

# Form ADV Part 2A - Disclosure Brochure

## February 29, 2024

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*This brochure provides information about the qualifications and business practices of Capital Generation Partners LLP ("CapGen" or the "Firm"). If you have any questions about the contents of this brochure, please contact us at +44 207 543 1500 or [info@capgenpartners.com](mailto:info@capgenpartners.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about CapGen also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## Item 2 - Material Changes

This section only discusses material changes since the last annual update of this brochure on 22<sup>nd</sup> February 2023.

1. Dipankar Shewaram, Partner & Head of Investment Solutions, left Capital Generation Partners in August 2023 and is no longer registered as an executive officer. As such he has been removed from Capital Generation Partners LLP Form ADV part 1a with effect of 18/08/2023
2. Hiroko Atherton, Partner & General Counsel, is no longer a partner or executive officer. As such she has been removed from Capital Generation Partners LLP Form ADV part 1a with effect of 01/02/2024

A copy of CapGen's brochure will be provided to any client or prospective client free of charge upon request. If you would like to receive a copy, please contact our Chief Compliance Officer at +44 20 7543 1500 or [compliance@capgenpartners.com](mailto:compliance@capgenpartners.com). Our brochure is also available on the SEC website <http://www.adviserinfo.sec.gov>.

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## Item 4 - Advisory Business

### Overview of the Firm

Capital Generation Partners ("**CapGen**") is an investment adviser registered with the SEC under the Investment Advisers Act of 1940 ("**Advisers Act**"). CapGen was founded in October 2007 and registered with the SEC as an investment adviser on 27 January 2016. CapGen is based in London, United Kingdom, where it has been authorized and regulated by the U.K. Financial Conduct Authority since February 2008.

CapGen is structured as a limited liability partnership registered in England and Wales. CapGen is owned by Ian Barnard, Charlotte Thorne and Khaled Said (through Capital Generation Holdings Limited and Capital Generation Partners Services Limited).

### Investment Services

CapGen provides discretionary investment management and advisory services to a select number of clients. These services include asset allocation, investment selection, portfolio construction, risk management, portfolio monitoring and reporting. The management and advice covers a broad range of securities, instruments, funds and other assets.

In 2020, CapGen was appointed as the Portfolio Manager of a collective investment scheme, CapGen Partners RAIF – CapGen Partners Portfolio ("**Partners Portfolio**") to provide the investment services above to smaller clients. The Partners Portfolio targets a similar client base but is not expected to be sold to US clients.

In 2023, CapGen launched its Private Capital Program ("**PCP**") Luxembourg fund to complement its existing Private Capital offering but as a packaged solution. The fund had its first closing in January 2024. The PCP was created as a result of client feedback but is not sold to US clients at this current time.

### Client services

CapGen has been designed around the interests of the client. Each portfolio is constructed from scratch and each client's service model is created as part of the on-boarding process and designed to fit their needs. Clients may impose unique restrictions on the type of investments they want exposure to.

### Assets under Management

As of January 2024, CapGen manages approximately \$1,044,176,448 in discretionary assets, of which \$219,800,118 is managed in the Partners Portfolio, and \$2,007,509,157 in non-discretionary assets. Discretionary assets are those over which CapGen has full authority to make investment decisions.

## Item 5 - Fees and Compensation

CapGen is paid only by its clients. It does not receive any shared revenue, retrocession fees, introduction payments or any other payments outside the client fees.

All of CapGen's clients are Qualified Purchasers. CapGen's fee applies to the portfolio as a whole and does not change according to the asset allocation, fund manager or strategy of the fund in which it is invested.

Fees will be deducted from clients' assets unless otherwise agreed with a particular client. Unless otherwise agreed, fees are charged quarterly in arrears.

Clients shall be liable for all other expenses such as brokerage commissions, transaction fees, custodial fees, wire transfer fees, and other expenses which are unrelated to the fees collected by CapGen. CapGen may also agree with clients, on a case-by-case basis, that the client will be liable for certain pre-agreed travel expenses incurred in meeting with the client.

## Item 6 – Performance-Based Fees and Side-By-Side Management

### Performance-Based Fees

CapGen does not generally receive performance fees. Its only performance fee arrangement relates to one of its legacy client accounts and is for historic reasons.

### Side-By-Side Management

CapGen has adopted policies and procedures to mitigate possible inherent conflicts of interest associated with managing accounts for multiple clients. Its trading and allocation policies are designed to ensure that its side-by-side management of accounts is at all times consistent with its responsibilities to its clients, and that no client account is favoured over another. Accounts are regularly reviewed by the compliance department to ensure these policies are closely followed, that buy and sell opportunities are allocated fairly among client accounts.

## Item 7 - Types of Clients

CapGen provides discretionary investment management and advisory services to a select number of high net worth and/or institutional clients that are typically structured as a family office or endowment. The minimum account size for CapGen's segregated account services is generally \$20 million. The minimum investment size to the Partners Portfolio is \$10m, however the Luxembourg fund board of directors does have the authority to waive this at their discretion. The same goes for PCP with the minimum commitment being \$15million over the life of the product with the fund directors able to waive at their discretion.

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

CapGen produces robust bespoke portfolios for clients, delivered via segregated mandates or via the Partners Portfolio/PCP, to meet their objectives and constraints. CapGen can employ a variety of strategies but typically the portfolios are multi-asset diversified portfolios, with investments into investment funds managed by external managers, exchange traded funds, securities and derivatives.

CapGen takes a long-term approach, thinking like an owner, believing the best way to add value is through compounding of positive returns over the long term with a patient, consistent and disciplined approach.

Diversification is key to CapGen's approach being a key method of controlling risk given the inherent uncertainty in economies and markets. CapGen aims to produce well diversified portfolios, diversified across multiple dimensions and the firm uses a focused approach that targets factors driven by fundamentally different processes and employing varying levels of diversification according to the level of conviction or uncertainty.

CapGen believes that markets are not perfectly efficient and active management can add value, particularly where markets are least efficient, although exploiting inefficiencies can be practically difficult after costs. Markets move to extremes and the firm aims to be contrarian when markets reach extreme valuations through dynamic asset allocation. CapGen prefers to invest in areas where capital is scarce and avoid areas where capital is oversupplied.

The firm's starting point is that valuation drives risk and return and is the cornerstone of any

successful investment approach. Markets exhibit mean reversion in the long term and can exhibit short term momentum.

Through the use of external managers with properly aligned incentives, CapGen aims to access expertise, a diversity of investment approaches and the benefits of specialization.

The investment strategies used include long term purchases (investments held at least a year), short term purchases (investments sold within a year), and derivative transactions. CapGen develops long term and robust strategies for the client portfolios using dynamic asset allocation together with tactical tilts at the sub-asset class level, following the work at the Asset Allocation Committee. CapGen uses fundamental analysis, considering factors including macroeconomic factors, specific investment fundamentals, valuation, liquidity and risk as well as technical and cyclical analysis. The analysis follows the generalized investment framework highlighted in the diagram below.

## Asset Allocation

The Asset Allocation Committee meets to review current market conditions and expectations of asset class returns, risk and correlations to produce recommended assets allocations for different return/risk targets and levels of liquidity. The committee also considers allocations at the sub-asset class level, across multiple dimensions including strategies, geographies, industries and risk factors.

CapGen uses a range of inputs and methodologies to generate its recommendations including the following:

- A combination of analysis of historic returns as a general guide for asset class returns and risk, together with fundamental valuation models to produce forward looking return expectations. The firm's expected return and risk model uses statistical analysis of long-term asset class time series returns combined with short term momentum, and long-term reversion-to-mean to produce expectations for the medium and long-term. CapGen's proprietary strategic expected return forecasts use fundamental valuation models using a consistent building-block approach across asset classes based on the carry, expected cash flow growth and expected change in valuation.
- A proprietary optimization technique to produce robust portfolios that allow for the inherent uncertainty of economies and markets that otherwise make forecasting inputs very difficult. This approach produces diversified allocations that should perform well across a range of possible outcomes without being overly dependent on specific market scenario for a successful outcome.
- Analysis of the overall opportunity set provided by the risk-return regime environment. This analysis incorporates the macroeconomic environment of growth and inflation, valuation, liquidity and credit cycles. This recognizes that the opportunity set changes over time and identifies environments to either increase or decrease the overall level of risk taken.

## Investment Selection

CapGen carries out in-depth research into investments and managers across all asset classes, sectors and geographies and employ a rigorous due diligence methodology as part of the evaluation process. The firm carries out an initial review of hundreds of managers each year but only a handful make it through the process to the firm's Approved List.

The due diligence process consists of amongst other considerations, a review into investment strategy (macro themes, internal strategy), an operational review (business platform, AUM growth, co-investor and counterparty risk, risk management function) and incentives review (fee structures, manager exposure to the fund performance). This is complemented with manager meetings; multiple

office visits; reference and background checks using a third-party firms; and a comprehensive review of legal structure. Each due diligence report can typically take 3-6 months to complete and no recommendation is made to the Investment Committee until the CIO is satisfied that the research team has conducted sufficient analysis. Once a fund makes it on to CapGen's Approved List, the firm undertakes on-going monitoring and competition for inclusion; negotiates fees and reasonable terms for clients ensuring that any fee rebates are passed in their entirety to clients.

The Investment Committee reviews and scrutinizes all new funds once thorough due diligence on the funds has been completed by the Research team. The Investment Committee operates on an inquisitorial rather than an adversarial basis so that the approval of a fund is not seen as a win or lose moment but as part of a collaborative discussion. All funds on the Approved List are constantly monitored by the firm's analysts and all news flow and new analysis is shared across the firm daily in the form of a flash report allowing all members of the Investment Team to monitor funds on a day-by-day basis.

## Portfolio Construction

The Client Portfolio Committee reviews all portfolios managed by CapGen on an individual basis. The Client Portfolio Committee uses inputs from the Asset Allocation Committee, the Investment Committee and the Portfolio Management team to consider and review asset allocation and asset class positioning, the underlying investments, client's portfolios and performance and changes in client objectives and constraints. The committee follows the same methodology when reviewing the Partners Portfolio and therefore treats the fund vehicle in the same manner as any segregated client. They use this information to develop investment strategies in line with the clients' investment objectives which ensure the client portfolios are well positioned for the prevailing market environment.

## Risk of loss

Investing in the capital markets involves risk, which includes the possibility that the investments could go down in value. The firm's intensive research, due diligence and monitoring programme and use of appropriate hedging techniques (where permissible) are all aimed at mitigating this risk. However, there will always be risk in financial investing. The following discusses certain material risks for the investment strategies employed by the firm as well as the risks of the underlying instruments that these strategies invest into.

### Investment risk

Investment Risk is divided into market risk, credit risk, liquidity risk and manager risk.

**Market risk** is the risk that the value of an investment will fluctuate as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment, classes of investments or factors affecting all investments that trade in the market.

**Credit Risk** is the risk of loss arising from the failure of a counterparty to fully honour its financial obligations. This includes both single issuer risk exposures and portfolio credit risk.

**Liquidity risk** describes the ability to meet financial liabilities in a timely and cost-effective manner and represents the ability to:

- liquidate or effectively hedge existing positions when required (market liquidity)
- meet financial obligations as they come due (funding liquidity)

**Manager risk** consists of all the risks associated with using external managers. The principal risks are style drift, agency risk, process risk (key man), and fraud. Good manager research and selection combined with extensive investment due diligence and comprehensive monitoring process of managers helps to mitigate these risks. Portfolio construction and diversification across managers will also reduce the idiosyncratic manager risks.

## Other Material Risks

**Counterparty Risk:** CapGen on behalf of the client may enter into contracts, including currency forward contracts, with various counterparties appointed by the client. This increases the risk of contracting with such counterparties, including the risk of default.

**Foreign markets:** Foreign markets will involve different risks from the US markets. In some cases the risks will be greater. The potential for profit or loss from transactions on foreign markets or in foreign denominated contracts will be affected by fluctuations in foreign exchange rates.

**Illiquidity Risk:** Clients may invest in relatively illiquid investments such as Private Equity and Real Assets. Illiquid investments may consist of investments that are thinly traded, investments for which no market exists or investments that are restricted as to their transferability. Some securities that were liquid at the time of purchase may, for a variety of reasons outside of our control, later become illiquid.

**Operational Risks:** Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes legal and compliance risk.

**Political Risk:** Risk of loss as a result of political decisions or political changes, including macroeconomic and social policies and events linked to political instability.

**Suspensions of trading:** Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit client losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

**Derivatives:** Certain options markets operate on a margined basis, under which buyers do not pay the full premium on their option at the time they purchase it. In this situation clients may subsequently be called upon to pay margin on the option up to the level of the premium. If clients fail to fulfil this obligation, the position may be closed or liquidated in the same way as a futures position

It may not always be apparent whether or not a particular derivative is arranged on exchange or in an off-exchange derivative transaction.

While some off-exchange markets are highly liquid, transactions in off-exchange or 'non-transferable' derivatives may involve greater risk than investing in on-exchange derivatives because 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 the position arising from an off-exchange transaction or to assess the exposure to risk. Bid prices and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.

**Public Health Emergencies and Pandemics, such as COVID-19:** Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as COVID-19, have impacted market volatility. Future pandemics and public health emergencies have the potential to materially impact economic activity in ways that are impossible to predict, all of which may result in significant losses to the Firm's clients. In addition, governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy of the Firm and client investment objectives. In addition, the operations of the Firm itself may be significantly impacted, or even temporarily halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency. Similar disruptions may occur in respect of the Firm's service providers and counterparties, which could also negatively impact the clients.



**Volatility Caused by World Events:** In recent years, world events such as terrorism, natural disasters as well as political and social turmoil have resulted in substantial volatility in the financial markets, impacting the wider global economy as well as directly impacted countries. Similar events and resulting fluctuations could have a substantial impact on the performance of investments in client accounts.

### Specific risks related to Fund Investments

A fund or collective investment scheme is an investment vehicle and in the main takes the form of either a unit trust or an OEIC (Open Ended Investment Company) into which investors can make an investment by purchasing a unit, share or interest ('unit') in the fund. The fund is usually managed by a third party who invests the fund's cash and assets. The units represent the investor's interest in the fund and the value of the units purchased is often determined by the value of the underlying investments made by the fund (although where the units in the fund are listed or traded on a market, the units may trade or be sold at a discount to net asset value).

Fund investing involves risk; principal loss is possible. Investors will be required to pay fees and expenses, even when investment returns are flat or negative. Investors cannot influence the securities bought and sold, or the timing of transactions which may result in undesirable tax consequences.

The Offering Memorandum for CapGen RAIF contains details of all relevant risks for investors subscribing to the Partners Portfolio. Similarly the Private Placement Memorandum contains the risk specifics for investors investing within CapGen's PCP.

**Transferability and withdrawal:** Units in funds may not be readily redeemable or transferable or there may not be a market for such units. In such cases, an investor may have to hold their interest until such time as the fund is wound up or a secondary market develops for those units – this may involve the investor holding his interest for a substantial period of time. If the fund is an open-ended fund, restrictions may apply to the redemption of the units that may result in an investor being unable to liquidate his investment in the fund at the time of his choosing.

**Regulation:** Some funds may not be regulated in the jurisdiction of their establishment, or at all, meaning that certain investor protections or restrictions on activity may not be applicable.

**Leverage:** Some funds may draw against credit facilities in order to satisfy redemption requests, pay certain organizational expenses and finance the acquisition of investments. As such, leverage exposes the fund to capital risk and interest costs that may reduce the value of an investor's investment in the fund.

**Strategy:** Some funds specialize in particular asset classes or geographical sectors, meaning risk may be concentrated in the relevant asset classes or geographical sectors. Some funds choose strategies which the market would regard as high risk. The investment strategy of a fund may be such that the fund faces strong competition for the purchase of assets from other investors, thereby reducing the investment opportunities available to the fund.

**Valuations:** It may be difficult to determine the net asset value of a fund which has invested in illiquid underlying assets, and therefore it may be difficult to value the underlying units of the fund.

**Underlying assets:** The underlying assets of a fund can be diverse and cover both long and short positions and a full range of assets, including derivatives. The risks associated with a direct investment by an investor in the underlying asset are relevant in determining the risks associated with an investment by the fund in the underlying asset.

**Management of the fund:** The operation and performance of a fund will be dependent upon the performance of the fund's investment manager. Generally a fund will rely upon the investment manager to make investment decisions consistent with the fund's investment objectives and the investment manager, in turn, will be dependent upon its key personnel carrying out their roles with due care and skill. If the agreement between the fund and the investment manager is terminated,

the fund may not be able to find a suitable replacement for the investment manager, potentially leading to losses for the fund and periods of fund underperformance.

## Risk Management

To evaluate the investment risk measures of portfolio risk are monitored and analysed along with an analysis of the general financial, economic and geopolitical conditions and an analysis of market conditions for the relevant asset classes and specific investments.

There are three main dimensions along which the investment risk of the portfolio can be viewed:

- **Concentration risk:** This includes both absolute exposure to issuers, sectors, geographies, asset classes and other additional aggregation levels, as well as exposures relative to the benchmark in notional amounts. This provides a view of risk exposures without applying any statistical assumptions.
- **Return distribution risk:** This estimates risk to all or part of the portfolio based on the distribution of returns. This analysis will include some statistical assumptions. Risk measures include, but are not limited to volatility, VAR, tracking error, correlation, skewness, kurtosis, sensitivities and stress tests.
- **Factor risk:** This is any attribute of a financial asset that is important for the valuation of the asset. Systematic factors are risk factors that apply to broader groups of assets, and hence represent drivers of portfolio return. The main objective of factor risk assessment is to identify and monitor systematic risk factor in all or parts of the funds.

Risk management is a part of the investment process and is aligned with the investment objectives of each client or fund portfolio. The risk management process involves the identification, measurement, monitoring, control and review of risks.

The goal of investment risk management is not to eliminate risk but to find a balance between expected returns and risks needed to generate those returns, and so to minimize unanticipated losses and ensure risk assumed is adequately compensated. At every stage of the investment process the risk return trade-off should be considered before making investment decisions.

It is important to distinguish between risks which are rewarded by expected returns, which need to be optimized to enable the return objective to be met with the least risk possible (an investment function) and those risks which have no return anticipated (e.g. operational risk). Unnecessary, unrewarded or undesired risks should be eliminated or mitigated to the extent that is cost effective and practical.

## Item 9 - Disciplinary Information

CapGen has no material legal, regulatory or disciplinary events to disclose. This information has also been submitted to the Securities and Exchange Commission as Item 11 of CapGen's Form ADV, Part 1A, and can be verified at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 10 - Other Financial Industry Activities and Affiliations

CapGen and its employees are not registered, nor have an application pending to register, as a broker/dealer, futures commission merchant, commodity pool operator, or commodity trading advisor.

CapGen does not receive compensation directly or indirectly or maintain a business relationship with any third-party that creates a material conflict of interest.

CapGen maintains a conflicts of interest register which is reviewed at every board meeting and actively avoids conflicts between itself and any of its clients. Any conflicts are fully disclosed.

Neither CapGen nor any of its management persons have any other relationship or arrangement that is material to or causes a conflict with the Firm's advisory business or its clients.

## Item 11 - Code of Ethics, Interest in Client Transactions and Personal Trading

### Code of Ethics and Fiduciary Duty

CapGen values client trust and places its responsibilities to each client first and foremost in all aspects of our business. CapGen has adopted a Code of Ethics (the "Code") that complies with SEC Rule 204A-1 under the Investment Advisors Act of 1940.

CapGen's Code sets forth standards of business conduct for CapGen and its "Supervised Persons" (all employees, Access Persons and others so designated by CapGen's Chief Compliance Officer ("CCO")). The Code is based on the principle that CapGen and its Supervised Persons have a fiduciary duty to act in the best interests of CapGen's clients.

The Code sets forth record keeping requirements and the responsibilities of the CCO with respect to review of personal securities transactions, personal holdings and trading reports and monitoring compliance with the Code. The Code also outlines policies for sanctioning Supervised Persons who violate the Code.

Supervised Persons must comply with federal securities laws, certify that they have read and understand the Code and report any violations of the Code to the CCO. The Code sets forth limitations on Supervised Persons receiving gifts from third parties. Supervised Persons are prohibited from soliciting gifts from any party with whom we conduct or could conduct business.

The Code requires all employees to acknowledge that they have read and understand the Code and reaffirm such acknowledgment at least annually.

A copy of CapGen's Code of Ethics will be provided to any client or prospective client free of charge upon request. If you would like to receive a copy, please contact our Chief Compliance Officer at +44 20 7543 1500 or [info@capgenpartners.com](mailto:info@capgenpartners.com).

### Personal Securities

Supervised Persons are required to submit to the CCO an initial and annual report listing their Reportable Securities and a quarterly attestation of transactions executed. All personal securities transactions, other than those specifically exempted by the Code, are required to be pre-approved by the CCO, or his delegate.

Supervised Persons are prohibited from trading in funds on CapGen's Approved List of designated actively managed funds that are approved for trading in client accounts. Supervised Persons are prohibited from trading either in their personal accounts or client accounts on the basis of material non-public information.

## Item 12 - Brokerage Practices

CapGen places clients' interests first and foremost. Trading policies and procedures prohibit unfair trading practices and seek to avoid conflicts of interests and to resolve any conflicts in the client's favour. CapGen has written policies and procedures for trade documentation, reporting of trade order status, resolution of trade errors, trade allocation and trade aggregation.

CapGen does not receive incentives from any third party, nor does it make use of “soft dollars”, research or brokerage services falling within the safe harbour under section 28(e) of the US Securities Exchange Act of 1934.

## Broker Selection

With the exception of advisory clients, CapGen has the authority and discretion to determine the securities and the amounts of securities to be bought or sold for clients’ accounts, subject to restrictions the clients have imposed in the relevant investment management agreements.

CapGen will only aggregate client orders where such aggregation is in the best interests of each relevant client, as determined by CapGen in its sole discretion. CapGen does not select brokers on behalf of its clients. However, CapGen may have the discretionary authority to determine the broker to be used for a particular transaction in a client’s account from a list of client selected and approved brokers. CapGen has an execution policy and is required to take sufficient steps to obtain the best possible result on behalf of its clients, either when executing client orders or receiving and transmitting orders for execution via a client’s custodian, broker, other counterparty or otherwise. When it is CapGen’s authority determining the broker to be used on behalf of a client, CapGen considers the broker’s execution capabilities and expertise. CapGen takes into consideration relevant factors which may include account price, costs, speed, likelihood of execution and settlement, size, nature and/or any other relevant order execution considerations (the “**Execution Factors**”). CapGen is required to determine the relative importance of the Execution Factors for its clients by taking into account the characteristics of the client, including the categorisation of the client; the characteristics and nature of the client order; the characteristics of the financial instruments that are the subject of that order; and the characteristics of the execution venues/brokers to which that order can be directed (the “**Execution Criteria**”). This overarching obligation to obtain the best possible result for clients is referred to, in this document, as CapGen’s obligation of “**Best Execution**”. When executing orders on a client’s behalf, CapGen will take all reasonable steps to achieve Best Execution of such orders.

## Directed Brokerage

Where a client appoints a custodian, broker (including where the client has agreed to the appointment of a broker on its behalf by CapGen) or other counterparty, it is acknowledged that CapGen will take sufficient steps to achieve Best Execution on the basis set out in such custodian, broker or other counterparty’s best execution policy as agreed between such custodian, broker or other counterparty and the relevant client (or CapGen, with the approval of the client, if the broker has been appointed by CapGen).

Not all investment advisers require their clients to direct brokerage and when a client selects a particular counterparty, CapGen may be limited in its ability to obtain the most favourable execution of client transactions. This practice may cause clients to pay more for execution.

## Item 13 - Review of Accounts

### Periodical Account Reviews

CapGen’s Client Portfolio Committee meets on a monthly basis and reviews all portfolios on a monthly basis. The Client Portfolio Committee uses inputs from the Asset Allocation Committee, the Investment Committee and the Portfolio Analytics team to consider and review asset allocation and asset class positioning, the underlying investments, client’s portfolios and performance and changes in client objectives and constraints. This information is used to develop investment strategies in line with the clients’ investment objectives which ensure the client portfolios are well positioned for the prevailing market environment.

The resulting recommendations are made to the clients and if approved, CapGen then works with the client to assist with the implementation of these recommendations. This assistance varies depending

on the client's preferences, be it advisory where CapGen makes recommendations or discretionary where CapGen arranges for execution on behalf of the client.

CapGen also performs reconciliations of its records of the positions and cash within its client's accounts against the records of the custodians who actually hold the securities and cash. These reconciliations are performed by CapGen's operations personnel. At a minimum, positions and cash are reconciled on a monthly basis. To the extent any discrepancies are identified through these reconciliations, CapGen's operations personnel will work with both its internal team and the custodian to resolve any such discrepancies. The statements and records of the custodian are the official books and records for the account.

### Client Reporting

CapGen will provide clients with reports which include a portfolio appraisal, and performance returns. Additional or different information will be provided to clients as agreed by CapGen and the client. CapGen urges its clients to carefully review these reports and compare to the statements that they receive from their custodian. The information in CapGen's reports may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

In addition to reports tailored to clients, CapGen issues a variety of general circulation materials for clients, consultants about its investments and investment processes.

## Item 14 - Client Referrals and Other Compensation

As noted above, CapGen and its employees receive no compensation or incentive from third parties that presents a material conflict of interest. CapGen has legacy arrangements under which third-party introducers are compensated for client referrals.

## Item 15 – Custody

CapGen does not act as a qualified custodian over the assets in the accounts it manages for its clients. Clients make their own arrangements for custody of securities in their accounts. Such custodians may be broker/dealers, banks, trust companies, or other qualified institutions.

Under Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**"), CapGen is deemed to have custody over certain U.S. clients, due to the Firm's ability to directly debit fees from those accounts. To satisfy the Custody Rule, Clients must receive at least quarterly statements from the qualified custodian. All clients should carefully review the qualified custodian's statement upon receipt to determine that it completely and accurately states all holdings in the client's account and all account activity over the relevant period. The compliance officer is responsible for obtaining written confirmation from the qualified custodian that account statements are provided directly to clients at least quarterly. In cases where this is not possible we will check with our clients directly on a quarterly basis to ensure they have received the quarterly statements from their custodian.

In addition to the account statements provided by qualified custodians to its clients, CapGen also provides account appraisal reporting to clients on a monthly or quarterly basis as agreed. As such, CapGen encourages clients to compare the statements provided to them by CapGen against those provided to them by the qualified custodians who hold the assets of their accounts, and to report any questions, concerns, or discrepancies to both CapGen and the qualified custodian promptly. Such questions, concerns, or discrepancies may be communicated to CapGen by using the contact information listed on the cover sheet.

CapGen's reporting may vary from custodial statements based on accounting methods, reporting dates, and/or valuation methodologies of certain securities. However, custodian statements reflect the official books and records for the accounts CapGen manages.

## Item 16 – Investment Discretion

CapGen provides discretionary investment management and advisory services. Where CapGen is to act as discretionary investment manager, an investment management agreement will be entered into between CapGen and the client at the outset of the relationship. The investment management agreement authorizes CapGen to exercise investment discretion in a manner consistent with the agreed investment objectives and restrictions for the particular client account without client consultation or consent before arranging for execution of a transaction.

## Item 17 - Voting Considerations

*Discretionary mandates:* CapGen has the authority to vote client securities and as such will vote in the best interests of its clients.

*Advisory mandates:* CapGen does not have the authority to vote client securities. CapGen advises clients on how to vote. Clients should make arrangements directly with their custodian to vote proxies for securities or to obtain proxies or other solicitation materials directly from their custodian.

*Voting records:* Voting records may be requested in writing to CapGen's Chief Operating Officer/Compliance Officer. In the case of advisory mandates, CapGen will use all reasonable endeavours to obtain voting records from client custodians.

## Item 18 – Financial Information

CapGen 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.

## Item 19 – Privacy

CapGen is committed to maintaining the confidentiality of our current and prospective clients' non-public personal information. As part of this commitment, CapGen has adopted the following privacy policy:

### Collection of Information

As an investment adviser, CapGen collects non-public information from clients such as:

- Information we receive from clients or in applications or other forms, correspondence, or conversations, including, but not limited to, clients' name, address, phone number, social security number, date of birth, annual income, net worth, and investment history.
- Information about client transactions with CapGen or others, including but not limited to client account numbers and balance, payment history, parties to transactions, cost basis information, and other financial information.

### Disclosure of Information

CapGen will not disclose non-public personal information about clients to anyone, except as necessary to carry out transactions clients have requested or authorized in connection with CapGen's provision of services to clients, as required by law, or with the clients' expressed consent. CapGen may disclose information about clients to the following types of non-affiliated third parties:

- authorized securities brokers, financial institutions or custodians;
- persons acting in a fiduciary or representative capacity on the clients' behalf;
- attorneys and accountants;
- mailing houses or similar non-affiliated third parties who assist us in administering client accounts;
- law enforcement agencies or computer security providers for the purpose of protecting against fraud and unauthorized transactions or in order to maintain the confidentiality of CapGen records; or

- Government agencies, self-regulatory organizations, industry associations and similar bodies in order to fulfil requests, investigations, legal and regulatory requirements.