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This Brochure provides information about the qualifications and business practices of Aberdeen Capital Management LLC (“Aberdeen Capital” or “ACM”), a wholly owned subsidiary of Aberdeen Standard Investments Inc. (“ASI Inc.”). If you have any questions about the contents of this Brochure, please contact Aberdeen Capital or ASI Inc. at (215) 405-5700. 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.

ASI Inc. and Aberdeen Capital are registered investment advisers. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provides you with information which may help you determine whether to hire or retain an adviser.

Additional information about ASI Inc. and Aberdeen Capital is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Summary of Material Changes**

Since the most recent filing of the ADV Part 2A on May 18, 2018, Aberdeen Capital has made the following changes to this Brochure:

- Effective January 1, 2019, Aberdeen Capital's parent company, Aberdeen Asset Management Inc., has changed its name to Aberdeen Standard Investments Inc., further to the merger of Aberdeen Asset Management PLC and Standard Life plc in August 2017. There are no additional changes to the corporate structure, however, this name change is reflected throughout the document.

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## **Item 4 – Advisory Business**

### Our Firm

Aberdeen Capital Management LLC (“Aberdeen Capital” or “ACM”) is a wholly-owned subsidiary of Aberdeen Standard Investments Inc. (“ASI Inc.”). ASI Inc. is headquartered in Philadelphia, Pennsylvania, and is a wholly-owned subsidiary of Aberdeen Asset Management PLC (“Aberdeen PLC”).

As of August 14, 2017, further to the merger with Standard Life plc (the “Merger”), Aberdeen PLC is a wholly owned subsidiary of Standard Life Aberdeen plc, which acts as parent to existing Aberdeen and Standard Life business units. Standard Life plc, a financial services firm based in Edinburgh, Scotland has two subsidiaries that are registered investment advisers, Standard Life Investments (Corporate Funds) Limited and SL Capital Partners LLP, both based in Edinburgh. The asset management business of Standard Life Aberdeen plc operates under the name Aberdeen Standard Investments (“ASI”). On February 23, 2018, Standard Life Aberdeen plc announced a proposed sale of the heritage Standard Life insurance business to Phoenix Group Holding, at which point Standard Life Aberdeen plc’s business will primarily be asset management. This document has been updated to reflect the current integration status of the legacy advisory businesses. It is expected that further integration activity will result in material changes requiring updates and delivery of this document.

In addition to ASI Inc., Aberdeen Standard Investments (Asia) Ltd., Aberdeen Standard Investments Management Australia Ltd., and Aberdeen Asset Managers Ltd. are all wholly owned subsidiaries of Aberdeen PLC. Aberdeen Capital Management LLC and Aberdeen Standard Investments ETF Securities Advisors LLC are wholly owned subsidiaries of ASI Inc.. Standard Life Investments (Corporate Funds) Limited and SL Capital Partners LLP, both based in Edinburgh, Scotland, are also wholly owned subsidiaries of Standard Life Aberdeen plc. ASI Inc., Aberdeen Standard Investments (Asia) Ltd., Aberdeen Standard Investments Management Australia Ltd., Aberdeen Asset Managers Ltd., Aberdeen Capital Management LLC and Aberdeen Standard Investments ETF Securities Advisors LLC, and Standard Life Investments (Corporate Funds) Limited (collectively, “ASI” or “the Advisers”) are registered as investment advisers with the Securities and Exchange Commission (the “SEC”). In rendering investment advisory services, the Advisers may share resources, including personnel and facilities, and research information. The Advisers may also use the resources of other Standard Life Aberdeen plc subsidiaries. The Advisers have entered into Memorandums of Understanding and have elected to appoint as associated persons certain individuals who are employed by affiliated offshore unregistered advisers. These individuals render portfolio management, research and trading services to the Advisers' clients.

ASI Inc. has been registered with the SEC as an investment adviser since 1995 and has offices in: Philadelphia, PA; New York, NY; Stamford, CT; Boston, MA; and Toronto, Ontario.

### Advisory Services

ASI Inc. and ACM (“Aberdeen”) provide our clients with discretionary and non-discretionary asset management and related services across a broad range of investment strategies and asset classes. ASI Inc.’s business is predominantly the active management of financial assets, using first-hand research to make our investment decisions. Active investment spans equities, fixed income securities, and property. Aberdeen Capital offers multi-manager research, selection and portfolio management for private equity and debt, venture capital, and real asset investments, along with direct investments in infrastructure projects. Additionally, Aberdeen Capital has an Asset Manager Minority Investments strategy (“AMMI”), a direct private equity strategy with a focus on acquiring minority equity interests in alternative asset managers. This team operates as Bonaccord Capital Partners. Aberdeen Capital also manages a private credit strategy that lends to lower middle-market private equity, venture capital and family office funds. ASI Inc.’s subsidiary, ETF Securities Advisors LLC, is a specialist commodity exchange traded product provider, offering commodity ETFs.

Our investment expertise is delivered through both segregated and pooled products – allowing us to serve a range of clients from institutions to private investors. We offer investment advisory services with regard to investments in both domestic and global securities to a variety of clients, insurance products, and pooled funds. Aberdeen Capital provides a variety of asset management capabilities, including:

- offering professional money management services for separately managed accounts, which include providing continuous advice to clients based on individual needs concerning the investment of funds and related activities including, but not limited to trading, cash management, and recordkeeping;
- offering investment services to certain limited partnerships and similar private funds;
- offering global and regional funds of funds products (private equity, venture capital, and real assets); and
- customizing solutions for clients seeking including but not limited to those specific exposure or risk/return characteristics within their alternative investment allocations.

#### Tailoring Services to Client Needs

We typically manage client accounts on a discretionary basis; however, we will manage client accounts on a non-discretionary basis subject to client instruction.

We make investments for clients in accordance with mutually agreed upon written investment guidelines and provide continuous supervision of client portfolios. Investment services may be tailored for each client's specific needs and objectives, and clients may impose reasonable restrictions on investing in certain securities or types of securities. We have established procedures and controls to help ensure compliance with each client's specific investment guidelines and any client-imposed restrictions.

Where we are the investment adviser to a pooled investment vehicle, investment objectives, guidelines and any investment restrictions are not typically tailored to the needs of individual investors in those vehicles, but rather are described in the prospectus or other relevant offering document for the vehicle. We create and maintain files supporting the rationales for these recommendations. The advisory or sub-advisory fee is subject to negotiation and is fully disclosed to clients. Upon request, clients may also receive investment advice on a more limited basis through advisory or consulting-like services, including advice on isolated areas of concern such as special projects or a specific topic. Clients wishing to engage ASI for consulting services will be required to enter into a written consulting services agreement and may be subject to certain fees and conditions.

We may, directly or indirectly, and without notice to other investors, enter into "side letter" agreements with certain prospective or existing investors (including investors affiliated with ASI) granting them, among other things, greater portfolio transparency, fee waivers or reductions, future capacity rights in a fund, interests or shares having different voting rights or restrictions, reduced minimum subscription amounts, additional rights to reports and other information and other more favorable terms than the terms that are described in the relevant offering memorandum. The funds that enter into these arrangements have no obligation to offer such differing or additional rights, terms or conditions to all interest holders, and ASI may or may not offer similar differing or additional rights, terms or conditions to other clients in customized discretionary accounts it manages or to non-discretionary accounts to which it provides investment advice. In rare instances where ASI is provided with enhanced portfolio disclosure (including potentially material non-public information concerning the portfolio holdings of an underlying fund pursuant to a confidentiality agreement with the underlying fund or its manager), ASI will not be able to share information concerning such holdings or information or the fact of the existence of such a confidentiality agreement with advisory clients unless specifically authorized to do so by the underlying fund or its manager. The relevant markets, risks, strategy, benchmarks, fees, expenses and other investment details will be detailed in the offering memorandum of the vehicle.

#### Model Delivery/UMA

ASI may provide non-discretionary investment advice whereby ASI provides investment recommendations in the form of a model portfolio to a sponsor or overlay manager which then utilizes all or part of the model in managing its clients' account(s). Model delivery programs are often referred to as a Unified Managed Accounts ("UMAs").

In certain arrangements, the client may pay the investment adviser, such as Aberdeen Capital, a fee based on the assets of clients invested in the applicable strategy. In certain cases, ASI may instead be paid a flat fee or a fee or an alternative fee.

Please also see the “Fees and Compensation” and “Brokerage Practices” items of this Brochure for more information on differences between wrap program arrangements and other types of client accounts.

#### Assets under Management

As of December 31, 2017, Aberdeen Capital had approximately \$4.3 billion in assets under management (AUM) on a discretionary basis, and approximately \$260 million in assets under advisement on a non-discretionary basis, and total assets under management/advisement of approximately \$4.5 billion. Aberdeen Capital’s assets under management/advisement as of December 31, 2017 equals (i) the approximate sum of the net asset value (i.e., assets minus liabilities) of all of the funds, SEC-registered funds, and customized portfolios described above, as well as (ii) deferred balances payable by the Funds and customized portfolios to Aberdeen Capital and (iii) the reported assets of accounts or vehicles to which Aberdeen Capital provides advice on a non-discretionary basis.

## Item 5 – Fees and Compensation

Aberdeen Capital's advisory fees are negotiable, and generally vary depending on the services being provided according to the schedule agreed to by the client and included in their investment management agreement. Fee arrangements will vary by client, and are based on a number of different factors, including investment mandate, services performed, and account size. Fees and allocations may be fixed, fixed plus performance or performance only. Please refer to Item 6 of this Brochure for additional information about performance-based fees. Generally, fees are paid monthly or quarterly in arrears based on assets outstanding at the close of each month, quarter or the average of the month-ends within a quarter, or in advance based on assets outstanding at the end of prior month or quarter. We will either invoice clients for these fees, or in certain situations deduct these fees from the client's custody account. In some instances, fee schedules are negotiable and can vary depending on a variety of factors such as the client, size of the account, and the investment strategy selected.

ASI may also charge fees for certain services at an hourly rate. The hourly fees are negotiable and depend upon the needs of the client, complexity of the situation, and experience of the personnel providing services under these arrangements.

We will not generally be required to provide notice to, or obtain the consent of, one client when waiving, reducing or varying fees or modifying other contractual terms with any other client. However, some clients may from time to time seek to negotiate most favored nation ("MFN") clauses in their investment management agreements with Aberdeen Capital. These clauses may require us to notify the MFN client if we subsequently enter into an investment management agreement with another client that offers more favorable pricing or other contractual terms than those currently offered to the MFN client. The applicability of an MFN clause will depend on the degree of similarity between clients, including the type of client, the scope of investment discretion, reporting and other servicing requirements, the amount of assets under management, the fee structure and the particular investment strategy (and therefore the relevant investment adviser) selected by each client. We have sole discretion over whether or not to grant any MFN clause in all circumstances.

All advisory arrangements may be terminated by either party upon prior written notice, according to the termination provisions outlined in the investment management agreement. If a contract is terminated, all advisory fees are subject to a pro-rata adjustment based upon the date of termination. Upon termination of the agreement, any prepaid, unearned fee will be promptly refunded, and any earned, unpaid fees will be due and payable.

**For our standard segregated and/or commingled account fee schedules for U.S. clients and investors, please refer to Appendix A of this brochure.**

### Private Equity Funds

Investors and prospective investors should review the confidential private placement memorandum, limited partnership agreement and other governing documents (collectively, the "Governing Documents") of each Private Equity Fund in conjunction with this brochure for complete information on the fees and compensation payable with respect to that particular Private Equity Fund. "Private Equity Funds" include private equity, venture capital and real assets fund of funds, as well as the AMMI strategy which focuses on acquiring direct minority equity interest in alternative asset managers. Different Private Equity Funds and advisory accounts may be subject to different management fees and performance-based compensation arrangements. In certain circumstances, the advisory fees payable to ASI by individual investors are negotiable and waived for certain investors. Investors and prospective investors in each Private Equity Fund should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees.

Fees charged by ASI to separate account or investment advisory clients vary from client to client depending on the type, size and complexity of the client account. In general, such fees may include a management fee (which is generally calculated as a percentage of the notional value of the separate account portfolio or client commitment) and/or a performance-based compensation arrangement.

ASI is authorized under the Governing Documents to charge and deduct advisory fees directly from the assets of the Private Equity Funds. Payments of advisory fees are generally made quarterly in advance and in accordance with the terms set forth in the Governing Documents. Please refer to the Governing Documents of each of the Private Equity Funds for complete information on the timing of advisory fee payments.

ASI will typically charge and deduct advisory fees directly from its separate account or investment advisory clients pursuant to the contracts entered into with such clients. Payments of advisory fees will generally be made quarterly in advance and in accordance with the terms of such contracts. Upon termination of any client advisory relationship with ASI any prepaid, unearned advisory fees will be promptly refunded to the client and any earned, unpaid fees will be due and payable.

In addition to the advisory fees and performance-based compensation payable to ASI, each client invested in certain Private Equity Funds will generally incur certain charges imposed by ASI and/or third parties, including (but not limited to): legal, auditing, consulting, financing, accounting (including, without limitation, accounting software), independent appraisal, valuation, administration and custodian fees and expenses; expenses associated with preparing, printing and distributing communications and reports to investors and monitoring Private Equity Fund portfolio activity, including the Private Equity Funds' financial statements, tax returns and K-1s (including, third party expenses in connection with tax preparation, financial statements and other accounting or similar administrative functions); costs of developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services) for the benefit of the Private Equity Fund or investors; out-of-pocket expenses incurred in connection with transactions not consummated; expenses of the Private Equity Fund's Advisory Board (including, without limitation, its independent legal counsel and/or other consultants as permitted pursuant to the relevant Private Equity Fund's Governing Documents) and annual or special meetings of the Private Equity Funds' and/or their limited partners (including, without limitation, travel -related expenses, setup, room and board, dining and entertainment and other related expenses in connection with attendance with the foregoing); premiums for insurance (including director and officer liability) obtained by a Private Equity Fund to protect such Private Equity Fund, its general partner, and/or any of their affiliates, directors, officers, employees or agents in connection with the activities of the Private Equity Fund; fees, costs and expenses incurred in connection with the Private Equity Funds' legal and regulatory compliance with U.S. federal, state, local, non-U.S. or other law or regulation; compliance with Foreign Account Reporting Regimes, the AIFM Directive (including the appointment of a depository or other agents), (and the preparation and administration of any reports, disclosures, filings or notifications prepared in accordance with the foregoing) or in connection with complying with provisions of the Private Equity Funds' Governing Documents or any side letter or similar agreements; interest on, and fees and expenses arising out of, all borrowings made by the Private Equity Funds and entities formed to facilitate investments, including, but not limited to, the costs and expenses incurred in arranging, negotiating, structuring, entering into and amending any credit facility and of any lenders, investment banks and other financing sources; other expenses associated with the investigation, evaluation, acquisition, holding or disposition of investments, including extraordinary expenses (such as litigation or threatened litigation involving the client or the general partner of a Private Equity Fund and its affiliates or investigations undertaken by governmental entities, if any), costs of attending meetings of investments and/or with representatives thereof and travel-related expenses in connection with the foregoing; any other extraordinary expense of the Private Equity Funds, including fees and expenses associated with any pending or threatened litigation, audit, investigation, administrative or other proceedings, settlement or review of the business or activities of the Private Equity Funds and certain indemnification expense or liability relating to the Private Equity Funds' affairs; any taxes, tax fines incurred for late state filings resulting from failure to receive underlying tax forms, fees or other governmental charges levied against the client or the separate account vehicle; certain organizational expenses (as described below); bank service fees, investment banking fees, registration fees and expenses, title fees, commissions or brokerage fees, financing fees, finders' fees or similar charges incurred in connection with the purchase and sale of securities; expenses incurred in connection with the managed distribution of marketable securities; public notice or communication costs; fees, expenses or costs for activities with respect to protecting the confidential or non-public nature of any information or data; costs incurred in connection with the default by an investor in the payment of any capital contributions; unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer of interests in a Private Equity Fund; fees attributable to ancillary, operational, strategic or financial support provided to any actual or prospective portfolio investment of a Private Equity Fund; private



placement or finders' fees paid to placement agents, finder or other third-parties; taxes assessed against the client or the general partner of a Private Equity Fund in respect of advisory fees (e.g., any sales or value added tax on services, should such a tax become applicable); and costs of dissolving and liquidating a Private Equity Fund (or a separate account vehicle).

Organizational expenses for which a Private Equity Fund may be responsible include any fees, costs, or expenses incurred by the Private Equity Fund's general partner, Service Provider, or affiliate thereof, the Private Equity Fund and any parallel fund, or entity related to the Private Equity Fund or parallel fund, but only to the extent that such items are attributable to the organization of such Private Equity Fund, parallel fund, or any entity related to such Private Equity Fund or any parallel fund (including but not limited to the Private Equity Fund's general partner), or the offer of and sale of interests in such Private Equity Fund or any parallel fund to the investors or prospective investors of such funds, including, without limitation, costs, or expense relating to reasonable travel, legal fees and expenses relating to organizational and Governing Documents, prospectuses, diligence responses, disclosure documents, legal opinions, side letters and similar agreements, consulting or other advice needed as a result of making funds available to investors outside of the United States, accounting fees and expenses, any costs and expenses relating to compliance with the AIFM Directive, printing fees and expenses, and filing fees.

In addition, each private investment fund in which a Private Equity Fund, a separate account client or an investment advisory client acquires an interest will generally pay advisory fees, performance-based compensation and/or other fees and expenses to an investment adviser and/or general partner that are not affiliated with ASI. Compensation and expenses paid to ASI, as the case may be, for investment advisory services are separate and distinct from the advisory fees, performance - based compensation and expenses charged by the independent investment advisers or general partners of the private investment funds in which Private Equity Funds, separate account clients or investment advisory clients invest.

Certain Private Equity Funds may offer to provide investors with liquidity at the tail-end of a Fund's life by offering investors the opportunity to sell their interests to prospective secondary private equity investors ("Prospective Buyers"). This process is referred to as a "tail-end sale." The offer comes after ASI's consultation with the Fund's Advisory Board and a bidding process for Prospective Buyers by ASI. Any sales price is expected to be at a discount to NAV of the Fund but will depend on a number of factors, including market demand. In general, as a condition to participating in a tail-end sale, ASI and each Prospective Buyer agrees that, pursuant to terms that may amend or modify the Fund's Governing Documents, ASI may charge and allocate, solely to the Prospective Buyers, a per annum management fee based on the fair market value of the Prospective Buyer's acquired interests (the "Secondary Buyer Fee"). Any Secondary Buyer Fee will be borne solely by the Prospective Buyer and will not be borne by any investor choosing not to sell its interest. Proportionate expenses incurred by the Private Equity Fund and the general partner in the transaction may be borne by the selling investor. Investors are not required to sell their interests and may elect to continue to hold their interest in the Private Equity Fund without material change to their rights under the Governing Documents. The specific terms and conditions of any prospective tail-end sale will be disclosed in advance to all investors.

This arrangement may create an incentive for ASI to promote a tail-end sale to Prospective Buyers. However, ASI makes no recommendations to clients on whether or not to participate in the tail-end sale. For investors seeking liquidity, we believe a tail-end sale is a useful mechanism by which such investor may receive liquidity in a timely and cost efficient manner without the need to seek offers on the secondary market. For investors seeking to retain their economic exposure to the Private Equity Fund, the tail-end sale is optional, allowing them to decline to participate or to continue to potentially benefit from realizations of the underlying portfolio funds.

Neither Aberdeen Capital nor any of its affiliates receive any compensation as broker or agent for the sale of securities or other investment products to any Private Equity Fund, separate account client or investment advisory client. Please refer to the subsection titled "*Economic Benefits Received from Third Parties*" in Item 14 below for information on other types of compensation that ASI may receive with respect to investments by the Private Equity Funds or separate account clients.

Factors ASI may consider in negotiating fees or other terms to which any investor may be subject may include, without limitation, the nature of the services required, the extent of reporting or other administrative services required, the type of assets invested, the amount of assets invested, ASI's prior relationship with the applicable investor or its affiliates, other investments with ASI by the applicable investor or its affiliates, the other terms to which the investor's investment with ASI would be subject and the impact such special terms might have on other investors.

#### Private Credit Funds ("Hark Funds")

Aberdeen Capital's private credit funds ("Hark Funds") pay Aberdeen Capital an annual management fee based on a percentage of the amount of its assets invested in portfolio companies, excluding borrowed amounts, any amount of realized investments and amounts of written off investments. The management fee accrues daily and is payable quarterly. The management fee does not include custodial fees or certain accounting or legal fees associated with the maintenance of the funds. There are no brokerage or mutual fund fees associated with these funds. The management fee is deducted from the operating accounts of the funds. The Hark Funds will bear or reimburse Aberdeen Capital all organizational and offering expenses. These expenses will include expenses of the Advisory Board, meetings of the Limited Partners, out-of-pocket expenses incurred in the investigation of investment opportunities (including broken deals) and in originating, closing, monitoring and liquidating investments, and third-party expenses relating to the operation of the Hark Funds, including, but not limited to, legal, audit and tax preparation services.

#### Affiliated Loans

We may loan money to our Private Equity Funds to meet capital calls for underlying investments in limited circumstances. The interest rate charged to such funds does not exceed that charged by our unaffiliated credit facilities.

#### Other Fees

Aberdeen Capital may have different fee schedules for products and services offered in other jurisdictions outside of the U.S.

We examine fee ranges and average fees using comparative universes. Terms are negotiated on a case by case basis.

In addition to the advisory fees discussed above, clients may incur additional fees related to the services we provide. Clients may incur the fees and expenses charged by the custodian of client assets managed by us, as well as brokerage and other transaction costs associated with securities trades that we order on behalf of the assets in a client account.

We may invest client assets in funds which we or an affiliate may also advise. As a shareholder of a fund, a client may be subject to advisory fees (and other expenses) at the fund level in addition to fees charged to the advised account. Certain Aberdeen Capital fund-of-fund investors may be invested in funds which pay management fees to fund managers in whom other Aberdeen Capital clients hold a minority interest through our AMMI program.

For an additional discussion of brokerage and other transaction costs, please refer to Item 12 - Brokerage Practices of this Brochure.

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

We sometimes enter into agreements for performance-based fees with qualified clients. The existence of such a performance-based fee may create conflicts of interest in the allocation of management time, resources and investment opportunities between different strategies. Additionally, collecting performance-based fees may result in instances in which a portfolio manager concurrently manages accounts with different fee structures for the same strategy. This is referred to as “side-by-side” portfolio management and, in these instances, we will not determine allocations based on whether we are participating in a trade or on the fee structure of the managed accounts participating in the trade. Furthermore, we may seed investment vehicles and make co-investments along with clients invested in property funds, direct property investments, or other private fund investments.

The potential management of different types of accounts and accounts with different fee arrangements (“side-by-side” management) may give rise to potential conflicts of interest. For example, where performance is good, performance-based fee clients may be charged fees higher than the industry standard. We may have a material incentive to favor certain, more lucrative accounts over those that may be less lucrative. Additionally, we may have a material incentive to favor accounts in which we, or our affiliates, have significant proprietary interest. For example, we have an incentive to allocate better-performing securities to those accounts subject to performance fees rather than to those which are not. These performance fees may also incentivize the portfolio manager to take riskier positions than would have otherwise been initiated. Additionally, the calculation of performance fees is based upon a number of factors both within and out of our control. To mitigate these conflicts, we have adopted policies and procedures to ensure that investment decisions are made based in the best interests of our clients and without consideration of our financial interests.

To address such potential conflicts of interest, ASI has adopted procedures and policies designed to:

- Identify practices that may potentially favor actively managed accounts in which an Investment Manager has an ownership and/or a greater pecuniary interest over actively managed accounts in which the Investment Manager has no ownership and/or a lesser pecuniary interest;
- Prevent the Investment Manager and Covered Persons (as defined in ASI’s Code of Ethics, discussed below) from inappropriately favoring some clients over others;
- Detect potential violations of such policies and procedures;
- Provide a process to review requests for waivers; and
- Promptly resolve any actual violations detected.

ASI’s policies generally prohibit Portfolio Managers from trading in conflict with themselves – specifically, across same strategy accounts that they manage. Generally, Portfolio Managers are prohibited from taking an “inconsistent position”, or from holding the same security long in some accounts and short in others, unless they are materially underweight in a long only account that must hold that security at some level for benchmark tracking purposes (as this would not appear to represent a conflict of interest). Portfolio Managers may, however make different investment decisions for the same security or credit for different strategies they manage, as appropriate.

In the event that a potential conflict of interest is identified, the Department Head and the Compliance Department will discuss the conflict and take appropriate corrective action. Compliance will also review the procedures in such instances to ensure that they are appropriately crafted to identify similar future conflicts of interest.

From time to time, Aberdeen, its directors, officers, employees or affiliates (“affiliated persons”) may, directly or indirectly, have interests in securities owned by or recommended to our clients. As these situations may represent a potential conflict of interest, we have adopted a Code of Ethics (“Code”) in compliance with the requirements of Rule 17j-1 adopted under the 1940 Act and Sections 204A and 206 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), to govern personal transactions by directors, officers, and advisory personnel of ASI (“Access Persons”). For further detail on Aberdeen’s Code, please refer to Item 11 of this Brochure.

We also monitor for conflicts by implementing “best execution” trading procedures and reviewing account allocation and performance.

Aberdeen Capital, or an affiliate, as general partner of certain Private Equity Funds or adviser to a separate account or investment advisory client, will typically receive certain allocations or fees calculated and charged based on a share of capital gains on or capital appreciation of the assets of the Private Equity Fund, separate account client or investment advisory client. These performance-based allocation arrangements comply with Rule 205-3 under the Advisers Act. Any share of profits paid to Aberdeen Capital, an affiliate, or the general partners of the Private Equity Funds, is separate and distinct from the advisory fees charged by Aberdeen Capital for advisory services. Performance-based allocation arrangements received by Aberdeen Capital may create an incentive for Aberdeen Capital to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. In addition to Performance-Based fees paid to the Adviser, the Funds may cover operating and organizational expenses of the Adviser, as detailed in Item 5 above. Please refer to the Governing Documents of the applicable Private Equity Fund (or the investment advisory agreement of the applicable separate account client) for complete information on the performance-based compensation arrangements entered into with respect to such client.

Aberdeen Capital or an affiliate may provide concurrent advisory services to client accounts that are not charged a performance-based fee or allocation by ASI’s related persons and client accounts that are charged a performance-based fee or allocation by a related person of ASI. Aberdeen Capital or an affiliate may also provide concurrent advisory services to private equity funds, and/or separate account or investment advisory clients that are charged different performance-based fees or allocations and, in certain cases, Aberdeen Capital or an affiliate may only be permitted to take a performance-based fee or allocation from a private equity fund, or separate account client or investment advisory client after the applicable investors or client received a preferred return on their committed or contributed capital. Additionally, the General Partner may, in its discretion, agree to special terms regarding carried interest with respect to certain Partners including, without limitation, ASI employees, Aberdeen Capital affiliates, and certain Limited Partners with significant capital commitments to the Fund. As a result, the potential for Aberdeen Capital’s related persons to receive different fees or allocations from performance-based accounts creates a potential conflict of interest with respect to the allocation of investment opportunities because ASI may have an incentive to direct the best investment ideas to, or to allocate investments in favor of, the account that pays a more favorable performance fee or allocation.

To mitigate this potential conflict of interest, allocation of commitments and investment decisions with respect to investment opportunities are made by Aberdeen Capital or an affiliate for all private equity funds, and separate account and investment advisory clients in accordance with ASI’s investment allocation policies. With respect to investment opportunities that are appropriate for more than one client (including a Fund and/or a separate account or investment advisory client), the investment allocation policies takes into account multiple criteria, including (but not limited to) the investment objectives and strategies of each applicable client, differences with respect to the available capital, size, and remaining life of the applicable clients, differences in risk profile at the time the opportunity becomes available, potential conflicts of interest, the nature of the security or the transaction, and current and anticipated market conditions. In the event the investment opportunity is suitable for more than one client, ASI will derive an allocation that, over a period of time, is fair and equitable to each applicable client relative to other clients, taking into account all relevant facts and circumstances. Prospective investors should refer to the Governing Documents of the Private Equity Funds for more details on investment allocation decisions among the Private Equity Funds.

## **Item 7 – Types of Clients**

### Clients

Aberdeen Capital's client base comprises a variety of institutional clients, including corporate plans, non-profit organizations, public plans, governments, private investors, multi-employer plans, financial institutions, intermediaries, sub-advised funds and pooled investment vehicles, encompassing both affiliated and unaffiliated U.S. and non-U.S. unregistered funds, among others. The requirements for opening any account will vary depending on the type of product and type of client. We have minimum account size requirements for certain accounts which may be waived at our discretion. Please refer to Item 5 of this Brochure for additional information on minimum account size requirements.

### Privacy Policy

We recognize and respect the privacy concerns of our customers. We are strongly committed to protecting the privacy of client information and will not disclose any non-public personal information about our customers or former customers to anyone, except as permitted by law. In order to service your account and effect your transactions, we may provide your personal information to our affiliates and to financial service providers that assist us in servicing your account and have a need for such information, such as a broker-dealer, custodian or administrator. We may also provide client information to a third party in situations where clients have given us consent to do so, at the request of a regulator or where we are required to disclose the information by law or regulation. We require third-party service providers and financial institutions with which we have joint marketing arrangements to protect the confidentiality of your information and to use the information only for the purposes for which we disclose the information to them. We maintain physical, electronic and procedural safeguards that comply with federal standards to guard your non-public personal information. We have adopted privacy policies and procedures that are designed to prevent the unauthorized disclosure and use of client non-public personal information.

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

### **Methods of Analysis and Investment Strategies**

We utilize various investment approaches when managing discretionary client accounts and providing recommendations to non-discretionary clients. We have described below the various methods of analysis and investment strategies offered by Aberdeen Capital, as well as the primary risks associated with the investment strategies. These include Private Equity, Venture Capital, Real Assets, and Asset Manager Minority Investments.

#### **U.S. Venture Capital**

The primary investment objective of this strategy is to provide access to U.S. venture capital funds (and, in certain circumstances, venture capital funds in select developed regions outside of the United States) and to selectively provide exposure to emerging venture capital funds that meet the standards for inclusion in its portfolios. ASI Venture Partner funds may also opportunistically invest a portion of their portfolios in co-investments and secondaries.

#### **U.S. Private Equity**

This strategy aims to invest in a diversified portfolio of lower middle market turnaround, value buyout and growth capital funds primarily based in the U.S. Aberdeen U.S. Private Equity funds may also opportunistically invest a portion of their portfolios in co-investments and secondaries.

#### **International Private Equity and Venture Capital**

This strategy is focused on investing in a balanced portfolio of non-U.S. private equity and venture capital managers, primarily focusing on managers based in the European Union and Asia, with select strategic exposure to other non-U.S. markets. Additionally, we manage funds to invest in a balanced portfolio of leading Asian private equity and venture capital managers. ASI International Private Equity and Venture Capital Funds may also opportunistically invest a portion of their portfolios in co-investments and secondaries.

#### **Real Assets**

This strategy aims to provide investors with options for investing across the real assets continuum. This strategy focuses on private real estate (including distressed real estate) and natural resources funds (including funds with a focus on energy, timber, agriculture, commodities, and/or other natural resources). The funds may also opportunistically invest a portion of their portfolios in co-investments and secondaries.

Private Market investments, and potential Private Market investments, are analyzed based upon the investment strategy and focus of the underlying funds, the relevant experience of the underlying funds' managers, the past performance of related funds, if any, and any other methods deemed appropriate by the firm.

ASI appraises the capabilities of underlying funds based upon information furnished by the trade press, information obtained from other investors and principally from information obtained from the underlying fund managers themselves in written materials, face-to-face meetings, and/or onsite visits.

The specific terms and investment focus for each fund is as set forth in each such Fund's Governing Documents. Investors and prospective investors in each Fund should review the offering documents of such fund in conjunction with this Form ADV Part 2A for complete information on the investment objectives, fees and strategies. There is no assurance that any of the Funds' investment objectives will be met or that the Funds' strategies will be successful.

The tasks of identifying investment opportunities and managing private fund investments are difficult. There can be no assurance that a Fund will be able to make and/or realize any particular investment or that the Funds will be able to generate returns for their investors.

The marketability and value of any such investments will depend upon many factors beyond the control of the Funds. In addition, there can be no assurance that any investor will receive any distribution from a Fund. Investing in the Funds involves a risk of loss that investors should be prepared to bear. Investors in the Funds are requested to refer to the Governing Documents of the applicable Fund for complete information on investment strategies employed by the Fund and the corresponding risks associated with such investment strategies. Investors in the Funds should carefully consider, among other factors, the following material risks involved with ASI's investment strategies.

#### Asset Manager Minority Investments ("AMMI", d/b/a Bonaccord Capital Partners)

The AMMI strategy aims to provide investors with elevated income, stability, and the potential for capital appreciation. The strategy aims to achieve this objective by targeting attractive segments of the alternative asset manager universe presenting an attractive mix of business stability, growth potential, and strategic transaction drivers.

The AMMI Investment Process has five principle components: Targeting, Sourcing, Analysis, Execution, and Monitoring.

Manager Targeting emphasizes the identification of managers from within the investable universe, presenting the most attractive investment characteristics, including anticipated investment profile, portfolio suitability, and transaction drivers. Identification of investable universe as well as analysis of manager investment characteristics will take into account proprietary and external databases, as well as knowledge and market intelligence of the Bonaccord Capital team and subject matter experts from ASI's broader Alternatives business.

Analysis consists of initial due diligence, valuation, and an assessment of indicative transaction terms. Due diligence will cover traditional alternative investment due diligence in addition to those items necessary to assess the characteristics of a minority investment in the manager's business. This analysis will inform a valuation of the business, which will be compared to available terms as summarized in an indicative term sheet. Should these terms meet the target investment objective, taking into account initial valuation, the transaction will proceed to execution.

Investment execution incorporates both confirmatory due diligence and definitive documentation of the investment. Confirmatory due diligence is intended to confirm the items and assumptions based upon which the initial indicative terms were agreed. Additionally, confirmatory due diligence will address any outstanding diligence items and identify any necessary transaction revisions based upon the information identified in this step. Definitive documentation aims to ensure that economic rights are clearly defined and appropriate structural protections are in place.

After an investment has been made, there is a continuous monitoring process, oriented toward assessing investment and operating performance of the manager, monitoring compliance with contractual covenants, identifying potential for any post-close financial considerations, and identifying material adverse events to the manager.

#### Private Credit Funds ("Hark Funds")

The Hark Funds make credit supported debt investments in lower middle-market businesses and investment funds that are owned or controlled by private equity, venture capital and family office managers ("Financial Sponsors") who would generally not meet the underwriting criteria of institutional lenders without credit enhancement. Financial Sponsors provide credit enhancement, or "backstops," in the form of fund level guarantees, put agreements and similar forms of credit support, to the portfolio companies in which the Hark Funds invest, creating attractive, risk-weighted debt investments. The Hark Funds generally target companies

and Financial Sponsors that are unable to access cost-effective debt capital from traditional lending markets and other financing sources.

#### Company Characteristics

In identifying portfolio investments, the Hark Funds will focus on companies that are not creditworthy on a standalone basis but have received meaningful capital from Financial Sponsors and are viewed as successful investments by Financial Sponsors. The Hark Funds will prioritize (1) private equity and venture capital funds at the end of their investment lifecycles that are not raising additional funds, (2) funds which have raised subsequent funds and may be seeking additional capital, given the challenges of dual fund investing, (3) captive private equity funds owned by banks and (4) high net worth individuals and family offices with the ability to provide creditworthy loan backstops.

#### Financial Sponsor Characteristics

The Hark Funds primarily focus on Financial Sponsors that have established track records and strong brand equity. Financial Sponsors providing credit backstops to the portfolio investments of the Hark Funds will typically be required to maintain portfolio diversification and have \$50 million in assets under management and either (1) investments in at least five portfolio companies with a value of not less than five times the loan amount or (2) undrawn capital of at least 150% of the loan amount.

#### **Investment Strategy Risks**

As with any investment, there is no guarantee that a portfolio will achieve its investment objective. Investing in securities involves risk of loss that clients should be prepared to bear. However, clients should be aware that not all of the risks listed below will pertain to every account as certain risks may only apply to certain strategies. It is not possible to identify all of the risks associated with investing and the particular risks applicable to a client account will depend on the nature of the account, its investment strategy or strategies and the types of securities held. Given the volume of new rules and regulations in the industry, we are continuously reviewing the application of our risks.

While we seek to manage accounts so that risks are appropriate to the strategy, it is often not possible or desirable to fully mitigate risks. Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. Clients and other investors should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses. Clients and other investors should read carefully all applicable informational materials and offering/Governing Documents, including offering memorandums and prospectuses prior to retaining Aberdeen Capital to manage an account or investing in any Aberdeen Capital investment product.

Clients and other investors should be aware that while ASI does not limit its advice to particular types of investments, mandates may be limited to certain types of securities or to the recommendation of investment advisers or managed funds, and may not be diversified. The accounts managed by Aberdeen Capital are generally not intended to provide a complete investment program for a client or investor. Clients and other investors are responsible for appropriately diversifying their assets to guard against the risk of loss.

Below is a summary of the material risks associated with Aberdeen Capital's significant strategies and methods of analysis. Not all possible risks are described below.

Allocation Risk – The allocation among different investment opportunities may have a significant effect on a portfolio's value when one of these investments is performing more poorly than others. There will be transaction costs which may be significant over time because both the direct investments and derivative positions will be adjusted periodically to reflect our view of market and economic conditions. In addition, there is a risk that certain allocation decisions may not achieve the desired results and, consequently, a portfolio may incur losses.



**Borrowing Risk** – Borrowing creates leverage. The use of leverage may subject investments to additional risk and could magnify losses. It also adds to any given portfolio expenses, and at times could effectively force a portfolio to sell securities when it otherwise might not want to do so.

**Business Continuity Risk** – We have adopted a business continuity plan to maintain critical functions in the event of a partial or total building outage affecting our offices or a technical problem affecting applications, data centers or networks. The plan is designed to limit the impact on clients from any business interruption or disaster, including those related to third party service providers. Nevertheless, our ability to conduct business may be curtailed by a disruption in the infrastructure that supports our operations and the regions in which our offices are located. While ASI and its service providers have established business continuity plans in the event of, and risk management systems to prevent, such incidents, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified.

**Cash Flow Risk** – The yields available from equity investments in real estate depend in large part on the amount of income generated and expenses incurred. If the investments do not generate revenues sufficient to meet operating expenses, including debt service, tenant improvements, leasing commissions and other capital expenditures, clients may be required to fund or borrow additional amounts to cover fixed costs, and the cash flow of such client account (and, with respect to investment funds, its ability to make distributions to shareholders) will be adversely affected. Although each client will be investing in a range of investments, all real estate investments are speculative in nature and the possibility of partial or total loss of capital exists.

**Co-Investment Opportunities** – With respect to Private Equity Funds, from time to time, Aberdeen Capital may, in its sole discretion offer co-investment opportunities to select clients. Aberdeen Capital is not expected to offer co-investment with respect to all of a Private Equity Fund’s investments, and may allocate any such opportunities in its sole discretion, including for example, on the basis of contractual rights to co-investments provided to some but not all clients, and the size of investor commitments to the funds, vehicles, and separately managed accounts. The allocation of co-investment opportunities may involve a benefit to ASI including, without limitation, fees or carried interest from the co-investment opportunity and capital commitments to other Private Equity Funds. ASI may form committed co-investment vehicles both during and following a Private Equity Fund’s fundraising period to participate alongside a Private Equity Fund in investment opportunities that Aberdeen Capital has determined in good faith exceed prudent diversification levels for such fund. The capital committed to such co-investment vehicles would not be included in the overall size limitation on a Private Equity Fund’s investment program. Further, it is possible that funds managed by ASI may compete with each other for the same limited co-investment opportunities. This extends to funds managed by asset managers in whom we hold a minority interest via our AMMI strategy.

**Collateralized Loan Obligations (“CLOs”)** — CLOs are trusts or other special purpose entities that are backed by a pool of loans. Such loans may include domestic and foreign senior secured loans, senior unsecured loans and subordinate corporate loans, some of which may be below investment grade or equivalent unrated loans. CLOs issue classes or “tranches” that vary in risk and yield, and may experience substantial losses due to actual defaults, decrease of market value due to collateral defaults and disappearance of subordinate tranches, market anticipation of defaults, and investor aversion to CLO securities as a class. The risks of CLOs depend largely on the type of the underlying loans and the tranche of CLOs in which the client invests. In addition, CLOs carry risks including interest rate risk, credit risks and default risk. Certain CLOs may not hold loans directly, but rather, use derivatives such as swaps to create “synthetic” exposure to the collateral pool of loans.

**Commitment Strategy Risks** – With respect to Private Equity Funds, Aberdeen Capital may expect certain funds in which it invests to draw down less capital than a client has committed to those funds. If the relevant ASI related person decides it is in the best interest of the client to fully deploy the total capital commitments of the client, such Aberdeen related person may make aggregate commitments to funds that exceed the aggregate capital commitments of the client. Although Aberdeen Capital and its affiliates will monitor cash flow projections closely, there can be no assurance that any client will be able to meet all of its commitments to the funds or otherwise successfully implement its commitment strategy. If a client is not able to meet all of its commitments to the funds, such client may be subject to penalties arising under the terms of its contractual commitments with respect to its investment in funds, including, without limitation, being required to sell its interest in a Private Equity Fund or forfeiting a portion of its investment in an investment

fund. In such cases, the client's return from such fund could be materially lower than it would have been had the client been able to meet all of its commitments.

Competitive Investment Environment – The activity of identifying, completing and realizing venture capital, private equity and real assets investments is highly competitive and involves a high degree of uncertainty. We may, at times, be in competition with other funds and managers with similar investment objectives for the acquisition of the same targets. It is further possible that ASI, via its AMMI strategy, may hold a minority interest in a manager who competes with ASI funds of funds managers. This may have adverse effects on investment objectives and returns and, at times, may result in not being able to enter, even partially, into a targeted investment position.

Conflicts of Interest – Due to the structure of ASI, it is possible that we may hold or trade the same securities and instruments as our underlying fund managers in which we or an affiliate invest. Additionally, we may utilize similar techniques and strategies as those adopted by our underlying fund managers. As a result, we may directly or indirectly compete with our underlying managers and investment vehicles on an “arm's length” basis. In the event that knowledge of a conflict of interest does arise, we will endeavor to ensure that it is resolved fairly and at arm's length.

Through the AMMI strategy, Aberdeen Capital may acquire a minority ownership interest (20% or less) in alternatives asset managers in whose funds ASI funds of funds or certain clients with similar mandates may invest. Certain conflicts of interest may arise if a fund of fund or client mandate is invested in a fund managed by an underlying fund manager in which an AMMI fund owns a minority interest, primarily because the fund of funds or client will pay a management fee to the underlying fund manager, a portion of which would be received by other ASI investors and indirectly by Aberdeen Capital by way of the management fee charged by its AMMI fund. The activities or strategies used for the AMMI-affiliated managers may conflict with the transactions and strategies employed by a fund of funds and those employed by a fund of funds' other underlying fund managers. Although the interests are likely to be aligned, an AMMI investment could possibly result in an underlying fund manager having an interest adverse to a fund of funds.

Through the Hark Funds, Aberdeen Capital may lend money to a private equity or venture capital fund in which our funds of funds have invested, or a manager with whom we have invested. Such loans may be secured by the assets of the fund guaranteeing the loan on behalf of itself or an underlying portfolio company. The underlying portfolio company or fund would be indirectly paying interest that is indirectly received by Hark Fund investors. Further, if the Hark Fund borrower defaults on the loan, the Hark Fund would have a claim against the fund that may be held by our fund of funds. In such a situation, the limited partners of each fund would have conflicting interests.

ASI conducts its fund of fund businesses without giving weight or consideration to positions in underlying fund managers owned by AMMI funds. ASI has implemented information barriers and controls to mitigate the conflict of interest should a fund of funds or client ever be invested in a fund managed by an AMMI-affiliated manager.

Concentration Risk – The risk that if a portfolio concentrates its investments in issuers within the same country, state, industry or economic sector, an adverse economic, business or political development may affect the value of the portfolio's investments more than if its investments were not so concentrated.

Convertible Bond Arbitrage – Underlying fund managers may engage in convertible bond arbitrage and the positions intended to offset one another may not move as expected. In addition to the risks associated with fixed income, these types of strategies have risks associated with equity investments. Although the underlying fund manager is expected to hedge all equity exposure, there can be no assurance that such exposures won't exist or that such hedges will be effective.

Counterparty Risk – A portfolio may be exposed to the credit risk of counterparties with which, or the brokers, dealers, custodians and exchanges through which, it deals in connection with the investment of its assets, whether engaged in exchange-traded or off-exchange transactions.

Cross-Class Liabilities – If the investment vehicle held by an underlying manager offers multiple share classes, there is the potential that losses in a share class not held may have an adverse effect on its NAV.

Currency Risk – Fluctuations in currency exchange rates may negatively affect the value of your portfolio's investments or reduce its returns.

Cyber Security Risk – Aberdeen Capital, like all companies, may be susceptible to operational and information security risks. Breaches in cyber security include, among other behaviours, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cyber-attacks. Cyber security failures or breaches of ASI or its service providers or the issuers of securities in which Aberdeen Capital invest have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability of Aberdeen Capital's clients to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs. Aberdeen Capital and its clients could be negatively impacted as a result.

Derivatives Risk – Derivatives are financial instruments that have a value which depends upon, or is derived from, the value of something else, such as one or more underlying securities, pools of securities, options, futures, indexes or currencies. Derivatives may be illiquid, difficult to price, and leveraged so that small changes may produce disproportionate losses for your portfolio, and may be subject to counterparty risk to a greater degree than more traditional investments. Because of their complex nature, some derivatives may not perform as intended. As a result, your portfolio may not realize the anticipated benefits from a derivative it holds or it may realize losses.

Gains or losses involving derivative instruments may be substantial, because a relatively small price movement in the underlying security(ies), instrument, currency or index may result in a substantial gain or loss. Derivatives will typically increase exposure to the principal risks to which a fund or client is otherwise exposed, and the following additional risks:

- Counterparty credit risk – A counterparty to the derivative instrument becomes bankrupt, insolvent, enters administration, liquidates or otherwise fails to perform its obligations due to financial difficulties, and the Fund may obtain no recovery of its investment or may only obtain a limited recovery, and any recovery may be delayed.
- Hedging risk – derivative instruments used to hedge against an opposite position may offset losses, but they may also offset gains.
- Correlation risk – There may be an incomplete correlation between the hedge and the opposite position, which may result in increased or unanticipated losses.
- Liquidity risk – An instrument may be difficult or impossible to sell or terminate, which may cause the client to be in a position to do something we would not otherwise choose, including accepting a lower price for the derivative instrument, selling other investments or forgoing another, more appealing investment opportunity.
- Leverage risk – Losses from the derivative instrument may be greater than the amount invested in the derivative instrument.

Deterioration of Market Conditions – In the case of extreme and continued market disruptions, attractive investment returns may be adversely affected. Continued market disruption or deterioration of market conditions and uncertainty could result in decreases in the market values of existing or potential investments. Additionally, liquidity may be affected, resulting in the inability to sell or liquidate investments at favorable times or prices. These circumstances may adversely impact the ability to meet investment objectives.

Dilution Levy Risk – Investment in underlying funds may subject the investor to dilution levies, which are fees charged by fund managers on investors buying and selling units in a fund. These fees may be applied at any combination of the purchase and sale of a unit and may have adverse effects on the returns of the investment.

Distressed Investments – Aberdeen Capital funds may directly and indirectly invest in securities and obligations of companies that are experiencing financial or business difficulties, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These investments involve a

substantial degree of risk and may not compensate investors adequately for the risks they assume. Due to the degree of complexity and unpredictability of bankruptcy and other insolvency proceedings, investors may be adversely affected.

Due Diligence Process – The due diligence process that we intend to undertake may not reveal all material facts or circumstances. Any due diligence process involves subjective analysis and there can be no assurance that this process will reveal all issues related to the potential allocation of assets to underlying fund managers.

Effect of Substantial Redemptions – Occasionally, investors may make large redemptions or purchases in fund, which may cause the fund to have to sell securities or invest additional cash. These transactions may adversely affect a fund's performance and increase transaction costs. In addition, for fund-of-funds, redemptions by investors in the underlying funds held by a strategy within a short period of time may require the underlying fund manager to liquidate positions more rapidly than desired. This may lead to a reduction in value of the underlying funds' assets or a disruption of the investment strategy. Additionally, this may lead to an increase in the concentration of the underlying funds in illiquid assets which could, in turn, reduce the liquidity of the shareholder's position.

Event Arbitrage – Arbitrage opportunities may exist in securities which are subject to tender offers, exchange offers, mergers, liquidations, reorganizations, bankruptcies or other extraordinary corporate transactions. Although it is expected that the underlying fund managers hedge such exposures, there can be no guarantee that these hedges will either be in place or be effective.

Emerging Markets Risk – Foreign investment risk may be particularly high if a portfolio invests in emerging market securities that are economically tied to countries with developing economies. These securities may present market, credit, currency, liquidity, legal, political and other risks different from, or greater than, the risks of investing in developed foreign countries.

Equity Securities Risk – Equity securities represent an ownership interest, or the right to acquire an ownership interest, in an issuer. Equity securities also include, among other things, preferred stocks, convertible stocks and warrants. The values of equity securities, such as common stocks and preferred stocks, may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Equity securities generally have greater price volatility than fixed income securities. Your portfolio at any point in time may be worth less than the amount that you invested, even after taking into account the reinvestment of dividends and distributions. Regardless of how well an individual investment performs, if financial markets go down, you could lose money.

Focus Risk – A portfolio which invests a larger percentage of its assets in a relatively small number of issuers may be subject to greater risks than a more diversified account. That is, a change in the value of any single investment held by a portfolio may affect the overall value of the account more than it would affect an account that holds a greater number of investments.

Foreign (Non-U.S.) Risk – A portfolio's investments in securities of non-U.S. issuers may involve more risk than those of U.S. issuers. The prices of these securities may fluctuate more widely and may be less liquid due to adverse market, economic, political, regulatory or other factors.

General Partner Risk – Governing Documents often limit the circumstances under which a general partner, manager and their affiliates can be held liable to a fund. As a result, investors may have a more limited right of action in certain cases than they would otherwise have in the absence of this provision.

Insurance Risk – When owning or managing properties, there are additional risks that might not present themselves as compared to traditional asset classes. While the properties may in some cases be insured, this

is no way an insurance of investment or principal and there are various uninsured and/or uninsurable risks that are present (such as natural disaster) and therefore investment carries greater risk of loss.

Inside Information – From time to time, we may come into possession of material, non-public information concerning an entity in which an account has invested, or proposes to invest. Possession of that information may limit our ability to buy or sell securities of the entity on behalf of a client.

Interest Rate Risk – Changes in interest rates will affect the value of a portfolio's investments in fixed income securities. When interest rates rise, the value of investments in fixed income securities tend to fall, and this decrease in value may not be offset by higher income from new investments. Interest rate risk is generally greater for fixed-income securities with longer maturities or durations.

Issuer Risk – The value of a security may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services, as well as the historical and prospective earnings of the issuer and the value of its assets.

Key Person Risk – Underlying funds are generally reliant on certain key investment personnel employed in managing assets. Termination, disability, death, or departure of key personnel could adversely affect the underlying fund and its performance.

Legal, Tax, and Regulatory Risk – Legal, tax and regulatory changes may occur in the future that may adversely affect investors. The effects of any future regulatory change are impossible to predict and could have substantial adverse effects on both investors and investment strategies.

Limited Capacity Opportunities – We manage assets for multiple portfolios that may from time to time have overlapping investment mandates. Where an investment opportunity is of limited capacity, an allocation process will need to ensure each of the competing accounts is treated equitably over time in determining whether an account may participate and to what extent.

Limited Operating History – At times, as we launch new strategies, certain of our investment teams may have a limited operating history and little or no past performance in the strategy they manage. Similarly, certain of the underlying managers in whom our AMMI funds acquire a minority stake or in whose funds our fund of funds invest may have limited operating history and little or no past performance in the strategy they manage.

Limits on Hedged Strategies – While certain underlying managers, in whose funds our funds of funds may invest, may use "market neutral" or "relative value" hedging or arbitrage strategies, this in no respect should be taken to imply that the fund's investments with such money underlying managers are without risk. Substantial losses may be recognized on "hedge" or "arbitrage" positions, and illiquidity and/or default on one side of a position can effectively result in the position being changed. Every market neutral or relative value strategy involves exposure to some second order risk of the market, such as the implied volatility in convertible bonds or warrant, the yield spread between similar term government bonds, or the price spread between different classes of stock for the same underlying firm. Further, many "market neutral" investment managers employ limited directional strategies that expose such money managers to certain market risk.

Liquidity Risk – In certain situations, it may be difficult or impossible to sell an investment in an orderly fashion at an acceptable price. This includes investors in funds that may lock them up, possibly for multiple years. Investors in such funds must be able to bear the risk of investment for an extended period of time.

Management Risk – We will apply our investment techniques and risk analyses in making investment decisions for your portfolio, but there is no guarantee that our techniques will produce the intended results. For research or investment techniques that incorporate or rely upon quantitative models, there is no guarantee that these mathematical models will generate accurate forecasts, reduce risks or otherwise produce the intended results.

Market Risk – The value of a portfolio's assets will fluctuate along with the markets. The value of your investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events that affect large portions of the market.

Multi-Jurisdictional Investment – The investments we make may be subject to a variety of jurisdictions, each of which may have unique economic, political, social, cultural, business and labor environments, laws, regulations, accounting practices and business customs. These differences may be considerable and no single method of investment can be applied uniformly or be expected to produce uniform results.

Multi-Manager Investing Risk – A strategy's relative performance is subject to the investment decisions made by each underlying fund or manager. The performance of a small number of underlying funds or managers could affect overall performance. Additionally, underlying funds may compete with one another from time to time for the same positions in the market and may potentially hold opposite positions in the same securities. Consequently, there can be no assurance that a diversification strategy implemented will be successful.

Our funds of funds will seek to obtain diversification by investing with a number of different investment managers with diverse strategies. However, since our funds will allocate their assets to the multiple investment managers who make their trading decisions independently, it is possible that various underlying managers may take substantial positions in the same security or group of securities at the same time.

Underlying managers that employ similar investment strategies and make overlapping investments may result in AMMI funds having increased exposure with respect to such underlying investments. Additionally, underlying managers may have overlapping investment interests, may participate in the same auction process for a prospective investment and/or may oppose one another as buyer and seller in respect of an investment.

Multiple Levels of Fees and Expense Risk – Fund-of-funds and multiple manager strategies will generally incur certain fees at two levels: the funds of funds vehicle and the underlying funds themselves. These fees potentially include both management and performance fees, which may increase the expense of the strategy, thus affecting investor returns. Additionally, investor returns may be adversely affected during periods in which there are overall portfolio losses due to the potential that performance fees may be earned by one or more of the underlying portfolio managers.

Non-Discretionary Account Risk – There may be circumstances where Aberdeen Capital provides positive advice in writing concerning an underlying fund or manager, but a non-discretionary client chooses not to act on that advice. Aberdeen Capital may or may not have made a discretionary investment in or with the underlying fund or manager for its discretionary clients. If, subsequently, Aberdeen Capital's opinion of such underlying fund or manager changes and Aberdeen Capital decides to redeem from the underlying fund or manager on behalf of its discretionary clients, Aberdeen Capital may or may not inform its non-discretionary advisory clients of the decision to redeem. Therefore, advisory clients should not rely on stale advice from Aberdeen Capital to make investments in or with underlying funds or managers.

Non-Diversification Risk – A portfolio may invest in securities of a relatively few issuers. Therefore, the performance of one or a small number of holdings can affect a portfolio's overall performance.

Operational Risk – A portfolio may suffer a loss arising from shortcomings or failures in internal processes, people or systems, or from external events. This risk can arise from many factors ranging from routine processing errors to potentially costly incidents related to, for example, major systems failures.

Political and Economic Risk – Economic and/or political instability could lead to legal, fiscal and regulatory changes or the reversal of legal, fiscal, regulatory and/or market reforms.

Pricing Risk – If market conditions make it difficult to value some investments, we may internally value these investments using more subjective methods such as fair value pricing. In these cases, the value determined for an investment could differ from the value realized upon such investment's sale.

In our funds of funds, we will have no ability to assess the accuracy of the valuations received from an underlying investment manager. Furthermore, the net asset values or other valuation information received by us from such underlying investment managers will typically be estimated, subject to revision through the end of each underlying fund's annual audit. Revisions to the gain and loss calculations will be an ongoing process, and no net capital appreciation or depreciation figure can be considered final until the annual audit of each underlying fund is completed.

Private Credit Risk – The Hark Funds may include debt investments that are unsecured and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured and bear floating interest rates. In the event any portfolio company cannot generate adequate cash flow to meet debt service and the Financial Sponsor defaults on the guarantee, the Hark Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Hark Fund. Furthermore, the companies and securities in which Hark Funds invest generally will not be rated by a credit agency. One or more of the issuers of loans acquired by Hark Funds may become involved in bankruptcy. Hark Funds may be subject to lender liability allegations in litigation.

Real Estate Risk – We will be subject to the risks inherent in the ownership, operation, repositioning and development of real estate and real estate-related businesses and assets. These risks include, but are not limited to, the burdens of ownership of real estate property; general and local economic conditions; the supply and demand for properties; the competition for real estate assets; energy and supply shortages; fluctuations in the average occupancy and room rates for hotel properties; the financial resources of tenants, buyers and sellers; changes in building, environmental and other laws and/or regulations; changes in real estate property tax rates; changes in interest rates and the availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable; negative developments in the economy that depress travel activity; environmental liabilities; contingent liabilities on disposition of assets; uninsured or uninsurable casualties; natural disasters, terrorist attacks; and war and other factors which are beyond our control. There is no assurance that there will be a ready market for resale of investments because investments will generally not be liquid. Illiquidity may result from the absence of an established market for the investments, as well as legal or contractual restrictions on their resale by our firm or our investments.

Repurchase Agreements Risk – In the instance that an underlying fund manager enters into a repurchase agreement for a security, there can be no guarantee that the transferee of the securities in the agreement will not default. Therefore, any investment of the sort bears the risk of default of the transferee.

Restrictions on Transfer and Illiquidity of Shares – The shares held in private funds and the underlying funds are generally not registered under any securities laws and, therefore, cannot be resold in a public market. Consequently, investors do not have the right to withdraw their investment other than in accordance with the prescribed redemption procedures of the underlying funds. These redemption procedures may be suspended due to certain circumstances that could further affect withdrawals. This potential illiquidity of shares could adversely affect NAV and result in delays in receiving redemptions. Investors may at times be restricted from redemption from certain of our private funds.

Tax Risk – Tax laws and regulations applicable to an account are subject to change, and unanticipated tax liabilities could be incurred by investors as a result of such changes. Investors should consult their own tax advisers to determine the potential tax-related consequences of investing.

Underlying Manager Risk – Private Equity Funds and clients will directly invest in portfolio funds managed by third-party managers that may or may not be affiliated with us and over which we do not exercise control. Therefore our funds will not have an active role in the day-to-day management of the underlying portfolio funds. Underlying managers may not be registered as investment advisers with the U.S. SEC and their funds may not be registered as investment companies. Moreover, our funds will generally not have an opportunity to evaluate the specific investments made by underlying funds. As a result, the return of our funds will depend in large part on the performance of these unrelated third-party managers.

It is expected that in the instance of the redemption of assets or termination of an underlying manager, the resultant assets and cash proceeds will be invested with a replacement underlying manager. This could result in increased turnover rates and higher corresponding brokerage fees and commissions.

Underlying funds in which our Private Equity Funds and clients invest are generally subject to the same risks disclosed elsewhere in this brochure.

The underlying managers in which AMMI funds acquire minority interests are generally subject to the same risks disclosed elsewhere in this brochure as our risks as an asset and fund manager. The performance of underlying managers may also be adversely affected by protectionist measures imposed by jurisdictions in which they trade. Some of the risks that underlying managers in AMMI funds are subject to include:

- style drift;
- regulatory risks
- counterparty default
- changes in interest rates
- departure of key personnel; and
- redemptions from the underlying manager's funds.

AMMI funds could be implicated in any litigation brought against underlying managers. The potential liability in such litigation may not be limited to the AMMI fund's investment in the manager.



## **Item 9 – Disciplinary Information**

Aberdeen Asset Management PLC, the parent company of Aberdeen Standard Investments Inc., acquired Artio Global Investors, Inc. (“Artio”) in May 2013. In 2012, Artio self-reported to Finansinspektionen, the Swedish financial services regulator that it had failed to make a timely filing when the interests of Artio’s clients dropped below 5% in a specific Swedish security. The failure to file was due to a systems error which was subsequently corrected by Artio. In late April 2013, Artio was notified that Finansinspektionen would be imposing a fine on Artio for the failure to make the filing in a timely fashion. ASI Inc. received the final invoice for SEK1,000,000 (approximately \$155,000) in October 2013.

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

We are committed to providing clients with service of the highest quality and we are guided by the principle that we act in the best interests of our clients. Nevertheless, there are circumstances where client interests conflict with our interests or the interests of other clients. Some of these conflicts of interest are inherent to our business. We have policies and procedures that are designed to ensure that we are always acting in the best interests of our clients.

Aberdeen Capital is a wholly owned subsidiary of ASI Inc., a U.S Registered Investment Adviser. ASI Inc. is a wholly owned subsidiary of Aberdeen PLC, a global financial services company. We are affiliated with various U.S.-registered investment advisers, broker-dealers and pooled investment vehicles, among other financial entities. We occasionally may engage in business activities with some or all of these companies, subject to our policies and procedures governing how we handle conflicts of interest. We may use our affiliates to provide other services to our clients to the extent permitted under applicable law.

Further to the Merger on August 14, 2017, with Standard Life plc, Aberdeen PLC is a wholly owned subsidiary of Standard Life Aberdeen plc. Standard Life Aberdeen plc is also the parent of Standard Life Investments Limited (“SLIL”), which has three subsidiaries that are registered investment advisers: Standard Life Investments (Corporate Funds) Limited and SL Capital Partners LLP, both based in Edinburgh..

We provide advice for numerous clients. We may advise some clients or take actions for them that differ from recommendations or actions taken for other clients. We are not obligated to recommend to clients any investments that we may recommend to or purchase or sell for other clients. Our employees regularly share information, perceptions, advice and recommendations about market trends, the valuations of individual securities, and investment strategies, except where prohibited by ethical walls established by us or by applicable law or regulation. Persons associated with us may have investments in securities that are recommended to clients or held in client accounts, subject to compliance with our policies regarding personal securities trading.

### Broker-Dealer and Registered Representatives

Aberdeen Fund Distributors LLC (“AFD”), a wholly owned subsidiary of ASI Inc., is a limited-purpose broker-dealer formed to distribute our proprietary funds. There are no trades executed through AFD. Certain of our management persons are registered, or have an application pending to register, as registered representatives of AFD.

### Investment Advisers

In rendering investment advisory services, we may use the resources of additional investment adviser subsidiaries of Standard Life Aberdeen plc. These affiliates have entered into a MOU with us pursuant to which investment professionals from each affiliate may render portfolio management, research or trading services to our clients. We may share personnel, research and other resources with our affiliated U.S. registered investment advisers (Standard Life Aberdeen (Asia) Ltd. in Singapore, Aberdeen Standard Investments Australia Ltd. in Australia, Aberdeen Asset Managers Limited and Standard Life Investments (Corporate Funds) Limited in the United Kingdom) under our personnel sharing procedures.

In executing trades on behalf of our clients, we may use the resources of our SLI affiliates. These affiliates have entered into a global trading agreement pursuant to which professionals from each affiliate may execute trades on behalf of our clients. The use of affiliates to execute trades under the global trading agreement does not alter or change the entity making investment decisions for the client accounts.

### Limited Partnerships or Similar Private Funds

We sponsor and serve as investment adviser to several private funds organized as limited partnerships, limited liability companies or non-U.S. entities. Aberdeen Capital and its affiliates may also serve as the general partner or managing member of these private investment vehicles.

SLIL’s registered subsidiaries also serve as investment adviser to certain private funds and provide investment management services to limited partnership vehicles with U.S. investors. These funds may be

domiciled in the U.S., as in the case of a Delaware partnership, or outside the U.S., as in the case of a Cayman corporation.

#### Collective Investment Trusts

ASI serves as investment adviser to Collective Investment Trusts (“CIT”) sponsored by unaffiliated Trust Companies.

#### Participation in Privately Offered Investment Vehicles

ASI, its affiliates, officers and employees may participate individually in privately offered investment vehicles in which clients are solicited to invest. Aberdeen Capital may act as adviser or general partner (or in a similar capacity) to these investment vehicles, may receive management fees, and may participate in any profits generated by these investment vehicles. Participation by affiliates, officers and employees in such investments on such terms and the receipt of such compensation may be an incentive for such employees to devote an increased amount of time to the management of such vehicles to the detriment of other client account or investment vehicles. ASI has policies and procedures in place to mitigate this conflict.

#### Other Positions

Principals and employees of ASI may serve as officers, advisors, directors or provide comparable management functions for public companies and/or portfolio companies in which clients directly or indirectly invest, as well as for investment institutions that may invest in ASI funds. In addition, such principals and employees may provide other services to public companies and/or portfolio companies and may receive compensation in connection therewith. Principals and employees of ASI may be provided access to confidential information relating to public companies and/or portfolio companies in which clients may directly or indirectly invest. As a result, clients may, under certain circumstances, be prohibited for a period of time from engaging in transactions with respect to the securities of such public companies and/or portfolio companies, which prohibition may have an adverse effect on clients.

#### Selection or Recommendation of Other Advisers

As a manager of funds of funds, Aberdeen Capital may select other investment advisers for its clients. Certain of ASI’s principals, employees and/or related persons may be invited to serve on the advisory boards of the underlying private equity funds in which clients invest to provide advice on certain conflicts of interest and other matters pertaining to such private equity funds. There may be instances where such persons are asked to vote on issues taking the needs of all investors in such private equity funds into account. Additionally, such persons may receive compensation for such services. Any such compensation will be applied to the appropriate Private Equity Fund to reduce the management fees paid to ASI. Further, AMMI Funds may hold a minority interest in the managers of funds in which ASI invests through our funds of funds strategies. Investment advisory decisions whether to invest in or redeem from such funds are made by ASI’s funds of funds investment committees, independent of the AMMI investment team.

#### Business Alliances

Standard Life Aberdeen plc has entered into a business and capital alliance with Mitsubishi UFJ Trust and Banking Corporation (“MUTB”), a wholly owned subsidiary of Mitsubishi UFJ Financial Group, Inc. (“MUFG”), a Japanese banking institution listed on the Tokyo Stock Exchange. Under the terms of the business alliance, MUTB has agreed to promote certain of our products in the Japanese institutional marketplace. The agreement gives MUTB exclusive rights to distribute selected products to Japanese institutional investors. The products include emerging market equities, global equities, and global fixed income. It was announced February 23, 2018 that Mr. Akira Suzuki, formerly MUTB’s representative on the Standard Life Aberdeen plc Board of Directors, will be retiring from the company at the conclusion of the next annual general meeting.

As a result of the dilution of Aberdeen PLC shares further to the Merger, Mitsubishi UFJ Trust and Banking Corporation (“MUTB”), which previously held more than 10% of the ordinary shares in Aberdeen, now hold less than 10% of the ordinary shares in Standard Life Aberdeen plc. At completion of the Merger, no shareholder held more than 10% of the ordinary shares or voting power in Standard Life Aberdeen plc. As of December 31, 2017, MUTB held approximately 5.85% of the ordinary shares and voting power in Standard Life Aberdeen plc. MUTB will continue to hold its unlisted, non-voting, perpetual, non-cumulative, redeemable preference shares in Aberdeen Asset Management PLC (the “Preference Shares”).

The Preference Shares confer no voting or other control rights in Aberdeen and carry a 5% dividend right cancellable at the sole discretion of Aberdeen.

As a result of the Aberdeen's acquisition of Scottish Widows Investment Partnership in 2014, Aberdeen entered into a long-term strategic relationship with Lloyds Banking Group plc ("Lloyds"). This strategic relationship operates across Lloyds' Wealth, Insurance, Commercial Banking and Retail businesses. On February 15, 2018, Standard Life Aberdeen plc ("SLA") announced that Lloyds and Scottish Widows have informed SLA that they intend to review their long term asset management arrangements including those services that are currently undertaken by certain legacy ASI entities. Lloyds and Scottish Widows have sent notices to SLA seeking to terminate the investment management arrangements to enable the review to take place. The investment arrangements Lloyds and Scottish Widows seek to terminate include services currently undertaken by certain ASI entities under arrangements agreed by Aberdeen with Lloyds at the time of Aberdeen's acquisition of SWIP in 2014. At the time of the Merger, it was agreed any termination of these arrangements is subject to a 12 month notice period, from the time that notice is validly served, before such termination takes effect.

On February 23, 2018, Standard Life Aberdeen plc announced a proposed sale of the heritage Standard Life insurance business to Phoenix Group Holdings (Phoenix Group") and an expansion of the long-term strategic partnership between the two firms, historically entered into by Standard Life. Under the terms of the agreement, Standard Life Aberdeen and Phoenix Group have agreed to significantly enhance and expand their existing long-term strategic partnership whereby Standard Life Aberdeen continues as Phoenix Group's long-term asset management partner for the business acquired by Phoenix Group and the existing arrangements between the parties under which Aberdeen Standard Investments manages £48 billion of assets for Phoenix Group have been extended. The Phoenix Group life companies have committed to review the investment management mandates not currently managed by Aberdeen Standard Investments, subject to normal commercial and governance constraints. On completion Standard Life Aberdeen will receive total consideration of £3.24bn, comprising cash consideration of £2.28bn and a shareholding of 19.99% in Phoenix Group.

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

### Code of Ethics and Personal Trading

From time to time, ASI or our directors, officers, employees or affiliates may, directly or indirectly, have interests in securities owned by or recommended to our clients. These situations may represent a potential conflict of interest, so we have adopted a Code of Ethics (the “Code”), in accordance with Rule 204A-1 of the Adviser’s Act, to govern personal transactions by our directors, officers, and employees (“Access Persons”) in order to ensure that their interests do not conflict with the interests of our clients.

The Code mitigates potential conflicts of interest by requiring, among other things, pre-clearance of transactions in Reportable Securities (as defined in the Code) placed in reportable accounts. The Code restricts the purchase and sale by Access Persons for their own accounts of Reportable Securities, which have been purchased or sold for funds or clients within specified time limits. Except under certain limited circumstances, Access Persons may not engage in a personal transaction in a Reportable Security for which an order for a fund or client is pending or within seven (7) calendar days before or after execution of a client order. Provided that there are no open orders for Clients in these securities, this blackout period does not apply to non-investment staff investing in: 1) the treasury securities issued by G8 countries (Canada, France, Germany, Italy, Japan, Russia, United Kingdom and United States) as well as Brazil; 2) large cap securities listed on a number of global indices, including the S&P 500 Index and FTSE 100 Index;; and 3) government-guaranteed bonds available only to individual investors.

Access Persons are subject to reporting obligations, including completing quarterly transaction and annual holdings reports. Access Persons are required to direct their brokers to send copies of all brokerage confirmations and statements to their local Compliance Department. Alternatively, Access Persons can have the information sent by the broker via electronic feed, if available. Our procedures recognize that some Access Persons either reside in countries or maintain brokers where such statements are not regularly issued or available, and therefore these individuals are exempt from providing quarterly statements within a specific time period. In such circumstances, brokerage statements or their equivalent holdings reports must be provided as available. Employees must fully acknowledge the terms of ASI’s compliance manual, which include the Code, on an annual basis. Any employee who violates the Code may be subject to verbal or written warnings and censures, monetary sanctions, disgorgement, suspensions or dismissal, among other punitive actions.

Additionally, the Code includes provisions for employees relating to the confidentiality of client information, a prohibition on insider trading, a rumors policy, dollar restrictions on the value of accepted gifts and entertainment, and requires that certain outside business activities are approved in advance.

Clients or prospective clients may request a free copy of the Code by contacting ASI at (215) 405-5700.

### Our Approach to Potential Conflicts of Interest

Various parts of our brochure discuss potential conflicts of interest that arise from our asset management business model. We disclose these conflicts due to the fiduciary relationship we have with our clients. Where potential conflicts of interest arise from our fiduciary activities, we take steps to mitigate, or at least disclose, them. Conflicts arising from fiduciary activities that we cannot avoid are mitigated through written policies and procedures. Potential conflicts may arise from new products or services, operational changes, new reporting lines and market developments.

### Gifts and Entertainment

We have policies and procedures in place, including the Code, which prohibit employees from accepting gifts, entertainment and other things of material value that may create a conflict of interest or give the appearance of a conflict of interest. Additionally, our employees may not offer gifts, entertainment or other things of material value that could be viewed as attempting to unduly influence the decision-making of any client or other business partner. In general, our policies dictate that giving and receiving gifts or participating in entertainment cannot occur if the value and/or the frequency of the gift or entertainment are deemed excessive or extravagant. The policies impose specific dollar restrictions and require compliance approval of

gifts and entertainment. Additional restrictions regarding gifts apply to our employees who are registered representatives of our affiliated broker-dealer.

#### Participation or Interest in Client Transactions

Potential conflicts of interest may exist if an investment adviser or one of its related persons buys or sells for client accounts, securities in which the adviser or a related person has a material financial interest. We may recommend to clients that they buy or sell shares of an investment company or other investment product in which we have some financial interest by serving as adviser or sub-adviser to a fund or other product. Some of the investment companies, including private funds, are subject to a performance-based incentive fee. Employees providing advice to these funds may also hold interests in such performance-based funds and may also provide investment advisory services with respect to similarly managed accounts that are not subject to performance fees.

We may manage private funds and sub-advised investment companies similarly in that we may buy or sell the same securities for both the private funds and sub-advised funds. These transactions must be consistent with our trade allocation procedures so that no fund is favored over any other fund. In addition, and only in accordance with our policies and procedures, employees are permitted to invest in securities (including those recommended to clients) for their own accounts.

Our officers or directors may sit on the boards, and board committees, of publicly traded clients. In addition, employees may buy or sell securities for a client where we may have a material interest in a security or issuer of a security. A material interest could include owning a security, office, directorship, significant contract, interest or relationship which is likely to affect the person's judgment. In these cases, ASI or our employees could benefit from the success of a client's investments because of our interest in the security or issuer of the security. We maintain procedures to mitigate these potential conflicts.

#### Adviser for Multiple Accounts

We serve as investment adviser or sub-adviser to client accounts, including registered investment companies. Consistent with our fiduciary obligations, we may give advice with respect to funds or accounts we manage that may differ from action taken by our firm on behalf of other funds or accounts. We are not obligated to recommend, buy or sell—or to refrain from recommending, buying or selling—any security that any of ASI, our affiliates, or our Access Persons, may buy or sell for their own accounts or for the accounts of any other client. Any company associated with ASI that wishes to purchase or sell securities of the types purchased for clients may do so only in a manner consistent with our fiduciary obligations. We are not obligated to refrain from investing in securities held by funds or accounts it manages, except if the investments violate the Code.

#### Insider Trading Policy and Use of Expert Networks

We have adopted an insider trading policy in accordance with Section 204A of the Advisers Act, which establishes procedures to prevent the misuse of material non-public information by ASI, our officers, directors and employees. Any officer, director or employee who fails to observe the insider trading policy risks serious sanctions, including dismissal and personal liability.

From time to time, employees of ASI may obtain, either voluntarily or involuntarily, material non-public information that is not available to other investors or other confidential information which, if disclosed, would likely affect an investor's decision to buy, sell or hold a security. Such information may be provided from various possible sources including upon execution of a non-disclosure agreement, as a result of serving on the board of directors of a portfolio company or serving on ad hoc or official creditors' committees. Under applicable law, employees are generally prohibited from disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether that person is an ASI client.

Accordingly, should an employee receive, either voluntarily or involuntarily, material non-public information with respect to an issuer, it may be prohibited from communicating such information to, or using such information for the benefit of, clients, which could limit the ability of clients to buy, sell or hold investments and can also result in an underlying security or investment being priced inconsistently across clients. Even if ASI or our affiliates request material non-public information, ASI shall have no obligation or responsibility to disclose such information to, or use such information for the benefit of, any person (including clients), even if failure to do so would be detrimental to the interests of such person. In this

connection, ASI has adopted an insider trading policy, which establishes procedures reasonably designed to prevent the misuse of material non-public information by ASI and our personnel. Under the insider trading policy, ASI employees are not permitted to use material non-public information obtained by any department or affiliate of ASI in the course of its business activities or otherwise, in effecting purchases and sales in securities transactions for our clients or for their personal accounts. Consequently, we may not be able to engage in investment activity that they would otherwise take were they not in receipt of such information, even if a failure to act on such information may ultimately be detrimental to our clients. In addition, use of such information would also be prohibited by the policies referenced herein.

ASI may utilize expert network services to obtain market, sector, company or other information. There may be an inherent conflict of interest in such arrangements as the experts are financially incented to provide information to justify their position within the network. ASI has policies and procedures in place to deal with such conflicts as well as risk of receiving inside information via the use of expert network services.

#### Charitable Contributions

From time to time, clients or certain financial intermediaries may approach ASI to request that we make contributions to certain charitable organizations. Because our contribution may result in the financial intermediary or our employees or representatives recommending us or our affiliated investment advisers' products to their underlying clients, the solicitation or contribution raises potential conflicts of interest. Consequently, we maintain procedures for the review of the dollar amount and frequency for these types of charitable contributions.

#### Political Contributions

None of ASI's funds or assets may be contributed to any U.S. political candidate or political party. This ban includes contributions to U.S. political action committees ("PACs").

Financial contributions and non-financial contributions, such as gifts, subscriptions, or anything of value, (together "Contributions") made to certain U.S. political campaigns may raise potential conflicts of interest because of the ability of certain office holders to direct business to ASI.

Employees are therefore prohibited from making Contributions to any person running for or holding a U.S. city, county, state or other municipality-related position. This prohibition includes Contributions to U.S. city, county, state or other municipality-related PACs. Employees are permitted to make contributions to persons holding or campaigning for a federal position as long as such person does not also hold a city, county or state position. However, employees may not allow present or anticipated business relationships of ASI to be a factor and must seek approval from ASI's Compliance Department before soliciting such Contributions. Additionally, Contributions to federal PACs are permissible. In both cases, approval from ASI's Compliance Department must be received before making a Contribution. Employees are prohibited from doing indirectly what they cannot do directly and, as such, cannot funnel payments through third parties, including, for example, consultants, attorneys and/or family members, as a means to circumvent ASI's Political Contributions Policy. The solicitation and coordination restrictions relate only to fundraising activities and would not prevent ASI's employees from expressing support for candidates in other ways, such as volunteering their time.

Any federal political Contributions made or solicited by employees should be viewed as personal. Therefore, employees should never represent themselves as employees of ASI when participating in these activities (e.g., the use of ASI's letterhead for correspondence regarding these contributions is prohibited). Under Rule 206(4)-5 of the Advisers Act, the Advisers will ensure that any third party solicitor used to solicit government clients are a "Regulated Person" as defined by the Rule.

#### Directorships and Outside Business Activities

Access Persons are permitted to serve on the boards of directors of non-profit organizations such as educational institutions, charitable foundations or other civic organizations. Access Persons are not permitted to serve on the board of directors of any publicly traded company without prior authorization. Authorization is generally based upon a determination that the board service would be consistent with the interests of the firm and the clients under their management.

In general, all Access Persons' Outside Business Activities are tracked and reviewed by ASI's Compliance Department to ensure they do not conflict with the duty that we owe to clients.

#### Material Non-Public Information

Our investment personnel, in the course of research or other related activities, may from time to time acquire confidential or material non-public information that may prevent ASI from purchasing or selling particular securities for certain clients. Consequently, certain clients could realize a positive or negative impact to overall performance. We maintain policies and procedures for handling material non-public information.

#### Initial Account Funding

We may purchase and sell securities for accounts funded with our own assets, which also is known as "seed capital." These accounts are intended to establish a performance history for a new or potential product or service. We may earn a profit on our seed capital investments.



## Item 12 – Brokerage Practices

### Broker-Dealer Selection and Best Execution

We have established policies and procedures designed to assess and monitor the broker-dealers selected to execute client transactions. We do not adhere to a rigid formula in making the selection of a broker-dealer for portfolio transactions, but rather weigh a combination of certain factors. When selecting a broker-dealer for client transactions, we look at price, transaction costs, reasonableness of commissions, speed, efficiency, knowledge of particular securities, likelihood of execution and settlement, size and type of transaction, settlement capabilities, reputation, nature and any other consideration relevant to the best execution of that order. In selecting broker-dealers and in effecting portfolio transactions we seek to obtain best execution. Steps associated with seeking best execution are: (1) determining each client's trading requirements; (2) selecting appropriate trading methods, venues, and agents to execute the trades under the circumstances; (3) evaluating market liquidity of each security and taking appropriate steps to avoid excessive market impact; (4) maintaining client confidentiality and proprietary information inherent in the decision to trade; and (5) reviewing the results on a periodic basis. We review the above criteria on an ongoing basis. We do not consider the sales of shares of investment companies it advises as a factor in the selection of broker-dealers to execute portfolio transactions for a fund.

When selecting or recommending for client transactions, a broker or service provider, we will consider, among other things, the following:

- Professional reputation;
- Ability to provide clear, impartial and expert advice;
- Understanding of and presence in the relevant market; and
- Potential for or actual conflicts of interest.

If a client requires preauthorization of trades, such trades may not be commingled or "batched" for purposes of execution with orders for the same securities for other accounts we manage. Therefore, such trades may be executed subsequent to the trades executed for other accounts we manage and at different prices and commission rates which may be better or worse than the rates received for batched trades.

We may use Electronic Communications Networks ("ECN") or Alternative Trading Systems ("ATS") to execute when, in our judgment, the use of an ECN or ATS may result in equal or more favorable overall executions for the transactions.

With regards to our Private Equity Funds, we do not arrange trades with any broker or dealer. The advice and investment activity conducted with regards to private equity funds generally relates to privately offered securities in partnerships or similar relevant structures. We may invest in private equity funds which are marketed to ASI by placement agents; either the fund or the third-party manager bears the associated placement agent fees.

Timing delays or other operational factors associated with the implementation of trades may result in non-discretionary clients receiving materially different prices relative to other client accounts. This may create performance dispersions within accounts with the same or similar investment mandate.

### Commission Rates

We seek to minimize the expenses incurred for effecting portfolio transactions to the extent consistent with the interests and policies of our clients. However, we will not select broker-dealers solely on the basis of "posted" commission rates. We will not always seek in advance competitive bidding for the most favorable commission rate applicable to any particular portfolio transaction. Although we generally seek competitive commission rates, we will not necessarily pay the lowest commission. Transactions may involve specialized services on the part of the broker-dealer involved, resulting in higher commissions.

The reasonableness of commissions is based on the broker-dealer's ability to provide professional services, best execution.

In appointing a broker or service provider for client transactions, we will consider the proposed level of fee given, among other things:

- The scope of activities to be undertaken in relation to the client transaction;
- Local market rates for the activities to be undertaken in relation to the client transaction; and
- The ability to deliver the transaction in a timely fashion and in the best interest of the client.

#### Research

On September 12, 2017, ASI announced a change to the payment for research model, such that ASI will absorb all research costs directly (i.e., pays for research from its profits and losses) to coincide with the new MiFID II legislation which went into effect on January 3, 2018. As a result, ASI has been “execution only” since the start of 2017, paying for research out of its assets and paying down some residual CSA balances throughout 2017.

#### Brokerage for Client Referrals

We may use solicitation agreements. We do not consider, in selecting or recommending broker-dealers, whether we or an affiliate have a relationship with a broker-dealer or third party, or whether we or an affiliate receive client referrals from a broker-dealer or third party. A client may direct us to use the services of a particular broker-dealer in executing transactions for that client’s account. In some cases, the directed broker may have recommended our firm as a manager for that account. As stated previously, it is possible that such an account may suffer adverse effects from this direction, depending on market conditions.

#### Directed Brokerage

We do not routinely recommend, request or require that any client execute transactions through any specific broker or service provider. However, we occasionally receive requests from clients to direct a portion or all of the commissions earned on their account through a specific broker-dealer in order to generate a benefit for the client under such terms and arrangements as the client may negotiate with the particular broker or dealer. Where a client has directed the use of a particular broker-dealer, we may not be in a position to freely negotiate commission rates or spreads, to obtain volume discounts, or to select broker-dealers on the basis of best execution. In situations where the client has directed us to direct trades to a select broker, the client must forfeit best execution and should understand that we will enter into such arrangements on a “best efforts” basis. If a client directs us to use a particular broker-dealer for a transaction, it will not be commingled or “batched” for purposes of execution with orders for the same securities for other accounts we manage. Client-directed transactions may result in higher commissions, greater spreads, or less favorable net prices than might be the case if we were empowered to freely negotiate commission rates or spreads, or to select broker-dealers on the basis of best execution. It is ASI’s policy to accept these requests only under certain circumstances.

With regard to the funds of private equity funds in which clients invest, securities are generally purchased directly from the issuer or general partner, without the assistance of a broker-dealer and without the payment of a brokerage commission. With regard to securities distributed from the underlying funds in which Aberdeen Capital clients invest, Aberdeen Capital has discretion to select a broker-dealer to effect securities transactions. In selecting broker-dealers to effect securities transactions, Aberdeen Capital seeks to obtain best execution by considering factors including, but not limited to, execution quality, price, the level of service offered, reliability, experience in liquidating distributions from private equity funds and other such factors as Aberdeen Capital deems relevant and beneficial to the applicable clients. Broker-dealers utilized by Aberdeen Capital are reviewed on an ongoing basis.

We may have certain accounts that were referred to us through the recommendation of third parties, including consultants that may also be broker-dealers, or may have certain pre-existing financial arrangements or relationships with a particular broker-dealer. Clients obtained from these third parties may instruct us to direct some or all of their brokerage transactions to the third party’s broker-dealers, or we may otherwise allocate brokerage to these or related broker-dealers. As stated previously, in situations where the client has directed us to direct trades to a particular broker, the client must forfeit best execution and should understand that we will only enter into such arrangements on a “best efforts” basis. We may also buy from such third parties certain services or products used in our investment advisory business (such as software or research publications) or pay registration or other fees toward or otherwise assist in sponsoring such third

parties' industry forums, seminars or conferences. We do not use client commissions to pay for these services

#### Trade Errors and Corrections

In the event that we cause a trade error, our policy states that we ensure that the error is resolved in the best interests of the client. This means that trades are adjusted as needed in order to put the client account in such a position as if the error had never occurred. We review all trade errors to ensure they are resolved timely and accurately and that they do not indicate a recurrent pattern. In correcting trade errors, we or the party responsible for the error will bear the cost of correcting the error. Trade errors resulting in losses to client accounts will be reversed and the account compensated accordingly. To the extent a trade error in a client account results in a gain, we allow the client to keep the benefit, unless the gain offsets a loss in connection with a single transaction or occurrence or a series of related transactions, in which case any such gains and losses are netted unless prohibited by applicable regulation or a specific agreement with the client. In general, compensation is expected to be limited to direct monetary losses and will not include any amounts that ASI Inc. deems to be speculative or uncertain, nor will it cover investment losses not caused by the error.

Sub-advisers are responsible for their own execution of trades, and are therefore not covered under ASI's Trade Error Policy. Sub-advisers are, however, expected to have sufficient policies and procedures with regards to trade error management that are in line with ASI's policy. ASI will, when appropriate, review sub-adviser trade error policies and procedures and periodically review with the sub-advisers whether any trade errors were resolved in conformity with policies and procedures disclosed to the Adviser.

#### Cross-Trades

We may cross-trade between and among certain client accounts in accordance with our written cross-trading procedures. We will only consider engaging in cross-transactions to the extent permitted by applicable law and will, to the extent required by law, obtain the necessary client consents. Clients may revoke their consent for agency cross-transactions at any time.

For fund of fund products, we may arrange for a transaction between two or more of the Funds, in which one Fund buys an interest in an underlying fund or other investment from, or sells such investment to, another Fund managed by ASI. Each of these cross transaction is affected at "fair value," which is generally the Net Asset Value of the underlying fund. ASI receives no compensation (other than its management fee and incentive fee), directly or indirectly, for effecting a particular cross transaction. Although ASI will receive no compensation for cross transactions, underlying funds may assess customary transfer fees or commissions in connection with any such cross transaction. Cross transactions may inure to the benefit of the selling and buying Funds. Avoidance of redemption fees, taking on aged positions with the avoidance of soft and hard lock-ups, and the preservation of high water marks, are examples of other value added benefits that can inure to the benefit of the buying or selling Funds when applicable.

When a potential cross transaction involves a Fund or account that has a significant beneficial ownership by ASI or its affiliates and control persons, it will be considered whether this transaction should be treated as a principal transaction under ASI's procedures (and separate criteria would apply), rather than as a cross transaction. Under ASI's procedures, cross transactions are not permitted from or to any Fund or other account deemed to comprise "plan assets" pursuant to regulations under the Employee Retirement Income Security Act of 1974, or to or from a Registered Fund, without consideration of additional regulatory restrictions or approvals that are required by applicable law.

#### Foreign Exchange ("FX") Transactions

We may execute currency transactions on an active basis through our currency trading desk, except where market restrictions in some emerging currencies exist and execution for trade settlement is arranged by the custodian directly. In addition, certain of our asset management clients may direct their currency trades to their custodian banks for execution via standing instructions, and in such cases as well as in the case of restricted emerging currencies, we may not know the precise execution time of the FX trade and cannot influence the exchange rates applied to these trades.

#### Aggregation and Allocation

We may, to the extent appropriate, permissible and/or feasible, aggregate multiple client orders for the purchase or sale of the same security to achieve best execution. In the instance that the same security is bought or sold for a number of clients at approximately the same time, orders may also be aggregated. Due to the possibility of a price variation among executed transactions throughout the trading period, an “averaging” procedure is utilized, when possible. This procedure allocates securities to those clients participating in the order on a pro-rata basis (subject to rounding) at the average execution price of the purchases and sales attributable to a given block, unless otherwise directed by the client or deemed inappropriate for best execution. If pro-rata allocations are deemed inappropriate, we may implement either rotational or random allocations, provided the result is fair access over time to trading opportunities for all eligible accounts.

In the instance that an order is not completed on the same trading day, the partial fill will be allocated pro-rata among participating clients, unless otherwise directed or deemed inappropriate for best execution. Any unexecuted orders will continue until either the block order is complete or all component orders have been cancelled. If remaining positions are too small to satisfy the minimum order amount, we may decide to allocate the remaining shares to those accounts which did meet the minimum. We may also decide to allocate remaining shares to those accounts for which orders would be completed as a result of the allocation.

We seek to allocate opportunities to all clients in a consistent, fair manner. In accordance with our written policies and procedures, we may take special considerations when deciding on allocations, provided they are deemed fair and equitable to all clients. These special considerations may include—but are not limited to—cash flow changes; specialized investment objectives or restrictions of a particular client; specific bond trades; directed brokerage; limit orders; market restrictions; lot size; open bulk orders (market-to-market); new portfolio fundings; fungibility of certain security types; or new issuance allocations (debt or equity). Allocations may also take into consideration factors such as the particular market restrictions, size, nature, identity, or number of positions in a client’s portfolio, concentration and size of holdings, industry and sector exposure, purchase cost and cash availability, ability to obtain meaningful position sizes, liquidity, investment imbalances, prior participation in similar opportunities, limitations on the availability of an investment, special needs, trading considerations, whether the allocation would result in an account receiving an amount lower than the typical transaction size or an “odd lot”; and other factors. In addition, ASI may exclude certain accounts from an allocation if the size of the allocation would not satisfy certain minimum size thresholds established by ASI, a client, or by the issuer itself for operational reasons.

We engage in real estate asset and investment management activities for a limited number of institutional and market counterparty clients; this creates the potential for a conflict of interest when allocating deals between clients. In order to manage any such conflict, we operate a deal introduction and allocation procedure which is intended to fulfill a number of criteria:

- Providing a practical, consistent and efficient method of deal introduction and deals allocation;
- Ensuring consistent fair and equal treatment of clients in deal introduction and deals allocation;
- Ensuring compliance generally and with any specific requirement in Asset Management or Investment Management Agreements in connection with deal introduction and deals allocation; and
- Providing a transparent and auditable control for deal introduction and deals allocation.

Representing several investors typically works to the benefit of all, as target fund terms can be negotiated more forcefully. Conflicts between different mandates could arise if there were a limited number of units available in a specific fund and where different clients have the similar investing preferences at the same time. If this scenario arises, we would run a fully transparent process where we would inform the clients about the situation. We would then offer to split the available units between the different parties, on a pro rata (to their individual applications) basis.

We may make co-investments along with clients in property funds or direct property. When undertaking investment management activities for clients, the duty owed to that client shall prevail over any owed to ASI, to its managers, employees or any other person directly or indirectly linked to ASI by control or to any other third party, including any other client.

Although ASI does not often trade in public securities for the Private Equity Funds, in certain circumstances ASI will, to the extent possible, generally place a combined order for two or more Private Equity Funds

and/or separate account clients engaged in the purchase or sale of the same security if, in its good faith determination, joint execution would be consistent with its duty to seek best execution, consistent with the terms of the participating Private Equity Funds' Governing Documents and participating separate account clients' investment advisory agreements, and otherwise in the best interest of the participating clients.

Inevitably, not all clients, including clients with similar investment strategies, can participate in every investment opportunity, and clients who do participate in an investment cannot always participate to the same degree. ASI may determine that a limited supply of a particular opportunity or investment or other factors noted above may preclude the participation of some clients in a particular investment opportunity or trade. Similarly, when ASI determines to exit a position for some clients, other clients may not always participate, may not participate at the same time, or may not participate to an equal degree.

Where transactions for an account are not aggregated with other orders, including directed brokerage accounts, or not netted against orders for the account or other accounts, the account may not benefit from a better price, lower commission rate, or lower transaction cost. Aggregation and netting of trades may disproportionately benefit some accounts relative to other accounts due to the relative amount of savings obtained.

We apply the same general principles equally to decisions on which underlying funds or managers would be suitable to be recommended for non-discretionary advisory clients as for making decisions to invest for discretionary clients. However, since ASI does not have discretion over allocation decisions in non-discretionary accounts, it is likely that the actual allocations will differ as between discretionary and non-discretionary accounts. In addition, there may be situations where we provide non-discretionary advice concerning an underlying fund or manager where there is no discretionary account for which the underlying fund or manager is suitable (or where there is no cash available in the discretionary account to make an investment) or vice versa. There may also be situations where ASI advises a non-discretionary client not to invest in an underlying fund or manager, but in which ASI does make an investment for its discretionary accounts. Finally, there may be situations where an advisory client sources an underlying fund or manager and asks for ASI's advice, and even if ASI provides a favorable opinion on that underlying fund or manager, ASI may not invest in an underlying fund or manager for a variety of reasons. The results of any of these scenarios could, and it should be expected will, reasonably result in a divergence in performance between and among the various accounts over which ASI acts with discretion and for which ASI provides non-discretionary advice.

In order to avoid conflicts arising from limited capacity available for investment in or with an underlying fund or manager that is identified as suitable for investment by both an advisory client and by ASI for its discretionary accounts, ASI will apply procedures that are designed to create a fair result under the circumstances.

## **Item 13 – Review of Accounts**

### Account Review Process

We strive to ensure compliance with a client's investment guidelines consistent with our fiduciary responsibility to manage an account in the best interest of our clients, and we aim to complete reviews on an ongoing and continuous basis. An account may be reviewed immediately to the extent that information concerning economic or market conditions, individual companies or industries could affect the account. Reviews of accounts also occur when investment strategies and objectives are changed by a client. Our relationship managers work closely with the fund management teams to ensure that each client's guidelines are implemented, where applicable. Depending on the asset class and account type, we employ a various methods of pre- and/or post-trade controls and monitoring techniques through automated or manual procedures to ensure that portfolios are managed in accordance with client-specific guidelines or restrictions as well as applicable regulatory requirements and internal policies. Periodic reviews may also be undertaken to ensure compliance with client investment guidelines. We have policies and procedures in place to address any investment guideline breaches.

### Reports to Clients

We provide each client with written monthly or quarterly market and investment reports, which include cash balance, transaction records, position reports and account valuation. Additional reports may be provided upon a client's request.

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

ASI may effect transactions with broker-dealers that furnish non-research services which we believe will be beneficial.

Our advisory services are marketed both directly by the firm and through referrals by clients and consultants. We will make cash payments to third-party solicitors for client referrals. Each solicitor must enter into a written agreement with our firm and provide each prospective client with a copy of our Form ADV Part 2 and a disclosure of the terms of the solicitation arrangement, which includes the nature of the relationship. Where applicable, cash payments for client solicitations will be structured to comply fully with the requirements of Rule 206(4)-3 under the Advisers Act.

Via the acquisition of Arden Asset Management LLC on December 31, 2015, ASI Inc. inherited solicitation agreements that apply only to the legacy Arden family of funds. The funds referenced in the solicitation agreements are not actively marketed to new investors. However, ASI Inc. continues to pay solicitation fees with respect to current investors in the funds.

The AMMI team utilizes unaffiliated placement agents to solicit clients. The compensation paid these placement agents is deducted from the management fee we collect from our limited partners in AMMI Funds.

In no event will we compensate a third-party solicitor for a referral if that solicitor serves as a sponsor, decision-maker or fiduciary of any U.S. pension or profit-sharing plan. We may engage and compensate entities to provide prime brokerage and other services (including client account statement preparation) to client accounts.

In addition, other third parties may provide certain shareholder servicing and/or distribution support services in connection with the sale of shares of our mutual funds or other funds that we service. These third parties may do so either directly or through intermediaries (i.e., broker-dealers) and may, in some instances, refer clients into such funds. These third parties (and the intermediaries through whom the funds are available) may receive cash compensation for these services out of our own resources.

In connection with investments made by certain Private Equity Funds, separate account clients, or investment advisory clients, ASI or certain employees of ASI may, from time to time, receive directors' fees, consulting fees, monitoring fees, investment banking fees, transaction fees and/or other remuneration. To mitigate potential conflicts of interest, ASI may offset all or a portion of such benefits against advisory fees payable (i) by the applicable Private Equity Fund to ASI in accordance with such Private Equity Fund's Governing Documents and (ii) to ASI pursuant to agreements entered into with separate account or investment advisory clients. Investors should refer to the Governing Documents of the applicable Private Equity Fund for complete information on the calculation of advisory fees charged to such Fund and applicable fee offsets.

## Item 15 – Custody

We do not act as a custodian for client assets. However, there are some situations where we may be deemed to have custody over client accounts.

We may be deemed to have custody of certain U.S. unregistered pooled funds advised by ASI for which we or an affiliate serve as managing member or general partner. For all U.S. unregistered pooled funds, we will:

- engage a Public Company Accounting Oversight Board (“PCAOB”) accountant to conduct an audit on an annual basis;
- ensure the auditor engagement letter includes representation that the accountant is a member of PCAOB;
- ensure that audited financial statements (prepared in accordance with GAAP) are distributed within 120 days of each fund’s fiscal year-end (or within 180 days for private funds that are funds of funds); and
- undergo an annual surprise examination if it does not distribute the audited financial statements as required.

In the event that a U.S. unregistered pooled fund liquidates, we will:

- engage a PCAOB accountant to conduct a liquidation audit, and
- distribute the audited financials promptly upon completion of the audit.

If investors in the unregistered pooled funds do not receive audited financial statements in a timely manner (as described above), then they should contact ASI immediately.

In addition, we may be deemed to have custody in certain situations in which clients may grant us the authority to debit their custody accounts for advisory fees and capital calls, and clients may also request that we forward client instructions to private placement fund custodians with regard to client subscription and withdrawal requests.

Where a custodian has been appointed, clients typically receive statements from their account custodians at least quarterly and are encouraged to compare statements received from us with statements received from their client account custodians. Clients should carefully review their custodian statements to ensure they reflect the appropriate activity in their account. If there are differences between a client’s custodian statement and an ASI account statement, or if a client has not received their account custodian statement, they are instructed to contact their client service representative.



## **Item 16 – Investment Discretion**

Depending upon the terms of an investment management agreement entered into with each client, we may have discretionary authority to make the following determinations without client consultation or consent prior to effecting each transaction:

- the securities that are to be bought or sold;
- the total amount of the securities to be bought or sold;
- the broker-dealer through whom securities are to be bought or sold; and
- the commission rates at which securities transactions for client accounts are effected.

We exercise discretion in a manner consistent with the stated investment objectives for a particular client account. We may accept advisory accounts with limited discretion or where investments are client-directed pursuant to an investment management agreement. We may also be limited in the type or quantity of securities purchased or held due to certain regulatory or internal compliance restrictions. Client investment guidelines and restrictions must be provided to us in writing. Unless ASI and a client have entered into a non-discretionary arrangement, ASI generally is not required to provide notice to, consult with, or seek the consent of its clients prior to engaging in transactions. Please refer to Item 4 of this Brochure for additional information on clients' ability to tailor investment guidelines.

## Item 17 – Voting Client Securities

Clients have the option to vote their proxies themselves or to authorize ASI to vote proxies on their behalf. We have established policies for voting these proxies in the best interests of our clients. When voting on proxies in active investment portfolios, we generally rely on our own in-house research and analysis. In the instance of a conflict, we may cross-reference our voting decision against a third-party service provider recommendation while still taking the decision ourselves, fully in clients' best interests. For funds managed by a sub-adviser, we may delegate to the sub-adviser the authority to vote proxies; however, the sub-adviser will be required to either follow our policies and procedures or to demonstrate that their policies and procedures are consistent with ours, or otherwise implemented in the best interest of clients. For other portfolios, responsibility for deciding how shares will be voted resides with the relevant portfolio management team. Any portfolio manager with knowledge of a personal conflict of interest (e.g., a family member on a company's management team) shall disclose that conflict and may be required to recuse him/herself from the proxy voting process. In the event there is a material conflict of interest identified by a portfolio manager, decisions on how to vote will be escalated to a corporate governance specialist and/or the regional desk head. The regional desk head is responsible for fully documenting the conflict of interest as well as the portfolio manager's rationale for a vote.

There may be certain circumstances where ASI may take a limited role in voting proxies. We will not vote proxies for client accounts in which the client contract specifies that ASI will not vote. We may abstain from voting a client proxy if the voting is uneconomic or otherwise not in clients' best interests. For companies held only in passively managed portfolios we have established voting templates which automatically applies our voting approach; we have scope to intervene to test that this delivers appropriate results, and will on occasions intrude to apply a vote more fully in clients' best interests. If voting securities are part of a securities lending program, we may be unable to vote while the securities are on loan. However, we have the ability to recall shares on loan or to restrict lending when required, in order to ensure all shares have voted. In addition, certain jurisdictions may impose share-blocking restrictions at various times which may prevent ASI from exercising our voting authority.

We recognize that there may be a potential conflict of interest if we vote on a security in which a portfolio manager owns the holding in a personal account. Similarly, there may be a potential conflict if we vote on securities of publicly traded clients or if we vote on a security that a director of ASI PLC or our mutual funds have an interest. Another conflict may exist if we have a business relationship with (or are actively soliciting business from) either a company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote. In order to avoid any perceived or actual conflict of interests, we have established procedures to escalate decision-making so as to ensure that our voting decisions are based on our clients' best interests and are not the product of a conflict.

Clients may obtain a free copy of ASI's proxy voting policies and procedures and/or proxy voting records for their account by contacting us at (215) 405-5700. ASI's corporate governance guidelines, known as our Stewardship Principles, is the framework we use for investment analysis, shareholder engagement and proxy voting across companies worldwide. They are published on our website at: <http://www.aberdeen-asset.com/doc.nsf/Lit/CorporateGovernanceGroupPrinciples>

Clients that have not granted ASI voting authority over securities held in their accounts will receive their proxies in accordance with the arrangements they have made with their service providers.

## **Item 18 – Financial Information**

Registered investment advisers are required to provide you with certain financial information or disclosures about ASI's financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients. In addition, we have not been the subject of a bankruptcy proceeding.

## APPENDIX A - Fee Schedules

The following are our standard segregated and/or commingled account fee schedules. However, fees and other compensation are negotiated in certain circumstances, and arrangements with any particular client may vary.

Strategy	Minimum Account Size	Fee Schedule
Asset Manager Minority Investments	Negotiable	<p>Management fee of 2% on commitments during investment period, 1.5% on invested thereafter;</p> <p>20% carry, subject to 8% preferred return, with full catch-up</p>
Private Markets	Negotiable	<p>Segregated:  &lt;\$100m: 0.55% + 5% performance (over hurdle)  \$100-300m: 0.50% + 5% performance (over hurdle)  \$300m+: 0.40% + 5% performance (over hurdle)</p> <p>Commingled:  &lt;\$100m: 0.75% on commitments + 10% performance (over hurdle),  100m+: 0.75% on commitments + 5% performance (over hurdle)  \$300m+: 0.75% on commitments + 5% performances (over hurdle)</p> <p>Private Credit commingled:  1.5% on deployed capital</p> <p>Advisory:  &gt;\$300K or 0.25% of notional account value</p>
Infrastructure	negotiable	<p>Greenfield:  &lt;\$100m: 1.20% *  \$100-300m: 1% *  \$300m+: 0.85% **</p> <p>Brownfield:  &lt;\$300m: 0.50% **  \$300m+: 0.45% **</p>

Strategy	Minimum Account Size	Fee Schedule
Real Assets - Indirect	Segregated – negotiable Commingled- \$200k	<p>Segregated:  &lt;\$100m: 0.50% and 3% performance over CPI + 3% over hurdle,  \$100m - \$300m: 0.45% and 3% performance over CPI + 3% over hurdle  \$300m+: 0.45% and 3% performance over CPI+ 3% over hurdle</p> <p>Commingled: 0.60% and 3% performance over CPI + 3% over hurdle</p> <p>Advisory:  &gt;\$300K or 0.25% of notional account value</p>

\* Department Head has 10% tolerance on rate card fees

\*\*Subject to negotiation with fund manager.