



SANDS CAPITAL

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November 7, 2018

Item 1 – Cover Page

This brochure (“Brochure”) provides information about the qualifications and business practices of Sands Capital Management, LLC (“Sands Capital”). If you have any questions about the contents of this Brochure, please contact us at (703) 562-4000. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Sands Capital is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Sands Capital is also available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Sands Capital is 137610.

Item 2 – Material Changes

This Brochure, dated November 7, 2018, serves as an interim update to our last update on July 10, 2018. The purpose of this update is to include additions to Item 4 clarifying that portfolio companies may be publicly or privately held and that Sands Capital may invest in China A-shares and certain real estate investment trusts. Related risks are discussed in Item 8, and additional custody procedures related to private investments are described in Item 15.

Within 120 days of the close of our fiscal year, we will send you a summary of any material changes to this Brochure. At any time, without charge, we will provide you with a new Brochure as necessary based on changes or new information.

Please contact the Client Service Team or the Compliance Team at 703-562-4000 for a copy of this Brochure.



Item 3 – Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes.....	ii
Item 3 – Table of Contents.....	iii
Item 4 – Advisory Business.....	1
Item 5 – Fees and Compensation.....	6
Item 6 – Performance-Based Fees and Side-By-Side Management	11
Item 7 – Types of Clients.....	14
Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss.....	15
Item 9 – Disciplinary Information	26
Item 10 – Other Financial Industry Activities and Affiliations	27
Item 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading.....	28
Item 12 – Brokerage Practices	32
Item 13 – Review of Accounts.....	42
Item 14 – Client Referrals and Other Compensation.....	42
Item 15 – Custody.....	42
Item 16 – Investment Discretion.....	43
Item 17 – Voting Client Securities.....	44
Item 18 – Financial Information	46

Item 4 – Advisory Business

Sands Capital is an independent, employee-owned investment management firm registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). We are headquartered in Arlington, Virginia, and manage approximately \$41,331.3 million in client assets as of December 31, 2017.

Sands Capital Management, LP (“Sands LP”) owns a majority interest in Sands Capital. Sands Family Trust, LLC, the general partner of Sands LP, holds a nominal interest in Sands Capital and serves as Sands Capital’s manager. Please refer to *Item 10 – Other Financial Industry Activities and Affiliations* for information regarding the ownership structure of Sands LP and Sands Capital’s affiliates.

Since 1992, Sands Capital has provided investment advisory and management services to taxable and tax-exempt clients, primarily on a discretionary basis, and in certain circumstances as described herein, to “Model Accounts” (clients for whom we do not execute trades but for whom we provide changes to model portfolios). Clients include, among other types, individuals (high net worth and other than high net worth), banking or thrift institutions, investment companies and pooled investment vehicles, pension and profit sharing plans, charitable organizations, state and municipal government entities, sovereign wealth funds and foreign official institutions, corporations, non-US pension funds, and superannuation funds.

Investment Philosophy and Strategies

Sands Capital embraces the fundamental investment philosophy that, over time, stock prices reflect the earnings power and growth of the underlying businesses. As such, we attempt to identify and invest in businesses with innovation-driven sustainable growth. The strategies we offer are typified by deep, proprietary, business-focused global research, concentration, and a long-term investment horizon.

We invest for our clients in what, we believe, are the leading growth businesses that meet our six investment criteria:

- Sustainable above-average earnings growth;
- Leadership position in a promising business space;
- Significant competitive advantages or a unique business franchise;
- Clear mission and value-added focus;
- Financial strength; and

- Rational valuation relative to the market and business prospects.

The primary risk we seek to manage is the risk of permanent loss of capital resulting from a negative business or investment outcome. Risk management is integrated throughout our entire research and portfolio construction process. Additionally, the Global Research Team (“Research Team”) is organized into sector-focused research teams. These teams conduct proprietary, bottom-up, fundamental research on businesses of all market capitalizations located around the world. This analysis and research include formulating a “sell case” for each investment. We typically sell when any of the following is identified:

- Significant change in fundamentals;
- Flaw in original investment case;
- Meaningful overvaluation vs. underlying business;
- Funding source for a new opportunity; or
- Risk management decision.

We apply the above criteria to each of the following investment strategies, which have overlapping investments. Please refer to *Item 6 – Performance-Based Fees and Side-By-Side Management* and *Item 12 – Brokerage Practices* for additional information.

Select Growth

The Select Growth strategy is a concentrated portfolio of primarily large- and mid-capitalization growth businesses. The portfolio normally consists of the equity securities of 25 to 30 issuers. Portfolio companies are primarily domiciled in the United States (“U.S.”) but also include the equity securities of issuers in other developed and emerging markets. Eligible securities include equity and equity-related securities, such as American depositary receipts (“ADRs”), or shares of publicly traded real estate investment trusts for U.S. federal income tax purposes (“REITs”). The portfolio’s cash allocation is determined by Sands Capital and is monitored and managed in accordance with client guidelines. The portfolio remains fully invested (*i.e.*, residual cash is generally less than 5%) and is most commonly benchmarked to the Russell 1000 Growth® Index.

Global Growth

The Global Growth strategy is a concentrated portfolio of primarily large- and mid-capitalization growth businesses. The portfolio normally consists of the equity securities of 30 to 50 issuers. Portfolio companies are domiciled in both developed and emerging markets. Eligible securities include equity and equity-related securities, such as ADRs, exchange-traded funds (“ETFs”), global depositary receipts (“GDRs”), China A-shares (whether traded cross-boundary via the Hong Kong Stock Connect or directly via exchanges in mainland China, “China A-shares”), or publicly

traded REIT shares. Low exercise price warrants (“LEPWs”), participation notes (“P-Notes”), or other access products may be used to gain exposure to certain foreign markets where direct investment is not always practical or cost efficient. The portfolio’s cash allocation is determined by Sands Capital and is monitored and managed in accordance with client guidelines. The portfolio remains fully invested (*i.e.*, residual cash is generally less than 5%) and is most commonly benchmarked to the MSCI All Country World Index.

Global Leaders

The Global Leaders strategy is a concentrated portfolio of primarily large- and mid-capitalization growth businesses that the manager believes are leaders in their country, industry, or globally in terms of products, services, or execution. The portfolio normally consists of the equity securities of 30 to 50 issuers that the manager believes are capable of generating sustainable, above-average, and relatively stable rates of earnings per share growth; and strong free cash flows. Portfolio companies are domiciled in both developed and emerging markets. Eligible securities include equity and equity-related securities, such as ADRs, ETFs, GDRs, China A-shares, or publicly traded REIT shares. LEPWs, P-Notes, or other access products may be used to gain exposure to certain foreign markets where direct investment is not always practical or cost efficient. The portfolio’s cash allocation is determined by Sands Capital and is monitored and managed in accordance with client guidelines. The portfolio remains fully invested (*i.e.*, residual cash is generally less than 5%) and is most commonly benchmarked to the MSCI All Country World Index.

Emerging Markets Growth

The Emerging Markets Growth strategy is a concentrated portfolio of primarily large- and mid-capitalization growth businesses. The portfolio normally consists of the equity securities of 30 to 50 issuers. Portfolio companies are domiciled in or have significant exposure (*e.g.*, substantial portion of revenues) to emerging and frontier markets. Eligible securities include equity and equity-related securities, such as ADRs, ETFs, GDRs, China A-shares, or publicly traded REIT shares. LEPWs, P-Notes, or other access products may be used to gain exposure to certain foreign markets where direct investment is not always practical or cost efficient. The portfolio’s cash allocation is determined by Sands Capital and is monitored and managed in accordance with client guidelines. The portfolio remains fully invested (*i.e.*, residual cash is generally less than 5%) and is most commonly benchmarked to the MSCI Emerging Markets Index.

Technology Innovators

The Technology Innovators strategy is a concentrated portfolio of primarily large- and mid-capitalization growth businesses which may be publicly or privately held, with a particular emphasis placed on companies classified in the technology sector. The portfolio normally consists of the equity securities of 20 to 35 issuers. Portfolio companies are domiciled in both developed

and emerging markets. Eligible securities include equity and equity-related securities, such as ADRs, stock or convertible debt issued by private companies, ETFs, GDRs or publicly traded REIT shares. LEPWs, P-Notes, or other access products may be used to gain exposure to certain foreign markets where direct investment is not always practical or cost efficient. The portfolio's cash allocation is determined by Sands Capital and is monitored and managed in accordance with client guidelines. The portfolio remains fully invested (*i.e.*, residual cash is generally less than 5%) and is most commonly benchmarked to the MSCI All Country World Information Technology Index.

Focus Strategies

The Focus strategies are concentrated portfolios of primarily large-capitalization growth businesses. Portfolio guidelines specifying the number of holdings may be customized by clients, and Sands Capital manages portfolios of between five and twenty issuers. The eligible universe is limited to companies selected from our other strategies. Eligible securities include equity and equity-related securities, such as ADRs, ETFs, GDRs or publicly traded REIT shares. LEPWs, P-Notes, or other access products may be used to gain exposure to certain foreign markets where direct investment is not always practical or cost efficient. The portfolio's cash allocation is determined by Sands Capital and is monitored and managed in accordance with client guidelines. The portfolios remain fully invested (*i.e.*, residual cash is generally less than 5%) and are most commonly benchmarked to the MSCI All Country World Index.

Client-Tailored

Sands Capital may also employ client-tailored growth strategies. These strategies are negotiated on a case by case basis. These portfolios are often similar to the firm's primary strategies but are managed with a particular emphasis on fewer holdings and/or on a specific geographic area, industry, or sector. Eligible securities include equity and equity-related securities, such as ADRs, stock or convertible debt issued by private companies, ETFs, GDRs or publicly traded REIT shares. LEPWs, P-Notes, or other access products may be used to gain exposure to certain foreign markets where direct investment is not always practical or cost efficient. The portfolio's cash allocation is determined by Sands Capital and is monitored and managed in accordance with client guidelines. The portfolios remain fully invested (*i.e.*, residual cash is generally less than 5%).

Discretionary Advisory Services

For discretionary clients, Sands Capital constructs and maintains a model portfolio for each investment strategy. Client accounts are invested in the same names and at approximately the same weights as the strategy-specific model portfolio, unless client guidelines prohibit or restrict an investment. Client guidelines or restrictions should be provided to Sands Capital for consideration in writing and in advance as they may limit Sands Capital's ability to act and, as a result, performance may vary from those of other accounts not bound by similar restrictions.

Typically, the differences among client accounts within the same investment strategy would be attributable to individual client guidelines, significant cash flows in and out of a client account, regulatory restrictions, and/or the taxable nature of a client account. From time to time, client accounts within a strategy will hold slightly fewer or slightly more issuers, such as when simultaneously entering a position and exiting another position, during corporate actions, or, depending on our assessment, when acting on available investment opportunities.

Our investment strategies are available through various distribution channels. We provide investment management services to separately managed accounts and to advised and sub-advised pooled vehicles, such as mutual funds, UCITS funds, and private funds. Our clients are primarily institutional investors, intermediaries, and other sophisticated investors with long-term investment objectives. Please see *Item 7 – Types of Clients* for additional information.

Model Account Advisory Services

Sands Capital provides non-discretionary advisory services to a small group of clients (“Model Accounts”). In these arrangements, we provide a model portfolio but do not exercise investment discretion or trade the account. Model Accounts are notified of changes to the relevant model portfolio after discretionary client accounts have traded. As a result, there could be times we are liquidating a security position for our discretionary clients at the same time a Model Account, under the guidance of a model portfolio, is accumulating the same portfolio position. Please refer to *Item 12 – Brokerage Practices* for additional information.

Investment Performance

Sands Capital claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented its performance in compliance with GIPS®. These standards require, in part, that all fee-paying, discretionary managed accounts are included in one or more composites, and that each composite consist of accounts with similar objectives, strategies, and risk tolerances. The standards also set forth methods of calculating and presenting investment performance in a fair and consistent manner. The CFA Institute is not involved with the preparation or review of our performance information.

To receive a complete list and description of our composites and/or performance information, contact the Compliance Team at (703) 562-4000; write to 1000 Wilson Blvd., Suite 3000, Arlington, VA 22209; visit our website at www.sandscapital.com; or email us at complianceteam@sandscap.com.

Conditions for Managing Accounts; Termination of Services

The minimum account size for institutional separate accounts managed according to the Global Growth and Emerging Markets Growth strategies is \$100 million. For all other strategies, the

minimum account size for institutional separate accounts is \$50 million. Minimum account sizes are negotiable.

From time to time, Sands Capital permits clients to contribute or retain unsupervised securities in their account. We do not provide investment advisory services for these securities and these unsupervised securities are not included in the calculation of our advisory fee. However, we have the right to reject management of any security that was not purchased with our advice. Clients can terminate our investment management services by providing written notice to us.

Item 5 – Fees and Compensation

Sands Capital earns investment management fees for separately managed accounts based upon standard fee schedules shown below. We negotiate these fees with clients, and not all clients pay the maximum fee schedules listed. Our standard fee for investment management services varies based on the investment strategy being employed. Fees will vary from our standard fee schedule due to a particular client's circumstances or as otherwise negotiated with the client or its intermediaries. These differences depend on various factors such as the type of client, the client's assets under management, the existence of an intermediary relationship, the amount of servicing required for the client's account, and the inception date of an account, among other things. Our fees are typically billed quarterly, in advance, and are calculated as a percentage of the account's assets under management. In some cases, a performance-based fee is received.

Unless otherwise negotiated, we calculate advisory fees based upon the valuation of the account assets as of the last business day of each calendar quarter, generally without taking into consideration deposits or withdrawals during the quarter, as valued by our portfolio management system. Please see *Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss Private Company Risks, Valuation* for additional risks associated with the valuation of private investments. The valuation on which fees are based may differ from the value reported by a client's custodian. Any unearned, prepaid fees will be returned upon termination of investment management services to a client billed in advance. If a client terminates within five business days after signing a contract, Sands Capital will fully refund all prepaid fees.

Similar client accounts may have different fee schedules based on the historical nature of the accounts or through negotiation with the client. From time to time, and under agreed-upon specific situations, we may waive, reduce, and/or rebate all or a portion of a client's advisory fee on a case-by-case basis for any period of time. Such arrangements may include performance-based fees. Additionally, Sands Capital may, for fee calculation purposes, agree to aggregate the assets of related accounts that are being managed for the same client. In such circumstances, the aggregate account will receive the benefit of a lower effective fee due to the total amount of assets being managed. Any such negotiated fee arrangement may be done at the sole discretion of Sands Capital and may be entered into generally without notice to, or consent from, any other client.

When Sands Capital's personnel or affiliates invest in a private fund or other co-investment vehicle managed by Sands Capital or its affiliates, they generally will not be subject to a management fee or incentive allocation (or may be subject to a reduced fee/allocation), at Sands Capital's or its affiliate's discretion.

Sands Capital works with various financial intermediaries. The fees assessed against the underlying clients will be based on the fee schedule applicable to the relevant intermediary.

If authorized, we will deduct our advisory fee directly from a client's account, but only if such account is held with a "qualified custodian" as defined under the Advisers Act. A statement will be sent to the client or their financial intermediary detailing the portfolio value on which the fee is based, the agreed-upon percentage(s), the calculation of the fee, and the amount due. The accuracy of this information may or may not be verified by the client's custodian. If direct debiting is not selected, the client is either billed directly or an invoice is sent to its custodian or consultant.

Our fee for Model Account advisory services is negotiated on a case-by-case basis. Fees in these cases generally will be lower than our fee for providing full discretionary investment management services.

Sands Capital has entered into agreements with the affiliated SCM Private Funds (as defined below) pursuant to which it provides various investment management and/or other services. Sands Capital receives a management fee for its investment management services performed for the SCM Private Funds (a "Management Fee"), pursuant to an investment advisory agreement, calculated with respect to the net asset value of the capital account of a limited partner. The Management Fee is typically calculated, payable, and debited monthly in arrears as of the first day of each calendar month. For each investor in the SCM Private Funds admitted to such fund after the first business day of the calendar month, the Management Fee is pro-rated based on the admission date of such limited partner.

The Management Fees payable by the SCM Private Funds are generally subject to modification, waiver, or reduction by Sands Capital in its sole discretion, both voluntarily and on a negotiated basis with selected investors via side letter and other arrangements, which may not be disclosed to other investors in the same SCM Private Funds. Notwithstanding the foregoing, affiliates and employees of Sands Capital (including certain estate-planning vehicles thereof) do not pay Management Fees.

Our maximum investment management fee schedules are as follows:

Select Growth

<u>Assets Under Management</u>	<u>Annual Percentage</u>
First \$50 million	0.75%
All over \$50 million	0.50%

Select Growth (Wealth Management)

<u>Assets Under Management</u>	<u>Annual Percentage</u>
First \$10 million	1.00%
Next \$40 million	0.75%
All over \$50 million	0.50%

Global Growth

<u>Assets Under Management</u>	<u>Annual Percentage</u>
First \$50 million	0.85%
Next \$200 million	0.65%
Next \$250 million	0.60%
All over \$500 million	0.55%

Global Leaders

<u>Assets Under Management</u>	<u>Annual Percentage</u>
First \$50 million	0.85%
Next \$200 million	0.65%
All over \$250 million	0.55%

Emerging Markets Growth

<u>Assets Under Management</u>	<u>Annual Percentage</u>
First \$100 million	1.00%
All over \$100 million	0.80%

Technology Innovators

<u>Assets Under Management</u>	<u>Annual Percentage</u>
All	0.50% base fee plus 20% of the annualized excess return versus a benchmark

Focus Strategies

<u>Assets Under Management</u>	<u>Annual Percentage</u>
All	0.50% base fee plus 20% of the annualized excess return versus a benchmark

The investment management fee schedules for client-tailored strategies are negotiated on a case-by-case basis.

Other Fees and Expenses

Our clients are responsible for negotiating cash management directly with their custodians. Cash is usually swept into money market mutual funds or other cash management vehicles. All fees paid to us for investment advisory services are separate and are in addition to the fees and expenses charged by money market funds or other cash management vehicles to their shareholders. Sands Capital may invest in ETFs for its clients when direct equity investment is not feasible. Unless otherwise negotiated, we charge our investment management fee on a client's total account assets, including any assets allocated to ETFs.

In addition to advisory fees and performance-based compensation, depending on their specific arrangements, clients pay other fees and expenses such as, custody fees, administration and sub-administration expenses, mutual and UCITS fund expenses, and financial adviser/consulting fees. Further, brokerage commissions, commission equivalents, markups, markdowns, any other brokerage costs, third party execution costs (if any), transaction fees, and other similar charges that are incurred in connection with transactions placed in a client's account will be paid out of the account's assets and are in addition to the management fee paid to Sands Capital. Please see *Item 12 – Brokerage Practices* for additional information on Sands Capital's brokerage practices.

With respect to the SCM Private Funds, Sands Capital or the applicable general partner will be responsible for, and will pay, or cause to be paid, all overhead expenses (except as described below), which shall include: (i) overhead expenses of an ordinarily recurring nature such as rent, utilities, supplies, secretarial expenses, stationery, charges for furniture, fixtures and equipment, employee benefits including insurance, payroll, and other taxes and compensation (and related costs) of all personnel of Sands Capital and its affiliates; and (ii) the following investment and technology related expenses: (a) third-party and out-of-pocket research and market data expenses (including, without limitation, news, quotation, statistics and pricing services, hardware, software, databases and other technical and telecommunications services, and equipment used generally in the investment management and order management processes of Sands Capital); (b) consulting fees and travel expenses in connection with investigating and monitoring potential and existing investments; (c) fees and expenses (including travel expenses) related to the analysis, purchase or sale of securities, whether or not the investments are consummated; (d) third party and out-of-pocket fees and expenses relating to systems and software used generally in connection with Sands Capital's operations and investment related activities; and (e) third party technology services obtained generally for the benefit of Sands Capital and its clients.

All other expenses of the SCM Private Funds will be borne by the SCM Private Funds, including: (i) legal, accounting, bookkeeping, tax and regulatory compliance, both domestically and internationally, auditing, consulting and other professional expenses, including those of valuation firms, and expenses associated with compliance with securities regulations of the U.S., the Cayman Islands and other jurisdictions applicable to the SCM Private Funds, (including Form PF); (ii)

administration fees and other expenses charged by or relating to the services of third-party providers of administration services, including the administrator of the SCM Private Funds, third party technology services specifically for the benefit of the SCM Private Funds and its investors; (iii) bank service, custodial and similar fees; (iv) expenses related to the purchase, monitoring, sale, settlement, custody, or transfer of SCM Private Funds assets, including brokerage fees and expenses; (v) third party and out-of-pocket fees and expenses relating to systems and software used specifically in connection with the operation of the SCM Private Funds; (vi) fees, costs, and expenses in connection with any advisory or similar board or committee of the SCM Private Funds; (vii) entity-level taxes of the SCM Private Funds; (viii) fees and expenses relating to the offer and sale of interests in the SCM Private Funds (including, without limitation, organizational fees and expenses, as described below), and filing and legal fees; (ix) costs and expenses incurred in connection with the dissolution, winding up, or termination of the SCM Private Funds; (x) costs and expenses incurred in connection with any meeting of the Partners relating to the Fund; (xi) expenses related to the SCM Private Funds' indemnification obligations; (xii) reorganizational expenses; (xiii) registration, annual, and other similar fees payable by the SCM Private Funds; (xiv) such insurance, if any, as the general partners will deem necessary or appropriate for the conduct of the business of the SCM Private Funds; and (xv) such other ordinary or extraordinary expenses associated with the operations of the SCM Private Funds as the general partners may deem necessary or proper to incur. Notwithstanding the foregoing, the general partners may specially allocate the expenses described above in any other manner if a general partner reasonably determines, in its sole discretion, that it is equitable to do so.

To the extent that expenses to be borne by an SCM Private Funds are paid by Sands Capital or its affiliates, the applicable SCM Private Fund will reimburse Sands Capital or its affiliates for such expenses.

Our supervised persons do not receive compensation directly related to the sale of securities or other investment products, however, the sale of our advisory services or interests in the funds we manage is considered in the determination of the compensation of some of our executives and client relations staff. This compensation is payable by Sands Capital and not by our clients or investors.

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

Performance-Based Fees

At times, clients negotiate a performance-based fee and therefore will pay a fee based upon the performance of a client's account versus a benchmark. Sands Capital has a limited number of these arrangements in place. Any performance-based fee arrangements will be consistent with the requirements of applicable law, including the Advisers Act and, if applicable, the Employee Retirement Income Security Act of 1974.

The existence of a performance-based fee arrangement creates an incentive for Sands Capital to make more speculative investments and/or pursue riskier strategies than it would otherwise do in the absence of performance based compensation. Clients with similar performance may pay different fees due to their unique performance-based fee arrangement. This is a conflict of interest as Sands Capital has an incentive to favor those accounts for which Sands Capital receives a performance-based fee. Sands Capital has designed and implemented policies and procedures that seek to ensure that all clients are treated fairly and equally to prevent this conflict from influencing the allocation of investment opportunities among clients. Sands Capital does not consider individual client fee structures when allocating trades or investment opportunities. Please see *Item 12 – Brokerage Practices* for additional information. Additionally, we review performance of similarly managed accounts to identify performance outliers which can indicate favoritism and monitor trading activity and portfolio holdings of accounts to ensure that accounts within each strategy are managed similarly.

Side-By-Side Management

Sands Capital manages different types of accounts under different strategies and varying fee schedules. Mutual funds and institutional accounts tend to follow an asset-based management fee structure. Separately managed accounts generally employ a variety of fee structures including performance-based fees in addition to asset-based management fees.

Sands Capital's portfolio managers make investment decisions for multiple portfolios including the SCM Private Funds, mutual and UCITS funds, institutional accounts, and separately managed accounts. These portfolio management responsibilities create conflicts of interest. We seek to conduct ourselves in a manner we consider to be the most fair and consistent with our fiduciary obligations to our clients. We make investment decisions based on an account's available cash, investment objectives, restrictions, permitted investments, and other relevant considerations.

Management of multiple portfolios can create conflicts of interest. The conflicts of interest that may arise in managing multiple accounts can include conflicts among investment strategies, conflicts in the allocation of investment opportunities, or conflicts due to different fees. A conflict of interest also arises where we have an incentive to favor accounts and/or investment strategies in which our portfolio managers or our employee benefit plans have a substantial interest. Conflicts of interest exist when portfolio managers manage accounts with similar investment objectives and strategies, and such accounts may be managed by one or any combination, of portfolio managers ("similar accounts"). A conflict of interest exists because of the similar, different, or overlapping investment objectives and strategies, whereby the portfolio managers could favor one account over another. Due to their position with such accounts, the portfolio managers' knowledge about the size, timing and possible market impact of an account's trades, could be used to benefit other accounts managed by them. Other conflicts include, for example, conflicts in the allocation of investment opportunities for similar accounts when there are limited

investment opportunities. In such events, investment decisions are made by Sands Capital in its sole discretion, using its best judgment, and taking into account those factors it deems to be relevant. Such factors may include one or more of the following: investment objectives, availability of cash, size of investments, or other restrictions or limitations imposed by law, regulation, or contract with respect to a client's account. Sands Capital has established policies and procedures intended to result in the fair and equitable allocation of investment opportunities among Sands Capital's clients over time. Please refer to *Item 12 – Brokerage Practices* for more information.

Allocation of aggregated trades, particularly trade orders that were only partially completed due to limited availability and allocation of investment opportunities, generally, are conflicts of interest, as we may have an incentive to allocate securities that are expected to increase in value to favored accounts. A conflict of interest also may be perceived to arise if transactions in one account closely follow related transactions in a different account, such as when a purchase increases the value of securities previously purchased by another account or when a sale in one account decreases the sale price received by another account.

Decisions to buy or sell a particular security for each client advised by Sands Capital are made by each strategy's Portfolio Manager or team of Portfolio Managers Team, and as a result, a particular investment may be bought or sold for one client in different amounts, or at different times, than it may be bought or sold for a different client. Similarly, an investment may be purchased for one client at the same time as it may be sold for a different client. A conflict may arise because actions with respect to one client may be adverse to the interests of another client. Conflicts may also arise where clients invested in different strategies or in different parts of an issuer's capital structure, including instances where one or more client (or a client of an affiliate of Sands Capital) owns private securities of an issuer and another client (or a client of an affiliate of Sands Capital) owns public securities of the same issuer. Actions by one client in one part of the capital structure may have an adverse consequence on clients in another part of the capital structure.

We may have a conflict of interest with respect to proprietary investments held in client accounts while the same investment is held in certain accounts related to Sands Capital. Such accounts would include a portfolio managers' personal account, our employee benefit plan, and accounts owned by the Firm. We have adopted a Code of Ethics that governs a number of conflicts of interest we may have when providing our advisory services to clients. Please see *Item 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading* for additional information.

We have established policies and procedures designed to manage the potential conflicts described above. We monitor a variety of areas, including compliance with account guidelines, review of allocations, compliance with our Code of Ethics, and any material discrepancies in the performance of similar accounts. As described under *Item 12 – Brokerage Practices*, we have

policies and procedures designed to achieve fair and equitable allocation of investment opportunities among our clients over time.

Differences develop between the holdings and performance of accounts in the same investment strategy due to a variety of factors, including: differences in account size, account restrictions or limitations, cash flows, tax status, the timing and terms of execution of trades, and individual client needs.

Item 7 – Types of Clients

We provide investment management services to both U.S. and non-U.S. clients who may have taxable or tax-exempt status. These institutional and high net worth clients include, among other types, individuals (high net worth and other than high net worth), banking or thrift institutions, investment companies and pooled investment vehicles, pension and profit sharing plans, charitable organizations, state and municipal government entities, sovereign wealth funds and foreign official institutions, corporations, non-US pension funds and superannuation funds. Relationships with institutional and individual high net worth clients, family offices, and the financial intermediaries who represent these clients, are managed by a dedicated relationship director.

The majority of these arrangements are discretionary; Sands Capital is free to select the investments and trade on the client's behalf without prior consultation with the client. Additionally, we provide non-discretionary advisory services to a limited number of Model Accounts. Please refer to *Item 4 – Advisory Business* for additional information on Model Accounts.

Please refer to “Conditions for Managing Accounts” under *Item 4 – Advisory Business* for information on our minimum account size.

Mutual Funds and Other Pooled Investment Vehicles

We serve as investment adviser to:

- Sands Capital Global Growth Fund, a separate investment series of The Advisors' Inner Circle Fund, a U.S. registered, open-end investment company (mutual fund);
- Sands Capital Funds, PLC, an investment company authorized in Ireland by the Irish Financial Services Regulatory Authority under the Undertakings for Collective Investment in Transferable Securities (“UCITS”); which is the umbrella company for its sub-funds Sands Capital Global Growth Fund, Sands Capital US Select Growth Fund, Sands Capital Emerging Markets Growth Fund, and Sands Capital Global Leaders Fund (“SCM UCITS Funds”); and

- Sands Capital Emerging Markets Growth Master Fund, L.P., a master-feeder structured private investment fund (“SCM Private Funds”). Please refer to *Section 7 – Private Fund Reporting* of Sands Capital’s ADV Part 1 for additional detail.

We also serve as investment sub-adviser to the following mutual funds:

- GuideStone Growth Equity Fund
- Harbor Global Leaders Fund
- Litman Gregory Masters Equity Fund
- MassMutual Select Growth Opportunities Fund
- Old Westbury Large Cap Strategies Fund
- Touchstone Sands Capital Select Growth Fund
- Touchstone Sands Capital Institutional Growth Fund
- Touchstone Sands Capital Emerging Markets Growth Fund

Additionally, Sands Capital serves as investment sub-adviser to various funds organized under the laws of foreign jurisdictions and offered outside of the U.S., and the firm provides investment management services to other private funds and pooled investment vehicles.

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

Investment Strategy

Fundamental, bottom-up, company-focused research is the core of our investment process. All research analyses and conclusions are internally generated using a variety of internal and external information sources. In addition to third-party research, news articles, attendance at investment conferences, expert research networks, annual reports, prospectuses, SEC filings, and company press releases, our investment professionals conduct on-site visits with senior management and investor relations departments of companies in which we invest or regard as potential investments.

New ideas are researched and debated by the Research Team, and the portfolio construction decisions are then undertaken by each strategy’s dedicated Portfolio Manager Decision Team (“PMDT”). The PMDT is a Portfolio Manager or a Portfolio Management Team responsible for each strategy’s investment decisions. Each PMDT determines the portfolio construction of a model portfolio, including the initial weighting, timing, and funding source of all purchases and sales.

Portfolio construction and monitoring at Sands Capital are performed on an on-going basis, employing both qualitative and quantitative methodologies. Using a bottom-up research process and the six investment criteria, new ideas tend to be generated by the sector research teams from an initial universe that includes companies that are generating or are expected to generate above average earnings growth. After considerable research, creation of a formal investment case, and vetting with the sector team, the analyst and sector team will recommend new businesses to a strategy's PMDT. The PMDT will cross-examine the investment case, ask questions about key drivers, assumptions, and risks; and often request follow-up information. The PMDT makes the final decision about owning a business and its weight in the portfolio; as applicable, these decisions are team-based and reached by consensus. Each strategy's country, sector, industry, cash, and other similar allocations are generally a residual of our bottom-up stock selection process. See additional information under *Item 4 – Advisory Business*.

Risks of Investing – All Strategies

Risk of Loss. Investing in securities involves risk of loss that clients should be prepared to bear. There may be loss or depreciation of the value of any investment due to the fluctuation of market values. The selection and execution of any investment strategy is inherently subject to a variety of risks beyond our control, including but, not limited to, risks associated with general economic conditions, the adequacy and timeliness of disclosures by issuers of securities, and market risks.

Equity Securities Risk. Sands Capital's strategies primarily focus on the purchase of equity securities. Most or all of these equity securities are common stocks. Common stocks represent a share of ownership in a company. In the event of liquidation, common stockholders have rights to a company's assets only after bondholders, other debt holders, and preferred stockholders have been satisfied.

The purchase of equity securities is subject to the risk that stock prices may fall for extended periods of time. Historically, the equity markets have moved in cycles, and the value of equity securities may fluctuate drastically over various time periods. For example, individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by a company may suffer a decline in response. These factors contribute to price volatility.

Growth Investment Risk. We pursue a "growth style" of investing, meaning that we invest in equity securities of companies that we believe will increase their earnings at a rate that is generally higher than the rate expected for non-growth companies. If a growth company does not meet this expectation, the price of its stock may decline significantly, even if it has increased earnings. Many growth companies do not pay dividends.

Concentrated Investment Risk. Sands Capital's investment strategies are concentrated and are therefore less diversified and may experience wider fluctuations in value than if they were subject

to broader diversification requirements. For example, certain investment strategies may focus on a small number of issuers, industries, or regions. A decline in the market value of a particular security that may be held in a higher allocation by a particular strategy is likely to affect the strategy's performance more than if the strategy invested in a larger number of issuers that are held in a lower allocation.

Sector Focus Risk. To the extent Sands Capital's strategies are more heavily invested in particular sectors, the value of investments could be sensitive to factors and economic risks that specifically affect those sectors. It is possible that economic, business or political developments or other changes affecting one security in the sector of focus will affect other securities in that sector of focus in the same manner, thereby increasing the risk of such investments.

Large Investor Risk. In certain situations, interests in an investment strategy are held by a large investor and in such an event, there is a risk that such large investors may impact Sands Capital's investment strategy by purchasing or selling interests in large amounts. For example, when Sands Capital eliminates a large account's interest or exits a position held in multiple accounts, the transacted shares may have an impact on the price or liquidity of the shares being sold, because there may be fewer or no willing buyers of those securities and they may have to be sold at a lower price or may not sell at all.

Market Capitalization Risk. Although Sands Capital tends to invest in large companies seen as leaders in their respective business spaces, there is no limitation on the size or operating experience of the companies in which the investment strategies invest. Large-capitalization companies may lag the performance of smaller capitalization companies because large-capitalization companies may experience slower rates of growth and may not respond as quickly to market changes and opportunities. Smaller and mid-capitalization companies may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, small- and mid-sized companies may pose additional risks, including liquidity risk, because they tend to have limited product lines, markets and financial resources, and may depend upon a relatively small management group. Therefore, small- and mid-capitalization stocks may be more volatile than those of larger companies.

Management and Operational Risk. Sands Capital uses internally developed investment techniques and risk analysis to make investment decisions for the various strategies it manages. Consistent with the investment objectives, investments may be made in a broad range of issuers, securities, financial instruments, and transactions. Within these broad parameters, Sands Capital will make investment decisions for investment strategies as it deems appropriate in its sole discretion. The success of each strategy is dependent upon Sands Capital's ability to achieve the investment objective. An investor must rely upon the ability of Sands Capital and Sands Capital's investment professionals to identify and implement investment decisions consistent with applicable investment strategies, investment objectives, and policies. No assurance can be given that a client

will be successful in obtaining suitable investments, or that if such investments are made, the objectives of the investment strategy will be achieved. A risk exists that the investment techniques will fail, thus there is no guarantee that they will produce the results desired by Sands Capital.

Clients have no authority or power to take part in the management of the investment strategies. The investment performance of the investment strategies depends largely on the skill of key personnel and investment professionals of Sands Capital. If key personnel, including key investment or key technical staff, were to leave Sands Capital, we might not be able to find equally desirable replacements in a timely fashion and, as a result, the performance of the investment strategies could be adversely affected. In addition, the investment professionals of Sands Capital who are involved with the investment strategies perform services for other clients of Sands Capital and there is no requirement that these professionals devote any specific amount of their business time to the investment strategies.

Liquidity Risk. A client may invest in assets that Sands Capital may not be able to readily sell or dispose of, including securities whose disposition is restricted by securities laws. A client's ability to sell assets may be adversely affected by various factors, including limited trading volume, lack of a market maker, or legal restrictions. It is also possible that an exchange or governmental authority may suspend or restrict trading on an exchange or in particular securities or other instruments traded on the exchange. It may not always be possible to execute a buy or sell order at the desired price or to liquidate an open position, either due to market conditions on exchanges or due to the operation of daily price fluctuation limits (the maximum permitted fluctuation in the price of a futures or options contract during any trading day, also known as "circuit breakers.")

Currency Risk. Investments are generally subject to the risk that the value of a particular currency will change in relation to one or more other currencies, particularly when an investment is denominated in a currency other than a client's home currency or when a company's revenue or operating expenses are subject to fluctuating exchange rates. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. Officials in foreign countries may, from time to time, take actions with respect to their currencies that could significantly affect the value of a client's assets denominated in those currencies or the liquidity of such investments. For example, a foreign government may unilaterally devalue its currency against other currencies, which would typically have the effect of reducing the U.S. dollar value of investments denominated in that currency. A foreign government may also limit the convertibility or repatriation of its currency or assets denominated in that currency.

Private Company Risks. Certain strategies may, on occasion, invest directly or indirectly in one or more private companies. Investments in private companies give rise to certain risks, including:

- *Liquidity.* An investment in private companies is expected to be illiquid. Due to the illiquid nature of the investments, Sands Capital may be unable to predict with confidence what the exit strategy will ultimately be, or that one will become available. Exit strategies that appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.
- *Valuation.* As there is no actively traded market for securities in such private companies, when estimating fair value, Sands Capital will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. With respect to private companies, the exercise of discretion in valuation by Sands Capital will give rise to conflicts of interest, as the management fees in certain strategies is calculated based, in part, on these valuations and such valuations affect management fees.
- *Operations.* Investments in companies in an expansion stage, even those that are profitable, involve substantial risks. In certain cases, such companies have previously obtained capital in the form of debt or equity to expand rapidly, reorganize operations, acquire a business, or develop new products and markets. By definition, these activities involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing, and general management of these activities.
- *Additional Capital Requirements.* Companies in which Sands Capital invests may require additional financing to satisfy their working capital requirements or strategic initiatives, including acquisition strategies. The availability of capital is generally a function of capital market conditions that are beyond the control of Sands Capital or any such private company. There can be no assurance that private companies in which Sands Capital invests will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.
- *Subordinated Interests.* The capital structure of private companies may change over time, and Sands Capital's interest in a private company may be subordinated to lenders and preferred equity holders.
- *Non-controlling Investments.* Sands Capital is likely to hold non-controlling interests in the companies in which it invests and, therefore will likely have a limited ability to protect its position in such portfolio companies in part due to lack of operational involvement.
- *Availability of Information.* Private companies are not subject to the extensive disclosure obligations required of public companies. As such, information provided to investors in a

private company regarding its performance, risk, and future plans may be more circumscribed than that provided to public company investors. Therefore, Sands Capital may have a more limited set of information on which to base investment decisions regarding private companies.

- *Board Participation.* Employees of Sands Capital, or its affiliate Sands Capital Ventures, may serve as directors, or observers to the board of directors, of private companies in which Sands Capital invests. Holding board positions may enhance Sands Capital's ability to manage investments, but may also have the effect of impairing Sands Capital's ability to sell the related securities when, and upon the terms, it may otherwise desire. Additionally, employees serving as directors may at times come into possession of material non-public information ("MNPI"). Please refer to the "Inside Information" portion of Item 11 below regarding the policies and procedures Sands Capital has established to address the risks associated with receipt of MNPI. If an employee serving as a director is exposed to MNPI with respect to a particular company, Sands Capital may be prohibited for periods of time from purchasing or selling the securities of such company, even if the action were in the best interest of Sands Capital's clients.

Legal, Tax, and Regulatory Risks. Legal, tax and regulatory changes and developments may adversely affect our strategies. New or modified laws, regulations, rules, legislation or similar guidance may be issued by U.S. or foreign regulators, other government authorities or self-regulatory organizations that oversee the financial markets. Such new or modified laws, regulations, rules or similar guidance may have an adverse effect on the investment strategy and the performance of the securities.

REIT Risk. The Internal Revenue Code of 1986 (as amended) (the "Code") requires that an entity adhere to certain requirements in order to qualify as a REIT. The requirements are complex and include, among other things, certain ownership concentration limitations. In its constitutive document, a REIT may also impose more stringent ownership concentration limits than those required by law. Ownership concentration limitations generally apply on a look-through basis up to the level of the beneficial owner, and are evaluated in aggregate across all investment vehicles that an owner may use to acquire an interest in a given REIT. Clients of Sands Capital that do not actively monitor their aggregate REIT holdings may cause a REIT to breach such concentration limitations, which could result in adverse consequences to the client, including forfeiture of excess shares. In the investment guidelines that are agreed to with Sands Capital, a client may request that Sands Capital restrict the client's exposure to REITs. Sands Capital will not monitor REIT investments that its clients may have or may make outside of their investments with Sands Capital. Domestically-controlled REITs impose additional ownership concentration limits for non-U.S. owners, who may be subject to similar adverse consequences if they cause the REIT to fail to qualify as domestically controlled. Changes in the Code or U.S. Treasury Regulations promulgated

thereunder could affect these risks, and investors that invest in publicly traded REITs should consider consulting with their tax advisors to address these risks.

Risk of Fluctuations in the Financial Markets. General fluctuations in the market prices of securities and economic conditions generally, for example the type experienced in 2008, may adversely affect the performance of our investment strategies and increase the risks inherent in the investments. Recent major government actions by the U.S. and other countries involving the use of tariffs and protective trade policies could cause increased market instability. There can be no assurance that the market will, in the future, become more stable than it is at present and it may well continue to be volatile for the foreseeable future. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted.

Cybersecurity Risk. Sands Capital, the clients' service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the clients and the accounts, despite the efforts of Sands Capital and the clients' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the clients and the investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of Sands Capital, the clients' service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of Sands Capital's systems to disclose sensitive information in order to gain access to Sands Capital's data or that of the client. A successful penetration or circumvention of the security of Sands Capital's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause Sands Capital, the clients and/or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

Similar types of operational and technology risks are also present for the companies in which clients invest, which could have material adverse consequences for such companies, and may cause a client's investments to lose value.

Market Disruption and Geopolitical Risk. The investment strategies are subject to the risk that war, terrorism and related geopolitical events may lead to increased short-term market volatility and have adverse long-term effects on the U.S. and world economies and markets generally, as well as adverse effects on issuers of securities and the value of a client's investments. Those events as well as other changes in U.S. and non-U.S. economic and political conditions also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit

ratings, inflation, investor sentiment and other factors affecting the value of a client's investments. At such times, a client's exposure to a number of other risks described elsewhere in this section can increase.

Risks of Investing – Non-U.S. Considerations

Investment in Non-U.S. Securities/ADRs. Clients of Sands Capital will invest in non-U.S. securities, including, in some circumstances ADRs. ADRs are receipts issued by an American bank or trust company evidencing ownership of underlying securities issued by a foreign issuer. Sponsored ADRs, in registered form, are designed for use in U.S. securities markets. Unsponsored ADRs may be created without the participation of the foreign issuer. Holders of unsponsored ADRs generally bear all the costs of the ADR facility, whereas foreign issuers typically bear certain costs in a sponsored ADR. The bank or trust company depositary of an unsponsored ADR may be under no obligation to distribute shareholder communications received from the foreign issuer or to pass through voting rights. Non-U.S. investments may be subject to a greater risk than U.S. investments due to non-U.S. economic, political, and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of taxes on dividends, interest payments, or capital gains, the need for approval by government or other authorities to make investments, possible difficulty in obtaining and enforcing judgments against non-U.S. entities, and other factors beyond the control of Sands Capital. Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive, accounting, reporting, corporate governance or disclosure requirements than U.S. issuers. The securities markets of some countries in which clients may invest have substantially less volume than those in the U.S., and securities of certain companies in these countries are less liquid and more volatile than securities of comparable U.S. companies. Accordingly, these markets may be subject to greater influence by adverse events generally affecting the market, and by large investors trading significant blocks of securities, than is usual in the U.S. Brokerage commissions and other transaction costs on securities exchanges in non-U.S. countries are generally higher than in the U.S. Non-U.S. securities settlements may in some instances be subject to delays and related administrative uncertainties. In some countries, there are restrictions on investments or investors such that the only practicable way for a client to invest in such markets is by entering into derivative or similar transactions with counterparties. Such transactions involve counterparty risks which are not present in the case of direct investments and which may not be controllable by Sands Capital.

Market Access Product Risk. Investments in instruments such as P-Notes, LEPWs, and other similar types of access products ("Market Access Products"), are linked to equity securities issued by an underlying company ("Reference Securities"). Market Access Products will be issued by financial institutions or other counterparties that are unaffiliated with the issuers of the Reference Securities. The amounts payable to a client with respect to the Market Access Products will be dependent upon various factors, including the price or level of, or changes in the price or level of,

such Reference Securities. In addition, the amounts payable to a client with respect to the Market Access Products may be in one or more currencies, which may be different from the currency in which the Reference Securities are denominated. An investment in Market Access Products may entail significant risks not associated with investments in conventional equity securities. The lack of a liquid secondary market for these products may prevent us from closing a position and could adversely impact our ability to realize profits or limit losses. Market Access Products are also subject to counterparty risk, meaning the party that issues the product may experience a significant credit event and may be unwilling or unable to make timely settlement payments or otherwise honor its obligations. Depending on the terms of the securities, Market Access Products may be redeemed or called at the option of the issuer upon the occurrence of certain events, including certain regulatory events, which could result in a client's investment being liquidated at an inopportune time. Additionally, if interpretations by applicable tax authorities change, a client could be assessed tax charges with respect to prior year transactions.

Risk of Investing in Europe. Most developed countries in Western Europe are members of the European Union ("EU"), and many are also members of the European Economic and Monetary Union, which requires compliance with restrictions on inflation rates, deficits, and debt levels. Therefore, changes in regulations on trade, decreasing imports or exports, changes in the exchange rate of the euro and recessions among European countries may have a significant adverse effect on the economies of other European countries. The risk of investing in securities in the European markets may also be heightened due to a referendum (known as "Brexit") in which the United Kingdom voted to exit the EU creating economic and political uncertainty in the region. In addition, one or more countries may abandon the euro and/or withdraw from the EU. It is still unclear what the potential consequences of the withdrawal of the United Kingdom may be. In addition, a number of countries in Europe have suffered terrorist attacks. There is a risk that additional attacks may occur in the future and such attacks may cause uncertainty in the financial markets. These risks, among others, could potentially have an adverse effect on the value of such investments.

Risk of Investing in China A-shares. China A-shares of eligible Chinese companies are listed and traded on the Shanghai Stock Exchange ("SSE") or the Shenzhen Stock Exchange ("SZSE") through the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect programs (collectively referred to as "Stock Connect"). China A-shares are shares of mainland Chinese companies that trade on Chinese stock exchanges such as the SSE or SZSE. Stock Connect is a securities trading and clearing program developed by the Hong Kong Securities Clearing Company Limited, China Securities Depository and Clearing Corporation Limited, and the SSE or SZSE. Stock Connect provides, among other things, foreign investment opportunities through market access in the People's Republic of China ("PRC" or "Mainland China" or "China"). Stock Connect allows investors to trade and settle shares on each market through their local exchanges and brokers in Hong Kong. There are special considerations and risks associated with investing in China A-shares via Stock Connect. China A-shares, are subject to clearing,

settlement, and custody risks, trading restrictions, quota limitations, and less market liquidity, which could impact successful implementation of an investment strategy. Additional considerations include different fees, costs, and taxes imposed on foreign investors purchasing China A-shares through Stock Connect. Mainland China implemented tax reforms in recent years, and may amend or revise its existing tax laws in the future. These amendments may have retroactive effects. Uncertainties in Chinese tax rules could result in unexpected tax liabilities.

Risk of Investing in Emerging Markets. Investments in emerging markets, including those in Asia, Latin America, Eastern Europe and Africa, involve a greater degree of risk than investing in developed countries. Among others, emerging market investments may be subject to the following risks: less publicly available information; more volatile markets and unstable market conditions; changes in interest rates; availability of credit and inflation rates; less liquidity or available credit; uncertainty in enforceability of documents; changes in local laws and regulations (including nationalization of industries); political or economic instability (including wars, terrorist acts or security operations); the relatively small size of the securities markets in such countries and the low volume of trading and less strict securities market regulation; less favorable tax or legal provisions; price controls and other restrictive governmental actions; changes in or non-approval of tariffs or other fees or rates charged, potential severe inflation or other serious adverse economic developments; unstable currency; expropriation of property; confiscatory taxation; imposition of withholding and other taxes on income or gross sales proceeds or dispositions; fluctuations in the rate of exchange between currencies, non-convertibility of currencies which can result in the inability to repatriate funds, costs associated with currency conversion; and certain government policies that may restrict a client's investment opportunities. The foregoing may result in lack of liquidity and in price volatility.

The economies of emerging markets may differ, favorably or unfavorably, from the economies of developed countries in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency, and balance of payments position. In addition, emerging market countries may have a greater risk of default on external debt when their economies experience a downturn. These risks of sovereign default could adversely affect the value of a client's portfolio. Furthermore, emerging markets are generally heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values, and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain emerging markets may be based predominantly on only a few industries which may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

Companies in emerging market countries are generally subject to less stringent and less uniform accounting, auditing, corporate governance, and financial reporting standards, practices, and disclosure requirements than those applicable to companies in developed countries. In particular,

valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from accounting standards in more developed countries. Consequently, there is generally less publicly available information about emerging market companies than developed market companies.

Certain issuers located in emerging markets, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries; therefore, investments in these entities potentially carry greater risk. In addition, a client's investment opportunities in certain emerging markets may be restricted by legal limits on foreign investment in local securities, restrictions on the ability to convert currency, or to take currencies out of certain countries.

In emerging markets, there is often less governmental supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties, and issuers than in other more established markets. Any regulatory supervision that is in place may be subject to manipulation or control. Some emerging market countries do not have mature legal systems comparable to those of more developed countries. Moreover, the process of legal and regulatory reform may not proceed at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional, and national requirements. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. Clients may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-U.S. courts.

Settlement in Emerging Markets. There can be no guarantee of the operation or performance of settlement, clearing, and registration of transactions in emerging market countries nor can there be any guarantee of the solvency of any securities system or that such securities system will properly maintain the registration of a client or a client's custodian as the holder of securities. Where organized securities markets and banking and telecommunications systems are underdeveloped, concerns inevitably arise in relation to settlement, clearing, and registration of transactions in securities where these are acquired, other than as direct investments. Furthermore, due to the local postal and banking systems in many emerging market countries, no guarantee can be given that all entitlements attaching to quoted and over-the-counter traded securities acquired by a client, including those related to dividends, can be realized.

Some emerging markets currently dictate that monies for settlement be received by a local broker a number of days in advance of settlement, and that assets are not transferred until a number of days after settlement. This exposes the assets in question to risks arising from acts, omissions and solvency of the broker and counterparty risk for that period of time.

Emerging Market Exchange Control and Repatriation. It may not be possible for a client to repatriate capital, dividends, interest, and other income from emerging markets, or it may require government consent to do so. Clients could be adversely affected by the introduction of, or delays in, or refusal to grant any such consent for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Economic or political conditions could lead to the revocation or variation of consent granted prior to an investment being made in any particular country or to the imposition of new restrictions.

Emerging Market Inflation Risk. Some countries in which clients may invest have experienced substantial rates of inflation in recent years. Inflation and rapid fluctuations in inflation rates have had, and may in the future have, negative effects on the economies and securities markets of certain emerging economies. There can be no assurance that inflation will not become a serious problem in the future and have an adverse impact on a client's investments in these countries or a client's returns from such investments.

Emerging Market Custodial Risk. A client's custodian will have custody of the client's securities, cash, distributions and rights accruing to the client's securities accounts. If a custodian holds cash on behalf of the client, the client may be an unsecured creditor in the event of the insolvency of the custodian.

Local custody services remain underdeveloped in many emerging market countries and there is transaction and custody risk involved in dealing in such markets. In certain circumstances clients may not be able to recover some of their assets. Such circumstances may include any acts or omissions or the liquidation, bankruptcy or insolvency of a sub-custodian, retroactive application of legislation and fraud or improper registration of title. The costs borne by the client from investing and holding investments in such markets will generally be higher than in organized securities markets.

The foregoing is only a summary of the potential risks to which a client may be subject by investing in an investment strategy and strategies may be subject to different risks over time. Clients are encouraged to consult with their advisors to determine whether they should make an investment in a particular investment strategy.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary event that would be material to an evaluation of their advisory business or the integrity of their management. We have no such events and therefore no information to disclose pursuant to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Sands LP is the majority owner of Sands Capital. Sands Family Trust, LLC, the general partner of Sands LP, owns a nominal interest in Sands Capital, and serves as Sands Capital's manager. Officers and employees of Sands Capital own interests in Sands LP.

Sands LP is controlled by two limited liability companies, each of which owns less than fifty percent of Sands LP. Frank M. Sands, Sr. ultimately controls one of these limited liability companies; Frank M. Sands, Jr. ultimately controls the other.

Sands LP is the sole member of Sands Capital Ventures, LLC ("Sands Capital Ventures"), an SEC registered investment adviser formed in 2010, which provides investment advisory services to clients regarding venture capital, private equity, and related investments. Affiliates of Sands Capital serve as general partners of private funds advised by Sands Capital Ventures, and Sands Family Trust, LLC is the manager of Sands Capital Ventures. Sands Capital has entered into a services agreement with Sands Capital Ventures. Pursuant to this agreement, Sands Capital is providing the personnel and resources in order for Sands Capital Ventures to conduct its business.

Sands Capital may share proprietary research and other information with Sands Capital Ventures and Sands Capital Ventures may share similar information with Sands Capital. Sands Capital and Sands Capital Ventures will use their good faith efforts to allocate any costs and expenses incurred in creating such research or similar information as they determine to be appropriate.

Certain clients of Sands Capital are also clients or investors of Sands Capital Ventures. Sands Capital Ventures and Sands Capital refer clients or investors to each other from time to time. Client participation, if any, in investment opportunities identified by Sands Capital Ventures is generally made through investments in pooled investment vehicles, which purchase and hold the securities of the underlying portfolio companies. Officers, employees, and affiliates of Sands Capital invest in these opportunities alongside clients of Sands Capital Ventures or on a side-by-side basis through separate investment vehicles, and invest in opportunities that are not presented to clients.

Additionally, in the event the securities issued by a portfolio company in which Sands Capital Ventures' clients, officers, employees, or affiliates have indirectly invested become listed on a national securities exchange and if the listed company meets the criteria for one of Sands Capital's strategies, we may invest, and have invested, in such securities for our client accounts. For a description of potential conflicts of interest created by the relationship among Sands Capital and its affiliates, as well as a description of how such potential conflicts are addressed, please see *Item 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading*.

Sands Capital Emerging Markets Growth Fund-GP, LLC, a Delaware limited liability company, serves as general partner of Sands Capital Emerging Markets Growth Feeder Fund (DE), L.P., a Delaware limited partnership. Sands Capital Emerging Markets Growth Fund-GP Limited, a

Cayman Islands exempted limited company, serves as general partner of Sands Capital Emerging Markets Growth Master Fund, L.P., a Cayman Islands exempted limited partnership (see *Item 7 – Types of Clients* for additional information).

Please refer to *Item 7 – Types of Clients* for information regarding our mutual fund advisory and sub-advisory relationships.

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

We have adopted a Code of Ethics in compliance with the Advisers Act and the Investment Company Act of 1940. We have designed our Code of Ethics to help ensure we meet our fiduciary obligation to our clients as well as to emphasize a culture of compliance at our firm.

Conflicts of interest may arise in connection with Sands Capital personnel having knowledge about the timing of transactions, opportunities, and/or broker selections and, therefore, may have information about the implications of such transactions. As a result, Sands Capital personnel are in a position to use such information to their advantage and/or to the possible disadvantage of the clients. Additionally, personnel of Sands Capital and its affiliates may provide advice and take action in connection with their investment advisory duties for some clients that may differ from advice given, or the timing of actions taken, for other clients or with respect to their personal accounts. Therefore, while our personnel are permitted to buy or sell securities, or increase or decrease positions in securities for their own accounts that we also purchase or sell for our clients, including the purchase of private companies that they recommend to clients at or after initial public offering (“IPO”), these transactions must be in accordance with our Code of Ethics (which includes our personal trading policy) and our Insider Trading Policy. The Code of Ethics permits trading in securities, including securities held by clients, subject to certain restrictions. Pre-clearance of equity transactions is required. Our personnel are generally prohibited from purchasing or selling securities that are part of an Investment Action (defined as a change to any of our model portfolios) for a designated time period (a “blackout period”) before and after the security has been purchased or sold for clients. However, personnel may trade in the same securities as clients during client cash flow transactions and in some cases may get better market prices on their executions than clients receive on their cash flow transactions. Personnel are not required to take the same action for their personal account as they recommend for a client account and conversely, personnel are not required to take the same action for a client account as they would for their personal account. Please refer to “Trading Procedures – Cash Transactions” under *Item 12 – Brokerage Practices* for additional information covering these types of transactions.

It is possible for Sands Capital personnel to get better, or worse, prices than a client due to general market movement or the time of day of the execution of the transaction. In addition, certain personal securities transactions must receive written approval from the Chief Compliance Officer

or her designee before the transaction can be initiated. The Code of Ethics requires periodic reporting of personal securities transactions and holdings. Each calendar quarter, our personnel are required to provide all transactions in covered securities to the Compliance Team. On a periodic basis, Sands Capital personnel are required to certify that they have read, understand, and have complied with the Code of Ethics and Insider Trading Policy. A copy of our Code of Ethics is available upon request. Please contact the Compliance Team at (703) 562-4000, writing to 1000 Wilson Blvd., Suite 3000, Arlington, VA 22209, or emailing complianceteam@sandscap.com.

Inside Information

At times, officers and/or employees of Sands Capital or its affiliates come into possession of material non-public information. We have adopted an Insider Trading Policy applicable to Sands Capital, its affiliates and their respective personnel to address the trading (either personally or on behalf of others) using material non-public information. In compliance with our policies and procedures, Sands Capital or its affiliates, and their personnel are prohibited from using or sharing such information to buy or sell securities for clients and in their personal accounts, until the information has been disclosed to the public, or is no longer material.

In the event Sands Capital receives material non-public information in connection with its investment advisory activities and services, Sands Capital may not be required to disclose such information to its clients or to use such information to effect transactions for its clients. In certain circumstances, Sands Capital may be prohibited from disclosing or using such information to benefit a client. Additionally, Sands Capital or its affiliates or their respective employees could be insiders of public companies in which Sands Capital is invested or seeks to invest, and as a result Sands Capital's trading in such securities may be restricted.

Sands Capital personnel may from time to time: (i) serve on boards of directors and/or investment committees of other organizations that currently are, or may in the future become, clients of Sands Capital or its affiliates; (ii) in connection with its affiliate, Sands Capital Ventures, serve on the board of directors of a private company or have access to such a board through contractual rights of board observer-ship; or (iii) be members of the boards of director of publicly or privately held companies. This presents a conflict of interest if Sands Capital personnel become aware of material non-public information. Sands Capital may be unable to engage in transactions on behalf of clients while in possession of such information. In these cases we take steps such as, establishing "wall" procedures or placing the security in question on a "restricted" list.

Restricted List

In certain circumstances, particular securities are placed on a "restricted" or "blackout" list. While a security is on this list, purchases, sales, or other transactions in the security are prohibited. The reasons for placing a security on the restricted list include, but are not limited to preventing: (i) the appearance of impropriety in connection with trading decisions; (ii) the use, or appearance of the

use, of inside information; (iii) regulatory investment limitations from being exceeded; and (iv) concentration in a particular security.

Side Letters; Most Favored Nation Provisions

Sands Capital enters into certain investment advisory contracts with clients which may include different or preferential rights or terms, including, but not limited to, different fee structures or information rights. Such investment advisory contracts may also have “most favored nation” provisions, which allow clients that meet certain criteria and characterizations (including, among other things, type of client, timing and size of investment made, and legacy status of client) to elect similar terms or rights. Sands Capital, in its sole discretion, shall determine whether a client meets the necessary criteria and characterization to elect terms or rights under any “most favored nation” provision. Except as otherwise agreed with a client, Sands Capital is not required to disclose the terms of investment advisory contracts with other clients.

Additionally, Sands Capital may enter into certain side letter arrangements with certain investors in the SCM UCITS Funds or SCM Private Funds providing such investors with different or preferential rights or terms, including, but not limited to, different Management Fees, waiver of minimum contributions and interest charges, agreeing to different admission dates, withdrawal dates, lock-up periods, notice periods, other restrictions, and permitting the revocation of withdrawal notices. Except as otherwise agreed with an investor, Sands Capital is not required to disclose the terms of side letter arrangements with other investors in the same SCM Private Funds.

Securities in which Sands Capital has a Financial Interest

Sands Capital may, on behalf of its clients, purchase or sell securities of companies in which Sands Capital or its affiliates (or their respective officers and employees) have interests that were acquired in connection with the activities of Sands Capital Ventures. This creates a conflict of interest because we may be incented to promote these securities over others.

From time to time, Sands Capital will establish Seeded Accounts (proprietary accounts that are generally established for the purpose of developing new investment strategies and products). This creates a conflict of interest with our client accounts as our portfolio managers may be incented to focus extra attention on or allocate select investment opportunities to these accounts. To manage this conflict we require that trades for Seeded Accounts be executed after the trades of all other client accounts. Please refer to “Seeded Accounts” under *Item 12 – Brokerage Practices* for additional information.

Investment opportunities may, from time to time, be appropriate for Sands Capital and may, from time to time, be appropriate for clients of an affiliate at the same, different or overlapping levels of a portfolio company’s capital structure. Sands Capital may invest, and has invested for its client accounts in securities of companies in which its affiliate Sands Capital Ventures had invested prior to the company being listed on a national security exchange.

In such cases, our affiliates (and our respective officers and employees) will have a financial interest in the listed company. This creates a conflict because we may have an incentive to promote these securities over others.

To help manage these conflicts, we rely on various compliance controls including the following:

- We maintain a Code of Ethics, which reinforces our fiduciary duty to clients and, to address this specific conflict, prescribes additional restrictions regarding such financial interest;
- We adopted written policies and procedures that employees are to adhere to when discussing investments with our clients;
- We have a Conflicts of Interest Board made up of senior executives of Sands Capital and its affiliates that will assess, and make recommendations with respect to, conflicts of interest and related policies and procedures;
- We employ technological trading and compliance tools to monitor portfolio activities;
- We review portfolios to ensure investments are consistent with clients' guidelines and restrictions; and
- We have information barriers in place to prevent dissemination of material non-public information with our affiliates.

Other Conflicts of Interest

Sands Capital and its affiliates (including Sands Capital Ventures) engage in a broad range of activities, including investment activities for their own account and for the accounts of other clients. In the ordinary course of conducting its activities, the interests of a client will, from time to time, conflict with the interests of Sands Capital, other clients or their respective affiliates.

Sands Capital manages many accounts and investment strategies and as a result, potential conflicts of interest arise with respect to the amount of time Sands Capital personnel devote to managing particular accounts or investment strategies.

Subject to Sands Capital's Code of Ethics, Sands Capital's personnel may engage in certain other business activities separate and distinct from their role as a Sands Capital employee.

In the case of all conflicts of interest, Sands Capital's determination as to which factors are relevant, and the resolution of such conflicts, will be made by Sands Capital in its sole discretion, using its best judgment and in accordance with any applicable fund governing documents or client agreements. In resolving conflicts, Sands Capital considers various factors, including the interests of the applicable clients with respect to the immediate issue and/or with respect to their longer term courses of dealing.

The material conflicts of interest encountered by a client are described and disclosed throughout this Brochure and the Brochure should be read in its entirety for other conflicts.

Item 12 – Brokerage Practices

Best Execution

We have authority in managing discretionary client accounts to determine the amount and type of securities to be bought and sold, and in some cases, the securities broker or dealer to be used, and the commission rate to be paid. We affect portfolio transactions in a manner deemed fair and reasonable. The primary consideration in all portfolio transactions is prompt execution of orders in an efficient manner at a favorable price.

Sands Capital maintains an “Approved Broker List” to manage broker-dealers with whom Sands Capital may engage in transactions. There are several reasons for a broker-dealer to be added or removed from the “Approved Broker List,” including, but not limited to, the quality of research received, the quality of trading coverage (market color, willingness to commit capital, willingness to show us trading flows and liquidity opportunities, etc.), quality of trade operations and settlements department, and a differentiated technology which increases traders’ usability or access to liquidity. Most of the foregoing factors are subjective considerations made in advance by Sands Capital.

In selecting broker-dealers and negotiating commissions for a particular transaction we consider a variety of factors, including the price of the security, the quality of execution and liquidity services provided, research provided by the broker-dealer, the ability to obtain a timely execution, and the size and difficulty of the order. We also consider the reliability, efficiency, accuracy, and integrity of the broker-dealer’s general execution and operational capabilities, the cost to trade away from a directed broker or custodian, and the broker-dealer’s financial condition.

Sands Capital seeks to locate large sources of trading liquidity when needed, and to arrange trades opportunistically with different counterparties and brokers offering the best terms available in particular trading circumstances. At certain times, Sands Capital seeks sellers or buyers that hold or seek large positions and have natural incentives to participate on the other side of a large volume trade. At certain times, Sands Capital will execute large trades with natural counterparties at prices that differ from current market prices for smaller trades, depending on the nature of the counterparty, its particular objectives, the size of an available block of securities, efforts to limit price movement and market impact, the scope of any broker services in connection with the trade, and other considerations unique to each trade.

Securities transactions on an agency or principal basis with a broker-dealer may result in clients incurring two transaction costs for a single trade: (i) a commission paid to the executing broker; and (ii) the market maker’s mark-up or mark-down.

For clients who utilize a broker-dealer for custody of their assets, in certain cases, we have discretion to select broker-dealers, other than the broker-dealer who maintains custody of the client's assets. We are not in a position to negotiate commission rates or other charges with the broker-dealer who maintains custody of a client's assets. Some clients are charged additional fees when transactions are executed away from a broker-dealer custodian. Furthermore, some clients have an "all-in" fee arrangements with broker dealer custodians. Typically, in these cases we will direct trades to that broker-dealer. We believe that best execution in listed equity securities generally is achieved for transactions executed through a broker-dealer custodian.

While Sands Capital no longer has any contractual agreements with wrap program sponsors, we have clients who have entered into bundled fee arrangements. A client who participates in a bundled fee arrangement or wrap fee program should consider that, depending on the level of the wrap fee charged by the broker, the amount of portfolio activity in the client's account, the value of the custodial and other services provided under the arrangement, and other factors, the wrap fee could differ from the cost of such services if they were to be provided separately.

Sands Capital executes foreign exchange transactions for settlement purposes for non-local denominated securities in client accounts. These transactions are effected with either the client's custodian or a third party and, depending upon the client's custodian, can incur a ticket charge. Foreign exchange transactions are executed on a spot basis, are intended to facilitate efficient settlement of transactions, and may be executed on an incremental basis to account for costs such as, notional dollar amounts, fees, taxes, and commissions.

Sands Capital convenes its Best Execution Committee on a quarterly basis to review relevant transactions and discuss topics relating to trade execution and operations. Items addressed typically include brokerage commissions, trading metrics, counterparty exposure, errors, and trade cost analysis, among others.

Soft Dollars

Overview

When selecting a broker to execute certain client security transactions, Sands Capital often considers the broker's ability to provide research and brokerage services to Sands Capital and its clients ("*soft dollar benefits*"). Soft dollar benefits include a variety of research, investment information, brokerage services, and resources provided by the broker directly or through third parties that are expected to enhance Sands Capital's general portfolio management capabilities. These services benefit clients as well as Sands Capital and, in some cases, are not obtainable without the payment of commissions to the providing broker. Please see "*Changes Related to MiFID II*" below for additional detail in this regard, as well as Sands Capital's efforts to bear the cost of all soft dollar benefits.

Regardless of the manner in which they are generated and received, Sands Capital's soft dollar benefits are intended to meet the safe harbor requirements under Section 28(e) of the Securities Exchange Act of 1934, as amended (including relevant guidance and interpretive releases, "*Section 28(e)*"). Section 28(e) permits Sands Capital to pay more than the lowest available commission rate (or "*pay up*") for soft dollar benefits if Sands Capital determines, in good faith, that the brokerage rates charged by the broker are reasonable in light of the services provided. Soft dollar benefits must constitute "eligible research and brokerage services" under Section 28(e), and they must be obtained in connection with eligible agency trades or riskless principal trades involving appropriately disclosed charges.

Brokers provide Sands Capital a variety of products and services through soft dollar benefits arrangements that include, but are not limited to: (i) furnishing advice as to the value of securities and the advisability of investing, purchasing, or selling securities; (ii) furnishing analysis and reports concerning issuers, securities, and performance of accounts; (iii) providing access to third-party research (including, without limitation, discussions with third-party analysts or corporate management teams) for advice regarding existing or potential investments; or (iv) facilitating securities transactions and performing functions incidental to such transactions, such as clearance, settlement, and custody. Research services received also include seminars, written reports, telephone contacts, and meetings with sell-side security analysts, economists, and senior representatives of issuers. Research services received are supplemental to our own research efforts and, when used, are subject to internal analysis before incorporation into our investment process.

The use of soft dollar benefits creates a conflict of interest because a client's brokerage commissions pay for products and services that do not exclusively benefit such client but benefit Sands Capital or other clients of Sands Capital. Certain soft dollar benefits practices benefit some clients more than others. In addition, the availability of these non-monetary benefits may influence Sands Capital's selection of a particular broker over another to perform services for clients. Where a broker does not provide a dollar value of any research products and services or brokerage services obtained with clients' commissions, Sands Capital will make a good faith determination that the amount of commission paid is reasonable in relation to the value of the brokerage and research products and services provided. We consider clients who choose not to participate in soft dollar commissions to be opting out of generating contractually obligated soft dollar credits used to pay for third-party research and not bundled research. Thus, we trade client accounts that have soft dollar restrictions with broker-dealers providing us with research. Consequently, overall commission costs paid by these clients may not decrease.

Commission Sharing Arrangements

Sands Capital obtains some of its soft dollar benefits through commission-sharing arrangements ("*CSAs*") with certain brokers. Under CSAs, Sands Capital arranges with executing brokers to "unbundle" their commission rates in order to allocate a portion of total commissions paid to a

pool of “credits” maintained by the broker that can be used, at the direction of Sands Capital, to obtain soft dollar benefits made available by service providers. After accumulating credits within the pool, Sands Capital directs the broker to use credits to pay service providers for soft dollar benefits made available to Sands Capital. Once soft dollar balances have been reconciled, Sands Capital reimburses clients their portion of the commissions relating to the soft dollar component. Reimbursement may be made through direct payments to clients by Sands Capital out of its own resources, fee offsets, or other available methods. The execution component of commissions, whether explicit or implied, will continue to be borne by clients.

Sands Capital seeks to match the level of credits accumulated in pools held by various brokers with its anticipated soft dollar benefit requirements based on an annual vote by the Research Team that rates the quality of the research provided by the brokers and the discretion of the Directing Research Team. CSAs will have surpluses or deficits depending on factors such as the timing of billings for qualifying products or services, the level of trading being executed by Sands Capital, and the nature of the executions, among other things. Although agreements with brokers participating in the CSAs typically authorize Sands Capital to request that the broker consider using pool credits to pay service providers as recommended by Sands Capital, Sands Capital does not own the pools of credits maintained with brokers in connection with CSAs. Sands Capital uses the research products and services furnished by broker-dealers in servicing all of its advisory accounts; not all such products and services will be used exclusively for the benefit of the clients that pay execution commissions.

Changes Related to MiFID II

The European Unions’ Markets in Financial Instruments Directive II (“*MiFID II*”) provides that investment advisers registered in the European Union may receive investment research provided by third parties only if certain requirements are met. While Sands Capital is not directly subject to MiFID II, it has contractually agreed with a number of clients in the European Union to adhere to MiFID II’s requirements with respect to receiving investment research. In light of these requirements and effective January 1, 2018, Sands Capital, through its own resources, endeavors to bear the cost of all soft dollar benefits received in connection with managing client accounts. In doing so, Sands Capital’s preference is to pay directly for such benefits out of its own resources. In instances where Sands Capital is not able to do so, Sands Capital seeks to make a good faith determination of the cost of such benefits and reimburse such costs to relevant clients as soon as reasonably practicable (often depending on how frequently a given client has chosen to be invoiced). In addition, when Sands Capital reimburses these amounts to clients over time, it will initially cause certain clients to pay more than the lowest available commission rate (or “pay up”) for research and brokerage services, but only if Sands Capital determines, in good faith, that the brokerage rates charged by the broker are reasonable in light of the services provided. Any products or services obtained in this manner will fall within Section 28(e).

Additionally, as a result of the various potential research arrangements and combinations thereof described above, clients participating in aggregated trades may not pay a pro rata share of all costs (i.e., research payments) associated with a particular transaction up front. Generally, clients that are directly subject to MiFID II will pay only the execution portion of commission rates while other clients will pay both execution and research portions and be reimbursed for the research portion of the commission as described above. Clients will, however, pay the same average security price and execution costs, and Sands Capital will seek to pay for all research expenses out of its own resources, either directly or by reimbursements to relevant clients.

Trade Aggregation and Allocation

Investment Actions (*i.e.*, a change to any of our model portfolios) are made independently for each investment strategy and are implemented with specific reference to each applicable client account. We consider a number of factors when determining to purchase or sell a security for a particular client account including, but not limited to:

- Any client investment guidelines and restrictions applicable to the account;
- Existing levels of ownership of the investment and other similar securities (including the nature and size of target positions and existing positions);
- Regulatory restrictions;
- Applicable market conditions; and
- The immediate availability of cash or buying power to fund the investment and cash needs.

Investment Actions frequently result in multiple accounts or multiple strategies trading the same security at the same time. When more than one client account seeks to acquire the same security at the same time it is not always possible to acquire a sufficient number of shares unless a higher price is paid. Similarly, when more than one client account seeks to sell a particular security, it is not always possible to obtain as high a price or as large an execution of the security. We generally aggregate or “block” orders for accounts for which we have investment discretion. We believe that blocking will result in a more favorable overall execution. We maintain records that specify the client accounts that are participating in the aggregated order and the amount of securities intended to be purchased or sold for each account. We seek to aggregate transactions before execution of the order. However, in certain instances, it is not possible to block the order prior to execution. In that event, we will seek to block the order at the earliest practicable time.

Client accounts for which orders are aggregated receive the average price of the transaction, which could be higher or lower than the price that would otherwise be paid by a client absent aggregation. Commission rates may not be the same for all client accounts in the aggregated block. In some

instances, this procedure could have an adverse effect on a particular account. In our opinion, however, the results of this procedure will, on the whole, be in the best interests of each of the participating client accounts. Please refer to the section above label “Soft Dollars”.

If an aggregated order is executed in its entirety, it will be allocated in accordance with the allocation established for the trade. If the order is partially filled, we will, to the extent practicable, allocate the order pro rata, based on account size, among participating accounts. When pro rata allocation is not practicable, we will allocate the order in a fair and equitable manner consistent with the factors identified above.

From time to time, Sands Capital will not be able to aggregate client orders or aggregation, due to external factors, will not be in the clients’ best interests. Factors which may preclude order aggregation include country-specific rules that forbid omnibus trading, ID market trading, and prefunding requirements, among others. In cases where order aggregation is not possible, Sands Capital will execute orders on a random basis.

In certain instances, Sands Capital will engage in "step-out" transactions. A step-out trade occurs when a single broker executes an order and we direct another broker to clear and settle some or all of the trade. The executing broker formally gives up its obligation and "steps-out" of that portion of the transaction to the other broker. Step-out transactions are typically entered into in order to implement a client's decision to direct brokerage commissions to a specified broker, or for other reasons.

Trading Procedures – Trade Order for Investment Actions

Investment Actions (defined as a change to any of our model portfolios) are made independently for each investment strategy and are implemented with specific reference to each applicable client account. When determining the sequencing of client account trades during an Investment Action, we generally adhere to the following order: “Free Block” (accounts that do not have any brokerage restrictions or limitations, Sands Capital’s mutual fund, SCM Private Funds, and SCM UCITS Funds, See *Item 7 – Types of Clients* for additional information), followed by “Directed Accounts” (accounts that have directed us to trade with a particular broker-dealer) and “Trade Away Accounts” (accounts custodied at a particular broker-dealer that incur additional costs and/or risks if traded away), followed by “Seeded Accounts” (proprietary accounts that are generally established for the purpose of developing new investment strategies and products) followed by Model Accounts (clients for whom we do not execute trades but provide changes to our model).

Although the foregoing sequence of trading is our general practice during an Investment Action, we will at times aggregate Free Block, Directed Account, and Trade Away Account trades. This typically would occur when the trades for Directed Accounts and Trade Away Accounts are smaller-sized orders. Prior to executing orders for a model change, the Managing Director, Trading will determine what volume and liquidity parameters to use when deciding if Directed

Account or Trade Away Account orders are appropriate to send to the open market alongside Free Block trades, or if they should be held until Free Block trading is complete. When Directed Accounts and Trade Away Accounts trade after the Free Block, they are blocked together by broker and traded in a random rotation by broker.

Due to the nature of how we sequence trading, Directed Accounts, Trade Away Accounts, Seeded Accounts, and Model Accounts will experience delays in the execution of model changes when compared to Free Block accounts. Because Directed Accounts, Trade Away Accounts, Seeded Accounts and Model Accounts (notification only) generally trade after Free Block Accounts, it is possible they will not receive as favorable prices on securities trades as received by Free Block and other accounts that trade ahead of them or vice versa.

There are times when clients with individual investment policies or restrictions will not be able to participate in aggregated transactions and will only be invested in a particular security after compliance with the investment policies or restrictions has been established. It is possible these clients will receive a less favorable price on such transactions. Additionally, in cases where a passive breach of a market value limitation occurs, the client will incur additional transaction costs in order to keep the account within the investment guidelines.

Trading Procedures – Trade Order for Multiple or Run-On Investment Actions

From time to time, Sands Capital processes multiple Investment Actions in the same strategy at the same time. This includes instances where separate decisions are made while there are still ongoing orders, actions that are dependent on other Investment Actions for cash availability, intra-Investment Action decisions to modify the weight of a currently traded security, or other scenarios which cause us to merge Investment Actions.

Sands Capital will generally seek to execute orders in an efficient, prudent, and equitable manner. From time to time, this entails treating the Investment Actions in a manner that deviates from our traditional sequencing and can lead to orders not being executed in the order in which they were received. These decisions will be made using our best judgment based on factors such as client cash needs, prioritizing Portfolio Manager's directives, and operational efficiency.

Generally, Sands Capital will maintain sequencing in instances when Investment Actions merge in order to most efficiently process orders, manage available cash, and mitigate overall risk.

Trading Procedures and Investment Actions for Wealth Management Accounts

Wealth Management client accounts primarily track our Select Growth model portfolio. Wealth Management portfolio managers have the authority to use their discretion with respect to implementing smaller changes that are being made to the Select Growth model portfolio. Any decision to add to or reduce an existing position by approximately 100 basis points or less can be disregarded by the portfolio managers if they reasonably conclude that the tax or implementation

costs for taxable investors will exceed the potential benefit of the change. Similarly, the portfolio managers have discretion to disregard Investment Actions due to either the size of the account, or the price of the stock being bought or sold, if the tax or implementation cost is expected to exceed the potential benefit.

Trading Procedures – Cash Transactions

Cash transactions are defined as trading orders executed for the day-to-day management of a client account and are not transactions resulting from model portfolio changes or rebalancing. Typical cash transactions include, but are not limited to:

- Orders executed for cash flows;
- Orders executed for the purpose of adherence to client guidelines;
- Orders executed for tax considerations at the request of a client;
- Orders executed to liquidate and close an account; and
- Orders executed to open a new account.

Orders for cash transactions are sent to the Trading Desk throughout the day. In general, cash transactions are processed and executed in the order received by the Trading Desk. To the extent practicable, cash transactions are executed on the same day as the order is received and, to the extent possible, are aggregated with other cash transactions.

Public Offerings

From time to time, Sands Capital will participate in initial public offerings, syndicated/secondary or follow-on offerings, or other investment opportunities expected to be very limited in supply (“syndicated offerings”) and will seek to allocate these trades pro rata. Please refer to “Trade Aggregation and Allocation” under *Item 12 – Brokerage Practices* for additional information about the allocation of trades. Client accounts that direct brokerage may be constrained from participating in these offerings. These accounts will purchase securities in the secondary market. The price received by these clients may be higher or lower than that of clients participating in the syndicated offering. Sands Capital’s Seeded Accounts will not participate in syndicated offerings but will typically purchase these securities in the secondary market.

Directed Brokerage Arrangements

We normally select the broker-dealers that execute securities transactions for the accounts we manage. In certain instances where clients select the broker-dealers (known as “directed brokerage”), orders for those accounts will not be aggregated with orders for other managed accounts, and will be executed at different prices and commission rates than other client orders for

the same security with the same broker-dealer. When a client instructs us to direct a portion of the transactions for its account to a specific broker-dealer, we will treat the client's direction as a decision by the client to withhold, to the extent of the direction, the discretion that we would otherwise have in selecting broker-dealers to affect transactions and in negotiating commissions for the client's account. Although we will attempt to affect directed brokerage transactions in a manner consistent with our policy to seek prompt execution of orders in an efficient manner at a favorable price, our ability to obtain such execution for these transactions may be affected.

Some of our clients have selected a broker-dealer to act as custodian for their assets and will direct us to execute transactions through that broker-dealer. It is not our practice to negotiate commission rates with such broker-dealers, even if we recommended the broker-dealer to the client.

Clients directing brokerage may pay higher brokerage commissions than would be paid when we are free to determine the best available broker. In addition, we will not be able to aggregate directed brokerage orders with orders for other client accounts. We will typically affect directed brokerage transactions after those for client accounts for which we have full discretion. Please refer to “Trading Procedures – Trade Order for Investment Actions” under *Item 12 – Brokerage Practices* for additional information about the sequencing of client trades.

Clients directing brokerage to a particular broker-dealer should consider whether the commissions, executions, clearance and settlement capabilities, and fees for custodial or other services provided to the client by that broker-dealer, if applicable, will be comparable to those otherwise obtainable. We expect custodial and brokerage firms to meet minimum requirements for operational efficiency and therefore not all custodians and brokerage firms will be acceptable to us. We also reserve the right to not accept a designated broker-dealer with whom we do not already have a working relationship.

Certain clients hire us based on the recommendation of an investment consultant or other third party. We may execute these clients' securities transactions through their consultant or its affiliate. We have a conflict of interest in using such brokers because it promotes additional client referrals from the consultant.

Cross Trades and Principal Transactions

When permitted by applicable law, we will, on infrequent occasions and subject to client consent, “cross” securities between client accounts. In such transactions, one client will purchase securities held by another client. Cross transactions are affected when we consider the transaction to be in the best interests of both clients and at a price determined by reference to independent market indicators. Neither Sands Capital nor any related party receives any compensation in connection with such transactions. We maintain a record of each cross trade and the client accounts involved. Cross trades with a registered investment company are affected in compliance with all applicable

requirements of the Investment Company Act of 1940. Please refer to “Best Execution” under *Item 12 – Brokerage Practices* for information about principal transactions.

Seeded Accounts

We have established “Seeded Accounts” for the purpose of developing new investment strategies and products. These accounts are typically in the form of separate accounts and are initially funded by Sands Capital or its affiliates. As many of our strategies have overlapping securities, it is likely that Seeded Accounts will invest in some of the same securities as client accounts. It is our policy to trade Seeded Accounts before notification of Investment Actions to Model Accounts. In cases where the rotation consists only of Free Block Accounts and Seeded Accounts, there will be no blocking between the two accounts, and, in such cases, Seeded Accounts will transact only after the Free Block Accounts have received their full allocation. As Seeded Accounts are not normally included in Investment Action block trades to the same extent as client accounts, the price they receive will be better or worse than the price received by client accounts. Please refer to “Trading Procedures for Investment Actions” under *Item 12 – Brokerage Practices* for additional information.

Trade Errors

“Trade errors” are mistakes discovered pre- or post-settlement that have had a financial impact to client accounts. We attempt to resolve trade errors caused by Sands Capital as soon as reasonably practicable after discovery so that the affected clients will not suffer a loss. Trades will be adjusted as needed in order to put the client in such a position, as reasonably practical, as if the error had never occurred. If we are at fault for the trade error, the client will retain any profit when the trade is reversed. If we are at fault for a trade error and it is at a loss we generally will reimburse or make whole clients for any material losses. We will not use one client’s account to correct a trade error in another client’s account and we will not use future brokerage to compensate a broker either directly or indirectly for absorbing the cost of correcting a trade error in an earlier transaction.

When a trade error involves more than a single buy or sell, gains/losses owed to a client from an error will typically be determined on a net basis. Where a third party’s negligence causes the client loss, we will seek to recover the amount from the third party, although we are not responsible for ensuring that third parties compensate clients. We do not use soft dollars to resolve trade errors.

Item 13 – Review of Accounts

Account Review

Sands Capital's personnel work together to review (at least quarterly) all client accounts on a regular basis. Most accounts will be reviewed more often, for example when cash flows or Investment Actions occur. Reviewers will evaluate the composition of a client's account to that of the appropriate model portfolio, taking into consideration any client specific restrictions or prohibitions, investment objectives, types of securities owned, investment process, performance, and similar matters.

Accounts are under continuous review as far as examining the fundamentals of each security owned in an account. Accounts are reviewed after initial setup. Additional account reviews are conducted periodically by various teams within Sands Capital for compliance, cash flows, security weightings, and restrictions to ensure adherence to client guidelines, restrictions, or limitations. Accounts may also be reviewed upon the occurrence of certain circumstances necessitating a review, including changes in economic or market conditions, changes in information about a specific issuer, purchases or sales of securities, or changes in personnel at Sands Capital. At any time, a client may request a review of its account.

Client Reporting

Clients or their designated intermediaries typically receive a written quarterly report of their accounts showing each asset, its cost, market value, percent of total portfolio, and total market value. The year-end statement of gains and losses may or may not agree with the client's custodian statement. Upon request, we will provide commentary about the investment strategy and the market, additional detail related to transactions, performance, attribution or other information on a monthly or other interim basis.

Item 14 – Client Referrals and Other Compensation

We do not, directly or indirectly, compensate any third parties for client referrals.

Item 15 – Custody

Sands Capital does not act as custodian of any client account, and does not have physical possession of any client's funds or securities. Clients with separately managed accounts engage custodians directly to maintain custody of their funds and securities. Sands Capital is neither party to, nor responsible for the terms of any contract between the client and their custodian.

Except as mentioned below, Sands Capital does not have custody of client assets.

By virtue of its relationship with the SCM Private Funds, Sands Capital is deemed to have custody of the funds and securities of the SCM Private Funds. The SCM Private Funds' cash and securities are held with one or more "qualified custodians" as defined under the Advisers Act, (generally a bank or broker dealer) independent of Sands Capital. Investors in the SCM Private Funds receive custodial statements from these "qualified custodians". Further, the SCM Private Funds are subject to annual audits in accordance with generally accepted accounting principles by an independent public accountant that is registered with the Public Company Accounting Oversight Board and the audited financial statements are distributed to investors within 120 days of the end of the applicable fund's fiscal year.

In limited circumstances, Sands Capital is deemed to have custody of clients' assets who invest directly in a private company or in investment vehicles ("Private Investment Funds") sponsored and/or managed by Sands Capital or its affiliates. Clients investing in Private Investment Funds will receive quarterly statements directly from the custodian of the Private Investment Fund or, if such fund is subject to annual audit, audited financial statements prepared in accordance with generally accepted accounting principles. In cases of direct private company investments, the relevant security(ies) will be held at the client's qualified custodian. These client accounts are required to undergo surprise examinations by an independent public accountant.

Sands Capital has been deemed to have custody of certain other client assets by virtue of having been granted the authority to directly debit Sands Capital's investment management fees from such clients' accounts. In these arrangements, a client expressly authorizes Sands Capital to instruct the client's custodian to periodically deduct the agreed investment advisory fees directly from the client's account and to pay the fees to Sands Capital.

Sands Capital seeks to confirm annually with its separately managed clients custodians that clients are receiving custodial statements directly from their custodians. Clients should receive, at least quarterly, statements from the broker-dealer, bank, or other qualified custodian that holds and maintains their investment assets. We urge clients to carefully review their statements and compare official custodial records to the account statements that we provide. Our statements could vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Please refer to *Item 13 – Review of Accounts* for additional information.

Item 16 – Investment Discretion

We typically accept accounts where we are given full investment discretion (permission to make investment decisions for the account without prior consultation with the client). In certain cases, our discretionary authority regarding investments is subject to certain client limitations. These limitations are recognized as the individual investment policies and restrictions placed by the client

on investments in certain businesses, industries, and/or securities. All such limitations are to be agreed upon in writing.

Client accounts that are subject to limitations, or have removed Sands Capital's discretionary authority, may not be able to participate in aggregated trades as transactions for these accounts may be affected only after compliance with applicable limitations has been established. As a result, these accounts may receive a less favorable execution on portfolio transactions. Please refer to *Item 12 – Brokerage Practices* for additional information.

Item 17 – Voting Client Securities

We have adopted policies and procedures with respect to the voting of proxies relating to securities held in client accounts. When a client has delegated responsibility for voting proxies to us, we evaluate and vote proxies in a manner consistent with the client's best interests. We believe that we act in the best interests of clients when we vote in a manner that maximizes shareholder value.

Sands Capital's Global Research Team ("Research Team") is responsible for reviewing proxy proposals for portfolio securities. Prior to a proxy voting deadline, we determine how to vote on each proposal based on the Research Team's ongoing research on the portfolio companies, analysis of the proxy information received, and our proxy voting guidelines.

In voting proxies, we typically are neither an activist in corporate governance nor an automatic supporter of management. However, because Sands Capital believes that the management teams of most companies in which it invests generally seek to serve shareholder interests, Sands Capital believes that voting proxy proposals in the client's best economic interests usually means voting with the recommendations of these management teams. In certain circumstances, Sands Capital's vote-by-vote analysis of the proxy proposals could lead the Research Team to conclude that particular management or board recommendations do not appear as closely aligned with shareholder interests as Sands Capital deems necessary, or could be disregarded in the best interests of shareholders. In these circumstances Sands Capital could, in its sole discretion, vote against a management or board recommendation or abstain or take no action based on its analysis if such a vote appears consistent with the best interest of clients. Further, there can be times when we determine that refraining from voting a proxy is in a client's best interest, such as when the cost of voting exceeds the expected benefit to the client.

Under certain circumstances, Sands Capital will systematically vote with management. Examples include, but are not limited to, proxies issued by companies Sands Capital has decided to sell, ETFs, and proxies issued for securities that have been selected by clients or client advisers other than Sands Capital, such as securities that were selected by a previous adviser, unsupervised securities held in a client's account, or money market securities.

If the Research Team member responsible for reviewing a proxy determines that: (a) it is in our clients' best interest to vote on a particular proposal in a manner other than in accordance with our proxy voting guidelines; or (b) a material conflict of interest exists, then the matter will be reviewed by our Proxy Committee. If a material conflict of interest is identified, Sands Capital will vote on the proposal in accordance with the determination of the Proxy Committee and prior to voting will: (i) contact an independent third party for its recommendation on how to vote and consider voting in accordance with that recommendation; or (ii) fully disclose the nature of the conflict to clients and obtain their consent as to how we intend to vote.

When a client participates in a securities lending program, we will not be able to vote the proxy for securities that are out on loan. We will generally not seek to recall loaned shares so that they can be voted, unless we determine that a specific proposal is particularly significant. Even if we request a client to recall securities on loan, we may be unable to vote the proxy due to operational difficulties beyond our control.

Voting proxies of issuers in some non-US markets gives rise to a number of administrative or operational issues that lead us to determine that voting is not in the best interest of our clients or that it is not reasonably practicable to determine whether voting will be in the best interest of our clients. The following considerations highlight some potential instances in which a proxy vote might not be entered:

- Meeting notices are received without enough time to fully consider the proxy or after the cut-off date for voting;
- A market requires us to provide local agents with a power of attorney or consularization prior to implementing voting instructions;
- Proxy materials are not available in English;
- Lack of information provided in the proxy statement or by the issuer or other resolution sponsor; and
- Proxy voting in certain countries requires "share blocking" (*i.e.*, shareholders wishing to vote their proxies must deposit their shares shortly before the date of the meeting with a designated depository). During this blocking period, shares to be voted at the meeting cannot be sold until the meeting has taken place and the shares are returned to the clients' custodian banks.

We utilize third-party service platforms to provide administrative assistance in the voting of proxies, including certain recordkeeping and reporting functions. Clients can obtain information regarding how we voted proxies relating to securities held in their accounts, and/or request a copy of our proxy voting policies and procedures, by contacting the Compliance Team at (703) 562-4000, writing to 1000 Wilson Blvd., Suite 3000, Arlington, VA 22209, or emailing complianceteam@sandscap.com.

Class Actions and Other Litigation Matters

As a matter of policy, we disclaim any responsibility or obligation to monitor for the initiation of any class action or other litigation matters concerning any past or current holdings of client accounts. We also disclaim any responsibility or obligation to issue advice or to prepare, file, or otherwise process proofs of claim or settlement elections regarding any such litigation matters, other than to confirm, upon client request, past account holdings of specific securities. Should we receive any notices or other communications regarding a litigation matter from a client (as opposed to an account custodian, claim administrator, actual or prospective “lead plaintiff,” or any other third party) we will, subject to reasonably adequate advance notice, gather and forward to the client all requisite information in our possession so the client can make any filing or election it wishes in the matter.

Item 18 – Financial Information

Registered investment advisers with discretionary authority are required to disclose any financial commitment that is reasonably likely to impair their ability to meet contractual commitments to clients. We have no such commitments or any other information to disclose pursuant to this item.