix may invest in securities traded in various markets throughout the world, including in emerging or developing markets, some of which are highly controlled by governmental authorities such investments require consideration of certain risks typically not associated with investing in currencies or securities of developed markets. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavourable currency exchange rate fluctuations, imposition of exchange control regulation by governments, withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and social, economic or political instability in foreign nations. These factors may affect the level and volatility of securities prices and the liquidity of investments. Unexpected volatility or illiquidity could impair profitability or result in losses.

The economies of countries differ in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of

payments position. Further, certain economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

### **Systematic Risk**

Credit risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which Phoenix interacts on a daily basis.

### **Market Disruptions**

Client accounts may incur major losses in the event of disrupted markets and other extraordinary events which may affect markets in a way that is not consistent with historical pricing relationships. The risk of loss from a disconnect with historical prices is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. Because market disruptions and losses in one sector can cause ripple effects in other sectors, during the "credit crunch" of 2007-2008 many investment vehicles suffered heavy losses even though they were not necessarily heavily invested in credit-related investments. In addition, market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for Client accounts and such events can result in otherwise historically un-volatile stocks performing with unprecedented volatility and risk. A financial exchange may from time to time suspend or limit trading. Such a suspension could render it difficult or impossible for Phoenix to liquidate affected positions and thereby expose it to losses. There is also no assurance that off-exchange markets will remain liquid enough for Phoenix to close out positions.

## Item 9: Disciplinary Information

Phoenix is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Phoenix or the integrity of Phoenix's management.

In 1998 the United Kingdom Securities and Futures Authority ("SFA") (a predecessor of the Financial Conduct Authority) brought disciplinary proceedings against Nomura and Gary Channon ("Mr. Channon"), the Chief Investment Officer and 59% indirect owner of Phoenix. The SFA concluded Channon, as Head of Equity Derivatives Trading, had breached SFA Principle 3 in relation to a 1996 futures expiry trade on the Australian stock market conducted by his index arbitrage team based in Hong Kong. One aspect of the strategy, called the "Bid Basket" where Nomura placed bids to buy back any unsold stock in the expiry, was found to be in breach of Australian law. On September 26th, 2000 in formal Board Notice 554 Mr. Channon was fined £60,000 and £20,000 costs for the breach.

The SFA tribunal found that Mr. Channon had inadvertently broken Australian law because he was not aware that the trading strategy would be illegal and that, had Mr. Channon known, Mr. Channon would not have adopted the strategy. When judging his fitness as a regulated person the tribunal found that Mr. Channon was "open with everybody about his proposed strategy and tactics." The Tribunal found him "to be an honest and frank witness." In the Tribunal's decision the Tribunal said that Mr. Channon "retained his status as being fit and proper".

## Item 10: Other Financial Industry Activities and Affiliations

Phoenix is authorized and regulated by the UK Financial Conduct Authority (Firm Reference Number 186871).

Executive officers of Phoenix may serve as Directors on the Funds or as Directors for entities in which Phoenix invests for Clients. As such, it is possible that the Phoenix affiliated officers may have potential conflicts of interest. The Phoenix officers who serve in such a capacity are mindful of their obligations and have policies and procedures to ensure that any such conflicts are resolved fairly.

Neither Phoenix nor any management person is registered, or has an application pending to register, as a broker-dealer, futures commission merchant, a registered representative, associated person of a broker-dealer, futures commission merchant or are affiliated with any broker-dealer or bank.

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

Phoenix has adopted a Code of Ethics (the “Code”) describing its fiduciary duty to act in the best interests of its Clients. The Code explains this duty and the general standards of conduct and practices to be followed by all employees. Phoenix’s Code includes provisions relating to required standards of conduct and personal securities trading procedures. Phoenix will provide a copy of the Code to Clients or prospective clients upon request.

Phoenix anticipates that it will recommend to Clients the purchase or sale of securities in which Phoenix’s employees may have a position or interest. Similarly, Phoenix’s employees may buy or sell securities the Firm’s Clients own. In these situations, Phoenix and its employees have an incentive to gain from Client activity. Phoenix’s Code contains guidelines that the Firm and its employees must follow regarding such securities transactions. These guidelines are designed to provide reasonable assurance that the personal securities transactions, activities and interests of Phoenix’s employees will not interfere with the interests of Clients while, at the same time, allowing employees to invest for their own accounts.

Under the Code, certain classes of securities have been designated as exempt based upon a determination that these do not materially interfere with the best interests of Phoenix’s Clients. Apart from these securities, the Code requires pre-clearance of transactions, and restricts trading that is proximate in time to Client trading activity. Because the Code in some circumstances permits employees to invest in the same securities as Clients, there is a possibility that employees might benefit from market activity by a Client in a security held by an employee. Employee trading is routinely monitored to provide reasonable assurance that conflicts of interest between Phoenix and the Firm’s Clients are monitored and mitigated.

Phoenix employees with access to Client information may potentially use this knowledge to their personal advantage by seeking to influence the price of a security that the Client and the employee own. An employee could therefore seek to transact ahead of Clients for personal gain or sell prior to Clients to prevent or diminish loss. Accordingly, the Code outlines policies and procedures to assist in mitigating this conflict. Additionally, the Code contains restrictions on the buying or selling of securities while an employee is in possession of material, non-public, “inside information” concerning a security or issuer.

The Code also contains guidelines and restrictions related to gifts and entertainment. Giving or accepting gifts on the part of employees creates a conflict of interest as it raises questions about the independent judgment of the employees who receive gifts and the intent of third parties who provide them. The Code requires disclosure and/or pre-clearance of gifts and entertainment at certain levels so that the Firm may monitor employee activity regarding gifts and entertainment to provide reasonable assurance any conflicts of interests are identified and mitigated.

Involvement in any outside employment or business activity may create a conflict of interest when it interferes with an employee’s ability to perform the duties of his or her job. All outside employment or business activity must be disclosed upon employment and/or prior to engaging in the activity or employment. Phoenix prohibits engagement in outside activity that interferes with its business activities of Phoenix or potentially creates a conflict of interest with an employee’s responsibilities.

The Code has strict guidelines all employees must follow to minimize these conflicts noted above. All supervised persons at Phoenix must acknowledge the terms of the Code of Ethics annually, and upon amendment. Phoenix may impose sanctions for violations of the Code of Ethics. Sanctions may include termination of employment in the case of serious offenses or other penalty.

### **Participating in Client Transactions**

Phoenix does not manage any “proprietary” investment accounts – i.e., accounts that are funded with Phoenix’s own money and are intended to create profits for Phoenix. Phoenix, however, can invest some of the Firm’s long-term capital in securities. Such investments may be securities that Phoenix buys or sells for Client accounts. Phoenix has policies and procedures in place to mitigate conflicts of interests in buying or selling securities the Firm also buys or sells for Client accounts. Accordingly, Phoenix in the ordinary course does not compete with clients in the market for securities. Similarly, Phoenix does not use its own money to trade as counterparty with client accounts.

### **Cross Trades**

While employees may not participate in client transactions, Phoenix may participate or have an interest in client transactions by conducting cross trades as follows.

From time to time, it may be beneficial for one Client to purchase a security from another Client (a “Cross Trade”) in order to minimize or eliminate transaction costs and to limit the market impact of the transaction. These Cross Trades create a potential conflict of interest as there is the potential to favor one account over another as Phoenix represents both the Client-seller and the Client-buyer in the transaction. Cross transactions are permitted only if the Portfolio Manager believes the transaction is in the best interest of both accounts, disclosure is provided to each Client about the potential conflict of interest, and each Client consents to the transaction. Both Client accounts are to receive best execution and Phoenix will not charge a brokerage commission or mark-up or mark-down. Phoenix will generally not place cross trades for client accounts that are subject to the Employee Retirement Income Security Act of 1974, as amended, and will only place cross trades for a U.S. registered investment company in accordance with Section 17(a) of the Investment Company Act of 1940, as amended.

### **Board Positions**

Certain of Phoenix’s Covered Persons may be requested to act in a Director capacity representing Phoenix for a Board of a company Phoenix owns in client portfolios. Phoenix maintains policies to mitigate such conflicts, including policies restricting Phoenix’s trading in a security when in possession of material non-public information. As a result, Phoenix may not be able to dispose of a security at a favorable time or take advantage of investment opportunities that would be available to it if the Covered Person did not serve in such capacities. Certain Phoenix Covered Persons may also serve on the Board of Directors of funds advised by Phoenix or its affiliates. The lack of independence may create a conflict in the management and oversight of the fund.

## Item 12: Brokerage Practices

### **Broker Selection**

Phoenix considers a range of factors when deciding where and how to place orders for execution for Client accounts, including price, cost, speed, likelihood of execution and settlement, the nature of the order, transparency of the market and other market considerations. Phoenix does not receive research or other products or services from broker-dealers or third parties in connection with Client securities transactions (“soft dollar benefits”).

Phoenix does not participate in client commission arrangements (“CCA”) under which the Firm may effect transactions through a broker-dealer and request that the broker-dealer allocate a portion of the commissions or commission credits to another firm that aggregates these client monies and, with Phoenix’s oversight and approval, pays service providers of qualified research and brokerage.

Phoenix does not effect transactions through Electronic Communication Networks and other alternative trading platforms (collectively “ECNs”).

### **Brokerage for Client Referrals**

In selecting a broker, Phoenix does not consider whether the firm or a related person receives client referrals from a broker or third party. However, broker-dealers may be investors in the Firm’s products. Phoenix has a Conflicts of Interest Policy in place to manage the conflicts with having potential brokers as investors in the Firm’s products.

### **Trade Aggregation**

In making decisions regarding the placement and execution of client trades, Phoenix’s goal is to provide fair and equitable treatment over time to all Clients. However, in terms of priority of execution and allocation of shares, and the timeliness and efficiency of execution, it is possible, although unlikely, that a specific trade may have the effect of benefiting one account against another when viewed in isolation. Consistent with Phoenix’s duty to seek best execution for each Client, Phoenix may aggregate trade orders that could be effected concurrently for more than one Client account.

Although allocating orders among client accounts may create potential conflicts of interest because Phoenix may receive greater fees or compensation from some Clients than other Clients, or because Phoenix may be affiliated or have other relationships with certain Clients, Phoenix has in place an Order Aggregation and Allocation Policy intended to monitor and oversee that allocation decisions are not based on these differing interests, greater fees or compensation.

Phoenix’s policy is to aggregate and execute as a block order equity trades for the same security. Orders in the same security with different execution limits set by the portfolio manager will not be aggregated unless the trade can be executed in accordance with each portfolio manager’s limits. Where a block order is executed at multiple prices, all accounts participating in the order will receive the same average price, including trading costs. If an aggregated order, including shares offered in an initial public offering, can only be partially filled, Phoenix will follow one of three allocation methods listed below. In the event of a partially filled order, the Phoenix portfolio manager may determine that the proportionate allocation to a particular account is not material to that account or inefficient relative to the size of the order with respect to the cost of settling the transaction, and so may waive that account’s allocation. If this occurs, the account’s allocation will be reallocated to



other participating accounts in accordance with the Order Aggregation and Allocation Policy. In addition, Phoenix may determine that an account should not participate in a transaction, for example, because of cash flow or account-specific tax considerations or diversification or other portfolio management considerations. By not participating in an aggregate order, clients may pay higher commissions or other fees on the transaction. It is also possible that participation in an aggregated order itself might result in a poorer execution than if a particular account's order had been executed by itself.

Phoenix's Order Aggregation and Allocation Policy outlines three main allocation methods. Certain accounts managed by Phoenix may compensate Phoenix using performance-based fees. Orders for these accounts will be aggregated, to the extent possible, with any other account managed by Phoenix, regardless of the method of compensation. In the event such orders are aggregated, allocation of partially filled may use of any of the following allocation methods:

**1) Flatten weights**

For example, one client may be overweight in a particular stock and a large aggregate sell order in that stock may be allocated to flatten the weights across all clients. This may mean giving the client with an overweight position most and maybe all of the total fill. Conversely, a large aggregate buy order may mean, given the client's overweight position, that the overweight client receives no fill. This is referred to as "Allocation Method 1" on the trade blotter.

**2) Allocate pro-rata according to each account's net asset value**

This should mean that weights should move by the same amount across accounts. This is referred to as "Allocation Method 2" on the trade blotter.

**3) Small size**

Where the full order is only filled in small size, it may not be possible or appropriate to allocate according to one of the allocation methods above. This is likely in low volume illiquid stocks. Because of minimum commission sizes, it would be unreasonable to split the small fill. The fill will be placed in one account that needs it the most providing the gross amount is above \$35,000.

**4) Return criteria on an illiquid holding not met for open ended accounts**

The expected rate of return when an illiquid holding is under investment consideration is greater for the open-ended accounts than for the Aurora Investment Trust. Aurora will be allocated shares alone at a level of return which reflects the closed ended nature of the structure and its lower liquidity requirements. The open-ended accounts including the Phoenix UK Fund and the managed accounts will be allocated shares at a higher level of expected return which compensates for the increased liquidity requirements in order to facilitate investor redemptions. The level of required return will be determined on a case by case basis.

An account's fee structure is not considered when making allocation decisions.

## Item 13: Review of Accounts

### **Account Review**

The Investment and Business teams independently review Client accounts on a daily basis for conformity with account guidelines and restrictions. The Investment and Business teams are responsible for reviewing the performance of an account relative to the account's pre-established benchmark on a monthly basis. The Business team is responsible for reviewing each Client's account for conformity with its investment objectives and restrictions.

In addition, all accounts are reviewed by the Business team for the purpose of reconciling the firm's records with those of the account's custodian. Cash and portfolio holdings are reconciled by the investment administration department on a daily basis and the investment administration department prepares month-end separate account reconciliations (including cash, security positions, local market values, prices and accruals, where applicable) to a client's custodian bank account statement.

### **Client Reporting**

Managed Account clients generally receive a monthly report within seven business days after month-end that includes performance data and market values. They also receive electronic notifications, although hard copies are also available upon request. In addition to our standard reports, Phoenix can provide additional reports as needed. Reports are agreed on a case-by-case basis during the negotiation of the IMA and may vary by Client Account.

Investors in Funds will receive different material depending on the Fund they are invested into. This may include the Fund's annual financial statement or report, quarterly commentary, fact sheet or Key Investor Document.

## Item 14: Client Referrals and Other Compensation

Phoenix may occasionally enter into solicitation agreements with third parties. Phoenix may compensate a third party in return for client solicitations. Clients do not pay any such fees. Any such arrangements must comply with SEC Rule 206(4)-3. Phoenix does have some historical arrangements whereby a third party receives fees on historical investments made with the Firm.

Currently, Phoenix utilizes a third-party to promote investments into the Aurora Investment Trust in the United Kingdom.

## Item 14: Custody

Phoenix does not self-custody Client funds or securities. Phoenix uses the services of a qualified, independent custodian selected by a Client prior to or at the time of contracting with Phoenix. Client custodians typically provide a statement to Clients at regular intervals negotiated between the Clients' custodians and the Clients. Phoenix recommend that Clients compare the information in Phoenix's account statements to the information in the statements provided by the custodian. Clients should contact the custodian about discrepancies or other questions.

## Item 16: Investment Discretion

Phoenix receives discretionary authority to transact on behalf of Clients at the outset of an investment advisory relationship. A Client typically grants Phoenix discretion in a written IMA. Each IMA is negotiated between Phoenix and the Client. Clients may agree bespoke investment constraints with the Firm and such constraints will be set out in the relevant IMA. Client IMAs may obligate Phoenix to act on written instructions from a Client (such as to reduce certain exposure within the Client's account). While a Fund's Governing Documents may include limitations on Phoenix's discretion, investors in the Funds may not impose bespoke investment constraints.

To its best ability, Phoenix employs discretion in a manner consistent with the documented Client investment objectives and guidelines.

## Item 16: Voting Client Securities

Phoenix has authority to vote proxies on behalf of Clients that have delegated voting authority to the Firm. It is Phoenix's objective to vote proxies in the best interests of the Firm's Clients.

To this end, the Firm's Investment and Business teams are responsible for overseeing the proxy voting process and ensuring that the Firm meets its regulatory and corporate governance obligations for voting proxies. The Firm utilizes an outside vendor, ProxyEdge, to inform the Investment and Business team that an account holding is soliciting a proxy vote. Once informed of a proxy vote, the Chief Investment Officer (CIO) and analysts review the matter and decide how to vote, assessing any conflicts of interest. The CIO and analysts instruct the Business team how to vote. The Business team is responsible for voting the securities in accordance with the CIO and analysts' instructions.

The Firm has procedures that address material conflicts of interest that may arise between the Firm's interests and those of Clients. Examples of such material conflicts of interest that could arise include circumstances in which:

- management of a Client is soliciting proxies and failure to vote in favor of management may harm Phoenix's relationship with the Client and materially impact Phoenix's business; or
- a personal or familial relationship between an employee or director at Phoenix and management of an issuer could impact Phoenix's voting decision.

When a potential material conflict is identified, the Chief Investment Officer will evaluate the situation and determine whether an actual material conflict of interest exists. In the event the Chief Investment Officer determines that a material conflict does exist, the Chief Investment Officer shall make a recommendation on how Phoenix shall vote the proxy after consulting with the Chief Compliance Officer and any other departments as necessary.

Clients that grant Phoenix authority to vote proxies on the client's behalf may request periodic reports from the firm detailing their proxy record and how such votes were cast. In addition, a copy of the firm's proxy voting policy is available upon request by contacting Phoenix in writing at [steve@pamp.co.uk](mailto:steve@pamp.co.uk) and +44 (0) 208 600 0100.