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BROCHURE

PART 2A

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This brochure provides information about the qualifications and business practices of Somerset Capital Management LLP. If you have any questions about the contents of this brochure, please contact us at (011) 44 20 7499 1815 and/or info@somersetcm.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Somerset Capital Management LLP also is available on the SEC's website at www.adviserinfo.sec.gov.

Whilst Somerset Capital Management LLP is registered as an investment adviser with the Securities and Exchange Commission pursuant to the Investment Advisers Act of 1940 (the "Advisers Act"), as amended, it does not comply with the Advisers Act with regard to its non-US clients. Registration with the SEC does not imply a certain level of skills or training.

ITEM 3: TABLE OF CONTENTS

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

ITEM 4: ADVISORY BUSINESS

A. General Description of Advisory Firm – Somerset Capital Management LLP (or “SCM”) is a limited liability partnership which was formed in the United Kingdom on April 26, 2007. SCM commenced business shortly thereafter. SCM’s registered address is [28 Ely Place, London, EC1N 6TD](#), United Kingdom and its principal place of business is 146 Buckingham Palace Road, London SW1W 9TR, United Kingdom. SCM has been registered as an investment adviser with the SEC since June 6, 2008 and with the Financial Services Authority in the United Kingdom (“FSA”) since September 18, 2007. Registration with the SEC does not imply a certain level of skills or training. SCM is majority owned by its employees.

B. Description of Advisory Services – SCM provides discretionary investment supervisory services to institutional clients through (i) two privately offered pooled vehicles, Somerset Global Emerging Markets Fund LLC and Somerset Emerging Markets Small Cap Fund LLC (each a “US Fund” and together, the “US Funds”), (ii) a UK Investment Company with Variable Capital, the PFS Somerset Capital Management Investment Funds ICVC, (the “ICVC”) and (iii) separate managed accounts (“Managed Accounts”) based on the specific needs or investment objectives of each client. SCM’s investment advice is limited to the following long-only, global emerging market equity strategies: Large Cap, Small Cap, Dividend Growth and Mid Cap Emerging and Frontier Markets which are described further under item 8 and page 5.

C. Availability of Tailored Services for Individual Clients – SCM provides advice to client accounts based on specific investment objectives and strategies. SCM may agree to tailor advisory services to the individual needs of clients including creating new investment strategies in response to specific client requests. Clients may impose restrictions on investing in certain securities or certain types of securities.

D. Wrap Fee Programs - SCM does not participate in wrap fee programs.

E. Client Assets Under Management - As of May 31, 2011, SCM managed the following client assets:

Non-Discretionary Client Assets:	US\$	5,387,160
Discretionary Client Assets:	US\$	<u>1,025,403,804</u>
Total Assets under Management:	US\$	1,030,790,964

ITEM 5: FEES AND COMPENSATION

A. Advisory Fees and Compensation –

US Funds

In relation to the Somerset Global Emerging Markets Fund LLC (the “GEM Fund”), SCM charges a monthly management fee payable in arrears equal to one-twelfth of eighty five basis points (0.85%) per annum of the value of each investor’s capital account in the GEM Fund as of the last business day of each month as set forth in the offering documents of the GEM Fund. No management fee is charged in relation to assets of the GEM Fund that are invested in any other fund managed by SCM.

In relation to the Somerset Emerging Markets Small Cap Fund LLC (the “SC Fund”), SCM (i) charges a monthly management fee payable in arrears equal to one-twelfth of 1.25 per cent (1.25% per annum) of the value of each investor’s capital account in the SC Fund as of the last business day of each month as set forth in the offering documents of the SC Fund; and (ii) receives a special allocation of net profits of the SC Fund equal to 5% of the portion of each investor’s pro-rata share of the net realized and unrealized appreciation in the value of the assets of the SC Fund for such fiscal year in excess of any net depreciation allocated to such investor’s capital account and carried forward from any prior year (i.e., subject to a high-water mark). Any such loss-carry forward will be adjusted in proportion to withdrawals by an investor. There shall be no management fee or performance allocation as described above with respect to assets of the SC Fund that are invested in any other investment fund managed by SCM

In addition, at the discretion of the Manager of the US Fund, each US Fund (and not SCM) may generally charge a redemption fee of up to one per cent. (1.00%) of any amount withdrawn from that US Fund by an investor if that investor provides less than 60 days prior written notice to the Manager of his intent to withdraw all or any portion of his capital account. Any redemption fee so charged will be for the benefit of the relevant US Fund and not for the benefit of SCM.

Managed Accounts

In relation to the Managed Accounts, SCM generally charges on one of the two following basis:

- (i) a management fee of eighty five basis points (0.85%) per annum of the market value of the account; this fee is generally calculated as at the last business day of each calendar month or quarter, and is payable in arrears; or
- (ii) a management fee as described above but in the lesser amount and a performance fee of the net gain in the market value of the account above the MSCI Emerging Markets Index for the same period, which performance fee will be calculated annually based on the market value of the account on the anniversary of its inception after making allowances for additions and withdrawals of assets. The performance fee is subject to a high water mark, which means that no performance fee is charged unless the market value of the account so calculated has exceeded the highest market value on any previous anniversary of the account. Performance

fees are only charged in a manner consistent with SEC rules and regulations, including Rule 205-3 under the Advisers Act.

If a new client account is established during a quarter or month, as applicable, or a client makes an addition to its account during a quarter or month, the investment management fee will be prorated for the number of days remaining in the quarter or month. If a client's investment management agreement is terminated or a withdrawal is made from a client account during a quarter or month, the fee payable to SCM will be calculated based on the value of the assets on the termination date or withdrawal date and prorated for the number of days during the quarter or month in which such amount was in the account.

SCM may extend different fee terms to certain clients based upon, inter alia, the client's previous business relationship with the principals of SCM.

B. Payment of Fees – SCM charges the investment management fee to its client accounts either quarterly or monthly. SCM does not allow clients to elect that SCM deduct its fee directly from their account. Fees are generally calculated as at the last business day of each quarter or month, as applicable, and are billed and payable in arrears.

C. Other Fees and Expenses - In addition to paying investment management fees, client accounts will also be subject to other investment expenses such as custodial charges, brokerage fees, commissions and related costs; interest expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and costs, expenses and fees associated with products or services that may be necessary or incidental to such investments or accounts. In addition to the expenses set forth above, each of the private funds managed by SCM also pay legal fees, research fees and expenses, fees charged by accountants and administrators for their professional services and other expenses related to the fund as described in greater detail in the private fund's offering documents. Client assets may be also invested in money market mutual funds or other registered investment companies. In these cases, the client will bear its pro rata share of the investment management fee and other fees and expenses of the fund, which are in addition to the investment management fee paid to SCM.

D. SCM's clients do not pay fees in advance.

E. Neither SCM nor any of its supervised persons accept any form of compensation for the sale of securities or other investment products.

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

SCM and its investment personnel provide investment management services to multiple portfolios for multiple clients. SCM is entitled to be paid performance-based compensation by certain client accounts which include private funds. SCM and its investment personnel manage both client accounts that are charged performance-based compensation and accounts that are charged an asset-based fee, which is a non-performance-based fee. In addition, certain client

accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts. When SCM manages more than one client account a potential exists for one client account to be favored over another client account. SCM and its investment personnel have a greater incentive to favor client accounts that pay SCM performance-based compensation or higher fees.

SCM has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. SCM will, as a policy, allocate all investment opportunities among its clients in a manner that it considers fair and equitable to all clients, considering all factors potentially applicable to each client. Among the factors that may be considered by SCM in allocating trades among client accounts are SCM's target percentages for that stock in reference to the client account's total asset value, investment policies, guidelines or restrictions applicable to each specific client, available liquidity and timing of cash flows. SCM's procedures also require that, to the extent orders are aggregated, the client orders are price-averaged as further described in Item 12(b). Finally, SCM's procedures also require the objective allocation for limited opportunities (such as initial public offerings) to ensure fair and equitable allocation among accounts. These areas are monitored by SCM's Chief Compliance Officer.

ITEM 7: TYPES OF CLIENTS

SCM clients consist of private funds, endowments, foundations, charitable organizations, pension plans and other business entities. SCM generally requires that a client invests a minimum of \$25,000,000 to open a separate account. However, SCM may accept a lesser initial investment in its sole discretion.

With respect to any client that is a private fund, any initial investment minimums are disclosed in the offering documents for the private fund.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies - SCM utilizes four long-only global emerging market investment strategies: (1) a Large Cap strategy; (2) a Small Cap strategy; (3) a Dividend Growth Strategy; and (4) a Mid Cap Emerging and Frontier Markets strategy.

The investment objective of the **Large Cap strategy** is to seek capital appreciation by investing in an actively managed portfolio composed principally of quoted equity securities, issued by companies established or operating in emerging market countries, principally in Asia, Eastern Europe, the Middle East, Africa and Latin America.

The investment objective of the **Small Cap strategy** is to seek capital appreciation by investing in an actively managed portfolio composed principally of quoted equity securities, issued by companies established or operating in emerging market countries, principally in Asia, Eastern

Europe, the Middle East, Africa and Latin America and whose market capitalisation does not exceed US\$ 2.5 billion at the time of the investment.

The investment objective of the **Dividend Growth strategy** is to seek to achieve capital appreciation and income growth by mainly investing in an actively managed portfolio of dividend-paying emerging market securities. The portfolio consists principally of quoted equity securities, issued by companies established or operating in emerging market countries, principally in Asia, Eastern Europe, the Middle East, Africa and Latin America.

The investment objective of the **Mid Cap Emerging and Frontier Markets strategy** is to seek capital appreciation by investing in an actively managed portfolio composed principally of quoted equity securities, issued by companies established or operating in Mid Cap emerging or frontier markets (markets not included within developed market indices).

SCM utilizes fundamental research to identify investment candidates. SCM utilizes a variety of information sources for its research, including specialist databases, company reports and websites, stockbrokers' equity research and the press. SCM generally visits and analyses its target investee companies.

While SCM expects to invest primarily in quoted equities, it may also invest in unquoted equities (although the proportion of assets invested in such securities is expected to be low and may also be limited by the terms of the client agreement).

This investment strategy and method of operation involves the risk of loss to clients and clients should be prepared to bear the loss of their entire investment.

B. Material Risks Related to Investment Strategies:

Equity Securities

Equities are a volatile asset class suitable only for clients with a tolerance for wide fluctuations in the market value of their investments. The market price of equity securities may be affected by international events or market factors such as economic or industry cycles or broad declines in stock market prices, or by conditions affecting specific issuers, such as changes in earnings forecasts. Multinational companies earn revenues and incur expenses in multiple currencies. Currency fluctuations can affect a multinational company's financial performance and/or competitive position. Investing in companies with small and medium-sized market capitalizations may involve greater risk than investing in larger companies, and their share prices can fluctuate dramatically in a short period of time. Small and mid-cap companies may be more susceptible to setbacks or downturns than larger companies and may experience higher rates of bankruptcy or other failures. In addition, the shares of a small or mid-cap company may be thinly traded.

Emerging Markets.

The risks of foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely

to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

Warrants

A warrant is a time-limited right to subscribe for shares or bonds at a particular price and is exercisable against the issuer of the warrants. The issuer of the warrants may be the original issuer of the underlying securities or a third party issuer that has set aside a pool of the underlying securities to cover its obligations under the warrants (i.e., covered warrants). Each warrant is a contract between the warrant issuer and the holder. The holder is therefore exposed to the risk that the issuer will not perform its obligations under the warrant. The price of the warrants will be affected by the risk factors that can affect the price of the underlying securities to which the warrant relates. Warrant prices can be volatile. A relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavorable or favorable, in the price of the warrant.

Bank Issued Warrants / Promissory Notes

Bank issued warrants and promissory notes give the holder the economic exposure to shares and are issued in markets where non-resident investors face hurdles in acquiring the underlying shares. These instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty.

Non-US Securities and Foreign Currency Exposure

Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than US investments. In addition, foreign markets can perform differently from the U.S. market. A substantial portion of securities in SCM's client accounts may be denominated in currencies other than the US dollar and as SCM does not currently employ hedging techniques, the value of the client account can be significantly affected by currency movements.

Illiquid Instruments.

Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and SCM's ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for SCM to obtain market quotations based on actual trades for the purpose of valuing a fund's portfolio.

Currency Exchange Transactions

Currency exchange transactions protect against uncertainty in the level of future exchange rates when merited and practicable. SCM may conduct currency exchange transactions for a client account either on the spot (i.e., cash) basis at the rate prevailing in the currency exchange market, or through entering into forward contracts to purchase or sell currency. The use of forward currency contracts does not eliminate fluctuations in the underlying prices of the securities, but it does establish a rate of exchange that can be achieved in the future. Although forward currency contracts limit the risk of loss due to a decline in the value of the hedged currency, at the same time they also limit any potential gain that might result should the value of the currency increase.

C. Risks Associated With Types of Securities that are Primarily Recommended – See Item 8.B. above.

ITEM 9: DISCIPLINARY INFORMATION

This Item is not applicable.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. SCM is not registered as a broker-dealer.

B. SCM is not registered as a commodity pool operator or a commodity trading adviser.

C. Material Relationships or Arrangements with Industry Participants – Somerset Capital Management (Cayman) Limited ("Somerset Cayman") is a limited liability company incorporated in the Cayman Islands on September 28, 2007 and is wholly and equally owned by the three founding partners of SCM. Somerset Cayman has been appointed Manager of the US Funds. Somerset Cayman does not provide investment advisory services to the US Funds, nor to the clients of SCM. SCM acts as the investment adviser to the US Funds.

SCM is also affiliated to Somerset Capital Management Singapore Pte Ltd (“Somerset Singapore”), a company incorporated in Singapore and which provides research and related services to SCM. Somerset Singapore has obtained exempt status from the Monetary Authority of Singapore in relation to its activities.

D. Material Conflicts of Interest Relating to Other Investment Advisers. There are no material conflicts arising from SCM’s selection of other investment advisers for its clients.

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

A. Code of Ethics - SCM has adopted a Code of Ethics (the “Code”) that sets out its policies in respect of personal securities transactions, gifts & business entertainment and outside affiliations & political and governmental activities of its employees¹. The Code obligates SCM and its employees to put the interests of SCM’s clients before its own interests and to act honestly and in good faith in all respects in its dealings with clients. All of SCM’s personnel are also required to comply with applicable federal securities laws.

The Code requires all employees to seek prior approval for and to report their personal securities transactions and holdings to SCM’s CCO. The CCO will consider potential conflicts with clients’ interests as part of the approval process and the personal securities transaction will not be approved where there is a conflict. SCM’s Code prohibits SCM or its employees from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the CCO. All of SCM’s employees are also required to provide broker confirmations of each transaction in which they engage and a quarterly certification of such transactions, as well as disclose their holdings on an annual basis.

SCM, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which SCM has invested or seeks to invest on behalf of clients. SCM is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. SCM maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that SCM is meeting its obligations to clients and remains in compliance with applicable law. In certain circumstances, SCM may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but SCM will be prohibited from communicating such information to the client or using such information for the client’s benefit. In such circumstances, SCM will have no responsibility or liability to the client

¹ The term “employees” includes “relevant persons” (i.e., any of the following (a) a director, partner or equivalent, manager, employee or appointed representative of SCM, and (b) any other natural person, including persons operating under an outsourcing arrangement, whose services are placed at the disposal and under the control of SCM and who is involved in the provision by SCM of regulated activities as defined by the FSA) and “access persons” (i.e., a supervised person who has access to non-public information regarding a client’s purchase or sale of securities, who is involved in making securities recommendations to clients or who has access to such recommendations that are non-public; a “supervised person” means a director or officer (or other person occupying a similar status or performing similar functions), employee and any other person who provides advice on behalf of SCM and is subject to SCM’s supervision and control.)

for not disclosing such information to the client (or the fact that SCM possesses such information), or not using such information for the client's benefit, as a result of following SCM's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

Clients or prospective clients may obtain a copy of the Code of Ethics by contacting Robert Diggle (Chief Compliance Officer) by email at robert@somersetcm.com or by telephone at (011) 44 20 7499 1815.

B. Client Transactions in Securities where Adviser has Material Financial Interest –

SCM may, on occasion, cause one or more of its clients to buy securities from, or sell securities to, other clients of SCM at current market prices, including accounts in which SCM, its principals or employees are investors or in which such persons may have a financial interest due to the payment of a performance allocation to SCM (or an affiliate) by such client. Where applicable, the consent of the appropriate client (which, in certain circumstances, may be provided by the client's independent directors) to such transaction will be obtained in accordance with the Advisers Act and related rules.

Remuneration and bonus arrangements for all employees of SCM are carefully considered to ensure that conflicts do not inadvertently arise through targets that inappropriately incentivise staff to behave in a manner that disadvantages the interests of a client in favour of SCM or of other clients. Bonuses are calculated according to the general performance of SCM and are not linked directly to the performance of a particular client.

C. Investing in Securities Recommended to Clients – SCM and its principals and employees are investors in some of the investment funds managed by SCM. The Code of Ethics contains policies and procedures designed to prevent improper practices with respect to such transactions, and compliance with the Code of Ethics by SCM, its principals and employees, is the primary method employed by SCM to address the conflicts of interest that arise with respect to these transactions.

D. SCM does not recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that SCM or a related person buys or sells the same securities for its own account.

ITEM 12: BROKERAGE POLICIES

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

- Unless otherwise provided in an investment management agreement with a particular client, SCM possesses the same discretion to determine the broker or dealer to be used for each securities transaction for each client account. In selecting brokers or dealers to execute transactions (or series of transactions), SCM considers a number of factors to determine the reasonableness of the broker-dealer's compensation. Such factors include price, ability to effect

the transactions, the brokers' or dealers' facilities, reliability and financial responsibility, special execution capabilities, block trading capabilities, willingness to execute related or unrelated difficult transactions in the future, quotation services, custody, recordkeeping and similar services, and any research or investment management-related services provided by such brokers or dealers; however, SCM need not solicit competitive bids from broker-dealers and does not have an obligation to seek the lowest available commission cost. Where it utilizes full-service brokers, it is not SCM's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate.

1. Research and Other Soft Dollar Benefits - SCM receives research from certain broker-dealers in connection with client securities transactions. This is known as a "soft dollar" relationship. SCM limits the use of "soft dollars" to obtain research and brokerage services in compliance with the FSA Rules and as permitted under the safe harbor of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)").

Research services within Section 28(e) which SCM may use includes, but is not limited to, research reports (including market research); certain financial newsletters and trade journals; attendance at certain seminars and conferences; discussions with research analysts and meetings with corporate executives.

Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software used to transmit orders; clearance and settlement in connection with a trade; post trade matching of trade information; and services required by the SEC or a self regulatory organization such as, electronic confirms or trade affirmations.

As disclosed above, SCM may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), resulting in higher transaction costs for clients. The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, SCM will not have to pay for the products and services itself. This creates an incentive for SCM to select or recommend a broker-dealer based on its interest in receiving those products and services.

Research and brokerage services obtained by the use of commissions arising from the client's portfolio transactions may be used by SCM in its other investment activities, including for the benefit of other client accounts. SCM does not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

In order to manage the conflicts of interest inherent in its brokerage practices, SCM has adopted the following policies:

- (i) SCM limits the use of “soft dollars” under client commission arrangements to those products and services that are permitted under the safe harbor of Section 28(e), the FSA rules and applicable regulatory interpretations; and
- (ii) SCM’s brokerage policies are disclosed to clients in writing prior to the provision of SCM’s services, generally as part of the investment management agreement or the applicable offering memorandum. In addition, SCM provides to its clients at least once a year or in relation to such other periods as its clients may reasonably require, a report on its use of broker commission.

2. SCM does not select or recommend broker-dealers based on whether it receives client referrals from such broker-dealer.

3. Directed Brokerage - Under certain circumstances, SCM may permit clients to direct it to execute the client’s trades with a specified broker-dealer. When a client directs SCM to use a specified broker-dealer to execute all or a portion of the client’s securities transactions, SCM treats the client direction as a decision by the client to retain, to the extent of the direction, the discretion SCM would otherwise have in selecting broker-dealers to effect transactions and in negotiating commissions for the client’s account. Although SCM attempts to effect such transactions in a manner consistent with its policy of seeking best execution, there may be occasions where it is unable to do so, in which case SCM will continue to comply with the client’s instructions. Transactions in the same security for accounts that have directed the use of the same broker will be aggregated. When the directed broker-dealer is unable to execute a trade, SCM will select broker-dealers other than the directed broker-dealer to effect client securities transactions. A client who directs SCM to use a particular broker-dealer to effect transactions should consider whether such direction may result in certain costs or disadvantages to the client. Such costs may include higher brokerage commissions (because SCM may not be able to aggregate orders to reduce transaction costs), less favorable execution of transactions, and the potential of exclusion from the client’s portfolio of certain foreign ordinary shares and/or small capitalization or illiquid securities due to the inability of the particular broker-dealer in question to provide adequate price and execution of all types of securities transactions. By permitting a client to direct SCM to execute the client’s trades through a specified broker-dealer, SCM will make no attempt to negotiate commissions on behalf of the client and, as a result, in some transactions such clients may pay materially disparate commissions depending on their commission arrangement with the specified broker-dealer and upon other factors such as number of shares, round and odd lots and the market for the security. The commissions charged to clients that direct SCM to execute the client’s trades through a specified broker-dealer may in some transactions be materially different than those of clients who do not direct the execution of their trades. Clients that direct SCM to execute the client’s trades through a specified broker-dealer may also lose the ability to negotiate volume commission discounts on batched transactions that may otherwise be available to other clients of SCM.

B. Order Aggregation - Where possible, SCM will aggregate orders for clients for the purchase or sale of the same security using the same executing broker. Such aggregation may enable SCM to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. Nevertheless, there may be circumstances when aggregation works to the disadvantage of a client but is done to provide equitable treatment to all clients.

SCM aggregates client orders where it reasonably believes that this is in clients' overall best interests or to provide equitable treatment. Where it is intended to aggregate orders for clients, this will be disclosed in the relevant client investment management agreements or offering memoranda.

Where it aggregates orders across client accounts, SCM will pre-allocate the securities across the aggregated client accounts before the transaction is effected, specifying the participating client accounts and method of allocation among accounts. After the trade is executed, securities shall be promptly allocated to client accounts in accordance with pre-allocation. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the volume-weighted average price and pay the average commission, subject to odd lots, rounding, and market practice. If an aggregated order is only partially filled, SCM's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable to clients.

ITEM 13: REVIEW OF ACCOUNTS

A. Frequency and Nature of Review - Each client account is generally reviewed daily by the relevant Investment Managers for weightings of individual positions, performance and adherence to investment policies.

Each account is also reviewed monthly on a sample basis for adherence to investment restrictions by compliance staff under the supervision of the CCO.

B. Content and Frequency of Regular Account Reports - Each client that is a separate account will receive reports in accordance with what is specified in their individual investment management agreement. Generally, clients will receive a monthly written summary of their account's performance, and key highlights of trading activity. Such reports may be delivered electronically to the client in accordance with the client's agreement with SCM.

Investors in the private funds managed by SCM receive reports pursuant to the terms of each fund's offering documents. These reports generally include a monthly performance report from SCM, monthly statements of account, annual audited financial statements within 120 days after the financial year end, and annual tax reports.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits Received from Non-Clients for Providing Services to Clients - As discussed in **Item 12 - Brokerage Practices** SCM receives certain research or other products or services from broker-dealers through "soft-dollar" arrangements. These "soft-dollar" arrangements create an incentive for SCM to select or recommend broker-dealers based on SCM's interest in receiving the research or other products or services and may result in the

selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by SCM on behalf of its clients. Please see **Item 12 – Brokerage Practices** for further information on SCM’s “soft-dollar” practices, including SCM’s procedures for addressing conflicts of interest that arise from such practices.

SCM does not receive any economic benefit from any person who is not a client for providing investment advice or other advisory services to SCM’s clients, other than from broker-dealers in the form of soft dollars as described above.

B. Compensation to Non-Supervised Persons for Client Referrals - SCM makes cash payments to third-party solicitors for client referrals, provided that, to the extent required, each such solicitor has entered into a written agreement with SCM pursuant to which the solicitor will provide each prospective client with a copy of SCM’s Form ADV Part 2, and a disclosure document setting forth the terms of the solicitation arrangement, including the nature of the relationship between the solicitor and SCM and any fees to be paid to the solicitor. Where applicable, cash payments for client solicitations will be structured to comply fully with the requirements of Rule 206(4)-3 under the Advisers Act and related SEC staff interpretations.

ITEM 15: CUSTODY

This Item is not applicable.

ITEM 16: INVESTMENT DISCRETION

SCM provides investment advisory services on a discretionary basis to clients. Please see **Item 4 – Advisory Business** for a description of certain limitations clients may place on SCM’s discretionary authority.

Prior to assuming full discretion in managing a client’s assets in a separate managed account, SCM enters into an investment management agreement that sets forth the scope of SCM’s discretion.

Unless otherwise instructed or directed by a discretionary client, SCM has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) and (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies and other criteria as set out below, there may be differences among clients in invested positions and securities held.

SCM’s Investment Managers submit an allocation statement to SCM’s trading desk describing the allocation of securities to (or from) client accounts for each trade/order submitted. The Investment Manager may consider the following factors, among others, in allocating securities

among clients: (i) client investment guidelines; (ii) restrictions placed on a client's portfolio by the client or by applicable law; (iii) size of the client account; (iv) existing size and average cost of the security in the client's account; and (v) account liquidity and timing of cash flows.

Allocations will be made among client accounts eligible to participate in initial public offerings (IPOs) and secondary offerings on a pro rata basis, except when SCM determines in its discretion that a pro rata allocation is not appropriate, which may include a client's investment guidelines explicitly prohibiting participation in IPOs or secondary offerings and a client's status as a "restricted person" under applicable regulations.

SCM maintains policies in respect of trading errors which require that, to the extent that trading errors occur, they are corrected as soon as practicable. As soon as a trading error is suspected, the CCO should be alerted immediately, who will review the facts and determine an appropriate course of action. The CCO has discretion to resolve a particular error in a manner other than specified in SCM's procedures. Unless otherwise agreed to between SCM and the client, SCM is generally not responsible for its own errors absent negligence, bad faith or wilful misconduct. SCM is not responsible for the errors of other persons, including third party brokers and custodians, unless otherwise expressly agreed to by SCM. Broker-dealers are not permitted to assume responsibility for trading error losses caused by SCM.

ITEM 17: VOTING CLIENT SECURITIES

A. Policies and Procedures Relating to Authority to Vote Client Securities – To the extent SCM has been delegated proxy voting authority on behalf of its clients, it complies with its Proxy Voting Policies and Procedures (the "Procedures") that are designed to ensure that it votes proxies with respect to client securities in the best interests of its clients. The Procedures also require that SCM identify any conflicts of interest between SCM and its clients. If a material conflict exists, SCM will determine whether voting in accordance with the voting guidelines and factors described in the Procedures is in the best interests of the client or take some other appropriate action.

SCM considers that generally it will serve the best interest of its clients by avoiding taking activist stances in the emerging markets in which it invests for its clients' accounts. SCM endeavours to select for its client accounts securities issued by companies whose management SCM considers to be both competent and ethical. SCM's policy is generally, absent unusual circumstances, neither to support nor oppose a recommendation by management of such companies and instead affirmatively to elect not to vote proxies (except for clients subject to ERISA, as described below, or where otherwise required by the client). Where SCM considers that proposals that are put forward for proxy voting by an investee company indicate that management of that company no longer meets the criteria which SCM considers appropriate for including that company's securities in its client portfolios, SCM may decide to disinvest from that stock.

However, SCM may decide to vote a proxy in certain circumstances where it considers this course of action to be in the best interests of its clients. Such proxies shall be voted on a case-by-case basis, taking into account all relevant facts and circumstances at the time of the vote.

The Firm will not abstain from voting or affirmatively decide not to vote a proxy if the client is a plan asset fund subject to the requirements of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Instead, absent unusual circumstances, the Firm will ordinarily vote proxies for clients subject to ERISA as recommended by the management of the investee company.

SCM will not vote proxies for any client that retains discretionary authority to vote its proxies or if SCM otherwise does not have discretionary authority to vote the client's proxies.

The Proxy Voting Policy also requires that SCM identify and address any material conflicts of interest between SCM and its clients. If a material conflict exists, SCM will determine whether voting the proxy in accordance with the guidelines and factors described in the Proxy Voting Policy is in the best interest of the client or take some other appropriate action.

Clients may obtain a copy of SCM's Procedures and information about how it voted a client's proxies by contacting Robert Diggle (robert@somersetcm.com).

B. Currently, SCM has been delegated authority to vote all Client securities.

ITEM 18: FINANCIAL INFORMATION

This Item is not applicable.