

# **Edgbaston Investment Partners Limited**

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## **ADV Part 2 Brochure**

This brochure provides information about the qualifications and business practices of Edgbaston Investment Partners Limited (“Edgbaston”). Questions about the contents of this brochure should be directed to Edgbaston’s Chief Compliance Officer, Matthew Myles, on 44 207 258 3170 or via email on [mmyles@edgbastonip.com](mailto:mmyles@edgbastonip.com). Information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”), any other state or federal regulatory authority, any foreign regulatory authority or any self regulatory body. Additional information about Edgbaston is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or Edgbaston’s website on [www.edgbastonip.com](http://www.edgbastonip.com).

Edgbaston is a registered investment adviser. Please note that being a registered investment adviser does not imply, in any way, a certain level of skill or training. Investors invested in any one of Edgbaston’s commingled funds (collectively referred to as “**Unitholders**”) and any separate account clients (together with the commingled funds, collectively referred to a “**Clients**”) and potential investors should rely only on the information contained in this document or in documents that Edgbaston has specifically provided. Edgbaston has not authorized any third party to provide information in connection with its investment programme or investment operations.

### **Item 2. Material Changes**

Copies of historic ADV Part 2 documents prepared by Edgbaston are available upon request to Matthew Myles ([mmyles@edgbastonip.com](mailto:mmyles@edgbastonip.com)).

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#### **Item 4. Advisory Business**

##### *History and Firm Structure*

Edgbaston is a private investment management company established in 2008 to specialize in publicly traded Asian equity (excluding Japan) investment, principally on behalf of investors domiciled in the United States. As of May 1, 2011, Edgbaston had US\$145 million of assets under management. Edgbaston does not participate in any wrap fee programmes. Edgbaston is registered with the Financial Services Authority in the United Kingdom and the Securities and Exchange Commission in the United States.

Edgbaston is a UK limited company. The firm is owned by current Edgbaston employees and their related parties (100% of the Class B shares representing 50.1% of Edgbaston's share capital) and Silchester Partners Limited ("SII Ltd") (100% of the Class A shares representing 49.9% of Edgbaston's share capital). Under the terms of Edgbaston's Articles and other governing documents, the Class B shareholders have the right in perpetuity to appoint a majority of Edgbaston's directors, appoint its Chairman and operate the firm on a day to day basis. In other words, it is the Edgbaston employee shares which maintain control of the business. Edgbaston would be pleased to answer any questions that any client or prospective investor may have on its ownership structure, industry affiliations or direct and indirect beneficial owners.

##### *Types of Services that Edgbaston Provides to Clients*

Edgbaston provides discretionary investment management services to its Clients. Edgbaston brings a wide range of analytical, research, portfolio implementation and administrative skills through its business. Edgbaston strives to service Clients whose investment needs are growing from year to year. Edgbaston specialises in investing in publicly traded equity securities using a bottom up value investment approach. Edgbaston does not provide financial planning, quantitative planning or market timing services to Clients. Edgbaston generally does not further customise or modify its investment programme based on individual Client needs. Unitholders in Edgbaston's commingled funds are not permitted to impose restrictions on investing in certain securities or types of securities.

#### **Item 5. Fees and Compensation**

Edgbaston provides discretionary investment management services to Unitholders in its privately offered commingled funds (the "Funds") that are exclusively invested in Asian (excluding Japan) equity securities on the following fee scale:

First US\$25,000,000	1.25%
Next US\$25,000,000	1.10%
Thereafter	1.00%

Fees paid by each Unitholder invested in the Funds are based upon the market value of the Units held by the Unitholder rather than the value of the Fund itself. Fees are not generally negotiable. However, Edgbaston may rebate fees paid by Unitholders invested in the Funds or charge lesser fees to Unitholders based upon the Edgbaston's relationship with the Unitholder, assets invested by the Unitholder, the timing of the Unitholder's investment, and other factors deemed relevant by Edgbaston. Fees are normally payable monthly in arrears, although the actual timing of fee payments will depend on the underlying legal domicile of a Fund and the terms of its operating agreements. Fees are normally paid via the redemption of part of the Units held by each Unitholder in a Fund on a monthly basis. Separate account clients are generally invoiced on a quarterly basis in arrears for the investment management services that Edgbaston provides. Unitholders will incur brokerage and other transaction costs as described in '**Brokerage Practices**'. No other additional fees or expenses are charged to separate account clients.

Edgbaston would not ordinarily anticipate opening any new separate accounts, with the exception of temporary accounts used to facilitate investment into or withdrawals out of its Funds or in rare exceptions, for a prospective investor interested in investing amounts over approximately US\$100,000,000. A fee scale for a separate account is available on written request.

The Funds pay their own direct trading expenses, clearing fees, and other exchange fees and charges. Direct trading expenses include brokerage commissions, “**bid-ask**” spreads, mark-ups, stock loan expenses, registration and transfer fees, regulatory and governmental charges and duties, and other fees and expenses relating to investments. The Funds are obligated to pay all income and other taxes related to their underlying investments. In addition, the Funds may be required to reimburse Edgbaston or the third party service providers to the Funds for legal expenses incurred to protect the Unitholders that Edgbaston determines are not routine (e.g., extraordinary legal expenses such as those incurred in connection with litigation to protect or promote the investment rights or obligations of the Funds (as applicable) and legal or accounting expenses incurred in connection with reclaiming foreign withholding taxes) and that are not borne by Edgbaston.

Edgbaston pays all routine legal, audit and accounting fees related to the Funds and the ongoing offering of Units as well as annual audit fees and tax return expenses (if any). Edgbaston pays any fees payable to the Custodians, Trustees, Fund Administrators, Managers, Auditors, Tax Advisors and other similar service providers of the Funds. Edgbaston has paid all expenses incurred in connection with the organization and the formation of Funds and will pay all costs associated with the ongoing issuance of the Units of these Funds to the extent that it remains the appointed investment manager of the Funds. The Funds are not required to raise a minimum amount in order to defray these costs and expenses. The Funds are not required to reimburse Edgbaston in the event that the investment management fees are insufficient to cover the expenses borne by Edgbaston.

Clients invested in separate accounts pay their own direct trading expenses, clearing fees, and other exchange fees and charges. Direct trading expenses include brokerage commissions, bid-ask spreads, mark-ups, stock loan expenses, registration and transfer fees, regulatory and governmental charges and duties, and other fees and expenses relating to investments. Clients invested in separate accounts are obligated to pay all income and other taxes related to their underlying investments. In addition, Clients invested in separate accounts may be required to reimburse Edgbaston for legal expenses incurred to protect the investor that Edgbaston determines are not routine (e.g., extraordinary legal expenses such as those incurred in connection with litigation to protect or promote the investment rights or obligations of the investors invested in separate accounts (as applicable) and legal or accounting expenses incurred in connection with reclaiming foreign withholding taxes) and that are not borne by Edgbaston. In addition, Clients invested in separate accounts are responsible for paying their own legal, audit and accounting fees as well as annual audit fees and tax return expenses (if any). Investors invested in separate accounts pay any fees payable to their separately appointed Custodians, Trustees, Fund Administrators, Managers, Managing Members, Auditors, Tax Advisors and other similar service providers.

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

Edgbaston does not charge performance based fees to any of its Clients or to any Unitholders. All fees are charged on an *ad valorem* basis. Edgbaston employees, directors, shareholders and related parties of Edgbaston employees have invested in the Funds. These employees, partners, directors, shareholders and related parties invest in the Funds on the same terms and pay the same fees as other unaffiliated clients in the Funds. No fees are waived for Edgbaston or its related parties.

## **Item 7. Types of Clients**

Each Fund, and not the underlying Unitholders in each fund, is currently considered a Client pursuant to Rule 203(b)(3)-1 of the Investment Advisers Act of 1940. Edgbaston makes investments on behalf of the Funds for the benefit of the underlying Unitholders in each respective fund. Units are sold only to Unitholders that qualify as “**accredited investors**” and “**qualified purchasers**” under applicable securities laws. An investment in Units of a Fund involves the risk of loss. Edgbaston, in its capacity as investment manager, is responsible for reviewing and managing the holdings of each Fund based on the results of its research activities and for making appropriate recommendations to satisfy the respective investment goals of the funds. Additional information is available in the respective offering memorandum of each Fund.

### *Conditions for Managing Accounts*

The minimum initial subscription for Units in a Fund is US\$2 million. Edgbaston may, in its sole discretion, accept or reject, in whole or in part, any investment or impose conditions or restrictions on such investment, such as increasing or decreasing the amount of the minimum investment or requiring a Unitholder to establish a temporary account with the custodian of the Funds and wire funds to that account prior to an applicable dealing day. Unitholders may redeem all or part of their Units in a Fund on any dealing day by providing Edgbaston with written notice at least six (6) Business Days prior to the dealing day upon which the redemption is to be effective. Certain documentation must also be returned at least four (4) Business Days prior to such dealing day. There is no minimum redemption size for redemptions from the Funds. Additional information is available in the respective offering memorandum of each commingled fund.

With the exception of the minimum initial subscription noted above, Edgbaston does not impose a minimum account size for investing in the Funds.

Edgbaston would not ordinarily anticipate opening any new separate accounts, with the exception of temporary accounts used to facilitate investment into or withdrawals out of its Funds or in rare exceptions, for a prospective investor interested in investing amounts over approximately US\$100,000,000. A fee scale for a separate account is available on written request.

As of May 1, 2011, Edgbaston had US\$145 million of assets under management.

### *Transition Accounts*

Edgbaston has the ability to direct clients making cash contributions to or redemptions from the Funds to use transition accounts. Transition Accounts are temporary custody accounts that are opened under the Fund’s general legal structure. They are used to facilitate large subscriptions and withdrawals. The Transition Account structure allows Edgbaston to invest cash contributions outside of the Fund’s direct assets or to liquidate holdings outside of the Fund’s direct assets (and therefore avoid impacting existing investors or remaining investors, as the case may be). By investing new cash flows or liquidating the securities separately, the incoming or outgoing investors bear their own market risk during the investment or redemption period (usually one month but this can be longer depending on market conditions), as well as their own dealing costs. Edgbaston believes that these procedures safeguard the benefits of commingled investing for all participants and represent a fair and equitable way of accommodating periodic subscriptions and withdrawals. Prospective investors should refer to the specific provisions of each commingled fund’s Offering Memorandum for a complete discussion of Transition Accounts and the risks involved therein.

### *Sideletter Agreements*

Edgbaston generally will consider entering into a sideletter agreement only when rules governing the investment by a specific Unitholder (such as state law or the governing documents related to such Unitholder) in Fund requires a specific variation, provided that such change is not expected to materially impact Edgbaston, other service providers to the Funds or other Unitholders. It is Edgbaston's policy not to agree to any sideletter or other similar agreements that grant any Unitholder or group of Unitholders preferential rights with respect to the payment or timing of redemptions, indemnification from Edgbaston, the law governing Edgbaston's and each Unitholder's responsibilities under the governing documents for the Funds, or access to data on a Fund's holdings or trading activity. Edgbaston will provide a summary of all sideletter agreements currently in effect upon the written request of a current or prospective Unitholder.

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

### *Investment Strategy and Analysis*

Edgbaston provides discretionary investment management services to Clients according to a clear investment strategy. The investment objective is to achieve long-term growth primarily by investing in a diversified portfolio of equity securities of companies located in any country in the Asia-Pacific region, excluding Japan. As many companies have multinational operations, a company's location will ordinarily be determined by factors such as (i) its jurisdiction of incorporation, (ii) the location of its head office, primary market, significant sources of revenues, income or the location of its assets, or (iii) its classification as determined by various market indices. To achieve its objectives, Edgbaston generally seeks to invest in a portfolio of securities that, in its opinion, possess fundamental investment value.

Edgbaston believes that securities with low market price to earnings, cash flow, asset value or sales ratios or strong dividends typically, but not necessarily, possess fundamental investment value. Investments meeting the above criteria are identified by Edgbaston in part through the use of database screens. Edgbaston carries out financial analysis on prospective investments and reviews their underlying business strengths and weaknesses, their plans, and their management. Investments that appear attractive according to Edgbaston's criteria generally will constitute a high proportion of each client portfolio.

When allocating investments among individual countries, the prime determinant for Edgbaston is the attraction of the individual security investments (a “**bottom up**” approach). Macroeconomic features are considered as they affect individual companies. Nonetheless, Edgbaston seeks to retain a reasonable diversification of investments across countries and industries and, consequently, will normally incur some exposure to foreign currencies. Edgbaston may actively manage each portfolio's currency risk through the use of spot and forward currency contracts. In determining its strategy toward currency investment, Edgbaston principally considers a country's real short-term interest rates, the relative purchasing power parity of its currency and its overall financial quality, current account performance, prevailing monetary conditions and any special geopolitical factors.

Due to restrictions on direct investments by foreign entities in certain foreign countries, investments in other investment companies may be the most practical or only manner in which each portfolio can obtain certain securities. Accordingly, each portfolio may, subject to its investment restrictions and in the sole discretion of Edgbaston, invest a portion of its assets in U.S. and foreign investment companies. It should be noted, however, that such investments may (i) involve the payment of premiums above the net asset value of such issuers' portfolio securities, (ii) be constrained by market availability, and (iii) with respect to foreign funds, be considered passive foreign investment companies for federal income tax purposes. As a shareholder in such an investment company, a

portfolio would bear its pro rata share of that company's expenses. Edgbaston does not expect that such investments will comprise a major part of a Client's investment portfolio.

Edgbaston has established investment parameters as to the amount of each portfolio invested in, including but not limited to, securities with particular characteristics, individual securities, and the securities of companies located in particular countries. These investment parameters are outlined more fully in the Investment Guidelines set out in the confidential private offering memorandum for each Fund or in the investment guidelines agreed with any separate account investor.

### *Types of Investments*

Edgbaston will invest in developed, emerging and so-called frontier markets. Edgbaston is permitted to utilize a wide range of equity instruments in attempting to achieve its investment objectives, including both common and preferred stocks, special classes of shares available only to foreign persons in markets which restrict the ownership of certain classes of equity to nationals or residents of the country, convertible preferred stocks, convertible investment grade instruments, depository receipts, and to a limited extent, options and warrants on equity securities. Edgbaston is also permitted to invest in physical currencies and spot and forward currency contracts. Since purchases of foreign securities may give rise to unwanted foreign currency exposure, Edgbaston will analyze such exposures, and may, in its discretion, enter into hedging transactions in order to achieve a better balance of currency exposures. Such a transaction will normally be in the form of spot and forward currency contracts. Restrictions on the use of forward contracts are disclosed in further detail in separate account investment management agreements (where applicable) and each Fund's investment guidelines.

The Northern Trust Company or one of its direct or indirect subsidiaries ("**Northern Trust**") has been appointed to act as the custodian for the Funds. Pursuant to a Cash and Foreign Exchange Calculation Services Agreement entered into by Edgbaston and Northern Trust, Northern Trust projects each Fund's daily foreign currency needs that must be raised to meet each Fund's settlement obligations. Pursuant to a Foreign Exchange Procedural Trades Agreement entered into by Edgbaston and Northern Trust, Edgbaston may direct Northern Trust to execute all daily foreign exchange transactions at the publicly quoted 4:00PM London time WM Company/Reuters closing bid/ask spot rates unless certain extraordinary conditions exist in a specific currency market or Edgbaston, in its discretion, decides to execute all or part of a Fund's daily foreign exchange transactions pursuant to another arrangement with Northern Trust or another counterparty.

Subject to investment guidelines, Edgbaston may invest in (i) non-exchange traded securities including private placements and securities subject to transfer restrictions under Rule 144A or Regulation S of the Securities Act of 1933 or otherwise commit to acquire securities on a forward commitment basis, and (ii) unregistered and bearer securities. Edgbaston does not invest in futures or options on futures. Edgbaston may, however, invest in, hold, and purchase, or otherwise acquire rights, stock options, stock coupons, warrants, and other similar investments issued, sold, or distributed by a portfolio holding as part of a corporate action or other similar transaction. Edgbaston may purchase the securities of issuers during an initial public or secondary offering of securities. Companies involved in initial public or secondary offerings of securities typically have short operating and trading histories and generally are less established. The prices of securities issued as part of initial public or secondary offerings traditionally have been quite volatile. Edgbaston also may be required to agree to certain transferability restrictions as a precondition for participating in these types of security offerings.

### *Frequency of Trading*

Over the course of a market cycle, Edgbaston would expect the turnover of its commingled funds to typically be around 30% per annum. Edgbaston's turnover figure for 2010 was approximately 24%.

Edgbaston makes investment decisions on when to sell a security solely based on its investment criteria and do not take into account tax considerations. In other words, Edgbaston does not engage in “**tax loss harvesting**” strategies employed by other investment advisers.

### *Strategy Risks:*

There are a number of material risks associated with investing in publicly traded Asia-Pacific equity securities. These include, but are not limited to, the following matters. Further information on investment risks is disclosed in the confidential private offering memorandum of each Fund or in the investment management agreements for separate account clients.

- *Concentration in Asian Securities.* Edgbaston concentrates its investments in equity securities of companies located in Asian countries. Consequently, Edgbaston portfolios may be more volatile than those that do not share this geographic concentration. The value of portfolio investments may vary in response to political and economic factors affecting companies in Asia.

Securities in Asian countries are generally denominated and quoted in the local country’s currency. Generally, these currencies are fully convertible and transferable based on floating exchange rates into all readily convertible currencies without administrative or legal restrictions for both non-residents and residents of the respective Asian country. Some monetary authorities have periodically been unwilling to allow certain currencies to freely fluctuate in price and may periodically and at length intervene in foreign currency markets. As a result, in the absence of a successful currency hedge, the value of assets measured in U.S. Dollars may be affected favorably or unfavorably by fluctuations in the value of the particular currency relative to the U.S. Dollar.

- *Global Market Exposure.* Edgbaston invests on a regional basis in developed, emerging markets and frontier markets. Investors are therefore subject to: (i) currency exchange-rate risk; (ii) the possible imposition of withholding, income, capital gains or excise taxes; (iii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and little or potentially biased government supervision and regulation; (iv) financial, economic and political risks, including expropriation, currency exchange control and potential restrictions on foreign investment and repatriation of capital; and (v) global market turmoil.
- *Emerging and Frontier Market Securities.* Edgbaston purchases the securities of issuers located in emerging and frontier markets. Holders of emerging and frontier market securities are subject to additional risks, including potential periods of illiquidity, increased price volatility, the volatility of emerging and frontier market exchanges due to smaller market capitalization, evolving clearance and settlement procedures, potential restrictions on foreign investment, security transfer and the repatriation of investment income and capital. The currencies in which emerging and frontier market securities are issued may experience significant declines against the U.S. dollar either as a result of market pressures or government devaluation. Trading in emerging and frontier market currencies may be subject to governmental or significant administrative restrictions or only tradable with certain approved counterparties. Approved counterparties are typically sub-custodians or subagents appointed by a custodian. These factors may result in higher spreads being paid when the currencies associated with emerging and frontier market securities are traded. Inflation in emerging and frontier markets has historically been in excess of inflation in more established countries, increasing negative pressures on emerging and frontier market economies and markets.
- *Price Fluctuations.* Prices of equity securities and other instruments are highly volatile. Prices are affected by a wide variety of complex and difficult-to-predict factors, including, but not limited to, supply of money, inflation, weather and climatic conditions, changing supply and demand relationships, governmental activities and regulations, political and economic events and prevailing psychological characteristics of the marketplace. These same factors also can affect



the securities markets adversely.

- *Illiquidity.* Edgbaston may purchase investment instruments that later become illiquid or otherwise restricted. These positions may only be able to be liquidated at disadvantageous prices. The decision to hold or liquidate such securities is at Edgbaston's sole discretion. Although many of the securities that Edgbaston may acquire may be traded on public exchanges, each exchange typically has the right to suspend or limit trading in the securities which it lists. Suspensions could render it difficult or impossible for Edgbaston to liquidate any or all of its positions and would thereby expose investors to losses.
- *Transactions on Non-U.S. Exchanges.* Edgbaston engages in trading on markets outside the U.S. Transactions on non-U.S. exchanges are not regulated by U.S. governmental agencies, such as the SEC. Edgbaston portfolios will be subject to the risk of fluctuation in the exchange rate between local currency and U.S. dollars. Any profits that might be realized in any trading could be eliminated by adverse changes in exchange rates or losses could result. Some non-U.S. exchanges, in contrast to exchanges in the U.S., may be "**principals markets**" similar to the forward markets, in which responsibility for performance is only that of the principal with whom a trader has entered into a transaction, and not of an exchange or clearing corporation. In some cases, a broker may in effect take the opposite side of trades. Because some non-U.S. exchanges generally lack a clearinghouse system such as that utilized by exchanges in the U.S., market disruptions may be more likely to occur on non-U.S. exchanges and, in extreme circumstances such as the failure of a broker or other counterparty, or the settlement of security trades may be delayed or cancelled. To minimize the risk of broker or counterparty default and subsequent loss, Edgbaston will normally arrange for security purchases and sales to be settled on a "**delivery versus payment**" basis. Edgbaston does not utilize the services of any prime brokers.
- *Investment Approach.* There is no guarantee that the investment approach, techniques, or strategies utilized by Edgbaston will be successful or profitable. All investments risk the loss of capital. Furthermore, there can be no assurance that the specific trading strategies utilized will produce profitable results. Any factor that would make it difficult to execute trades, such as reduced liquidity or extreme market developments, also could be detrimental to profits. Unlike certain other types of funds, it is the intention that each fund will only have one investment manager.
- *Cash Balances.* The U.S. dollar cash balances for the US Fund are invested in money market funds sponsored by Northern Trust. Edgbaston may direct Northern Trust to hold U.S. dollar cash balances in other money market funds, deposit accounts or other vehicles in its sole discretion. Investors could incur losses in the event that the net asset value of the money market funds falls below US\$1.00 or if redemptions from the money market funds, deposit accounts or other vehicles were restricted. Non-U.S. dollar cash balances are held in deposit accounts at various subagent banks. These deposit accounts are subject to counterparty and credit risk (for example, if either the custodian or the subagent bank were to declare bankruptcy or otherwise default on its financial obligations).
- *Credit Risk.* Securities trading in Asia-Pacific equities is subject to the risk that the brokers and counterparties with which, and the exchanges on which, the trades are executed or positions are carried may default. The default by an exchange, clearinghouse or counterparty could result in material losses. Certain markets require all securities to be held in a central securities depository and, in certain cases, the depository may be owned by a foreign government or government body and not be supported by a national network of well capitalized financial institutions. The default of such government or depository, or the failure of such depository to maintain suitable and sufficient procedures to mitigate against theft or loss, could result in material losses. To minimize transaction and foreign exchange dealing costs, Edgbaston may request that a broker or counterparty "**warehouse**" smaller security trades. Where security positions are "**warehoused**",

the executed trade remains the property of the executing broker or counterparty until such time as the trade is allocated to a specific Client account. If the broker or counterparty defaults or declares bankruptcy, the investor could suffer losses on warehoused security positions.

- **Tax Risks.** Edgbaston's investment decisions are based primarily upon economic considerations and not tax considerations, and could result, from time to time, in adverse tax consequences. Certain markets may assess capital gains taxes in the event a Client holds more than a given percentage of a company's shares in issue and sells these shares at a gain in a given period. In other markets, local tax authorities may assess a capital gains tax on gains that are realized from selling shares issued by so-called "**land rich**" companies. "**Land rich**" companies are generally viewed as companies the majority of whose balance sheet consists of land, buildings, leasehold improvements, mining, mineral and oil concessions and leases or other similar issues. In other cases, capital gains taxes may be assessed on gains if the shares were not held for more than a given period of time (typically 12 months). In most cases, the amount of capital gains taxes can be reduced under availing double taxation treaties to the extent Edgbaston can prove that each underlying investor is resident in the U.S. for income tax purposes. This is normally done by providing the foreign tax authority with an IRS Form 6166 (Certificate of Residency) and/or a copy of an individual IRS Form 6166 or IRS Determination Letter.

#### **Item 9. Disciplinary Information**

There have been (and are) no material criminal, civil, regulatory, business, or administrative proceedings against Edgbaston or any of its employees, principals, affiliated entities or advisory affiliates. Edgbaston and its employees, principals, affiliated entities or advisory affiliates are not currently in litigation or arbitration and have not received any subpoenas. Neither Edgbaston nor any of its employees, principals, affiliated entities or advisory affiliates have ever been subject to any criminal proceeding.

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

Edgbaston is not affiliated with any banks, broker dealers or custodians. Edgbaston is an independent company that is owned and controlled by its shareholders.

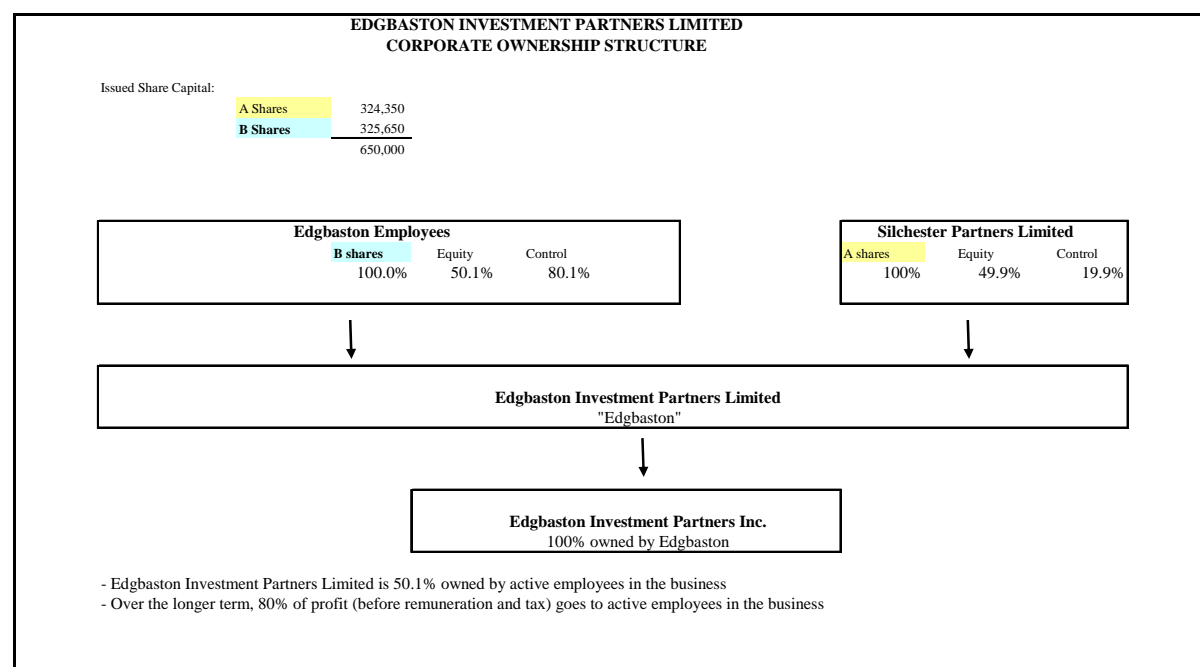
As shown on the following organization chart, Edgbaston has one wholly owned subsidiary. Edgbaston Investment Partners, Inc. is located in Houston, Texas and provides marketing and client service support to North American clients and consultants. Edgbaston Investment Partners, Inc. also acts as the tax matters partner and registered agent for service of process for the Edgbaston Asian Equity Trust, Edgbaston's privately offered commingled fund for US investors.

SII Ltd is a minority owner of Edgbaston. SII Ltd is a member of Silchester International Investors LLP ("SII LLP"), a UK based investment manager registered with the SEC as an investment adviser (SEC file number: 801-49530). SII LLP and SII Ltd have agreed to provide certain back office, compliance, legal, finance, administration, personnel and office support to Edgbaston pursuant to a separate Operational Services Agreement until April 30, 2013, unless Edgbaston reaches certain asset thresholds (US\$350 million) at which point Edgbaston must provide SII LLP and SII Ltd with one years notice of its intention to fully assume responsibility for completing these functions..

Under the terms of a Research and Consultancy Services Agreement executed on November 1, 2010, SII LLP agreed to purchase approximately fifty five (55) research reports from Edgbaston every twelve (12) calendar months. The cost of these research reports was determined by SII LLP and Edgbaston in an arms-length manner. Under the terms of this agreement, Edgbaston has the right to limit or reduce the amount of research provided.

SII Ltd is also a minority shareholder in four other US registered investment advisers: Colchester Global Investors Limited (SEC File Number 801-57116), Sanderson Asset Management (SEC File Number 801-60032), Highclere International Investors LLP (SEC File Number 801-66718) through a participation in Highclere Investment Management Ltd, and Nippon Value Investor KK (SEC File Number 801-66876). SII Ltd is also an indirect shareholder in Heronbridge Investment Management LLP and Kiltarn Partners LLP, UK domiciled investment advisers that are not currently registered with the SEC. As a result, Edgbaston is deemed to be under SII Ltd's common control with these other firms. Edgbaston does not recommend the execution of any transactions between its client accounts or funds and those of SII LLP or SII Ltd's affiliated companies. Timothy Linehan, SII LLP's Head of Operations, sits on the Board of Edgbaston in the capacity of Non-Executive Director, having done so since inception with limited influence in the day to day management of Edgbaston's operations and business. SII LLP employees and partners, SII Ltd and its shareholders and former employees and their related parties have and may, from time to time, invest assets in Edgbaston's privately offered commingled funds. SII Ltd is eligible to receive dividends from Edgbaston as the result of its equity holding.

### *Edgbaston's Organization Chart*



### **Subsidiary – General Partner:**

Edgbaston, through its wholly owned US subsidiary Edgbaston Investment Partners, Inc. (“**EIP Inc.**”) serves as tax matters partner for a fund that is legally considered to be a Delaware statutory trust, but is treated as a partnership for US income tax purposes. This entity is named the Edgbaston Asian Equity Trust. EIP Inc. also serves as the agent for service of process for Edgbaston with respect to certain regulatory and tax filings, including the SEC, the US Department of Labour and the IRS, as well as so-called state blue sky or limited offering notices.

### **Privacy Considerations:**

Edgbaston is committed to maintaining the confidentiality, integrity and security of personal information provided by Clients. Personal information may be obtained in a number of ways, such as during the application process for units in a Fund or ongoing communications between Edgbaston and its Clients. All information obtained about Clients is treated as confidential unless the Client has otherwise made the information public, such as its relationship with Edgbaston or investment in a commingled fund. Edgbaston generally exercises the same care dealing with personal information

obtained from its Clients that Edgbaston uses in dealing with its own internal confidential information.

Edgbaston protects personal information provided by Clients in a number of ways. All of Edgbaston's employees are subject to strict employment policies regarding Client confidentiality. Edgbaston takes reasonable measures to dispose of personal information to protect against unattended access and use. Edgbaston has adopted various procedures to implement its policy and reviews to monitor and ensure the policy is observed, implemented properly and amended or updated as appropriate. Edgbaston attempts to ensure that its systems are secure and aims to apply password protections, firewalls, encryption technologies, and other mechanisms to guard confidential Client information that are suitable and sufficient based on the size and nature of its business. Select physical and procedural safeguards have been established to guard Client information. Former employees also are prohibited from disclosing non-public personal information to any person or entity.

Edgbaston may use data obtained from Clients for the purpose of communicating information about its investment products. Edgbaston may also provide information concerning Clients to firms that assist Edgbaston in servicing its Clients, including Edgbaston's affiliated firms. This helps to ensure that all Clients are given an appropriate level of service. Information concerning Clients also may be passed to regulatory authorities or law enforcement officials who have jurisdiction over Edgbaston, as otherwise acquired by applicable law and regulations, or if reasonably required to prevent fraud and unauthorized transaction. Under certain limited circumstances, Edgbaston may provide Clients with information concerning the investment products of its business partners if Edgbaston believes this information may be of interest to Clients. Clients that do not wish to receive this information may contact Edgbaston and request to be removed from these distribution lists. On at least an annual basis Edgbaston provides copies of its privacy policy to its Clients. Clients may request a copy of the current privacy policy at any time by contacting Edgbaston's Client Services representatives.

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

Edgbaston has adopted a Code of Ethics to effectuate the purposes and objectives of Rule 204A-1 of the Investment Advisors Act of 1940. The Code of Ethics sets forth Edgbaston's business conduct in its capacity as a fiduciary for its Clients and establishes standards of conduct for its supervised personnel. The Code of Ethics was developed with the view that Edgbaston is, and wishes to remain, closely aligned with the interests of its Clients and underlying Unitholders. Among the topics covered in the Code are: prohibitions on insider trading, resolving conflicts of interest, personal securities transactions by Edgbaston's personnel, and confidentiality of Unitholder information. Edgbaston will provide a copy of its Code to any Unitholder or prospective investor upon request and without charge. To obtain a copy of Edgbaston's Code, please contact Edgbaston's Chief Compliance Officer (Matthew Myles on 44 207 258 3170 or via email on [mmyles@edgbastonip.com](mailto:mmyles@edgbastonip.com)).

#### **Participation or Interest in Client Transactions:**

Edgbaston established each of its Funds, and pays for the ongoing costs of operating these Funds, including custody, fund administration, subadvisory (if any), legal, tax accounting, annual audit, and reporting fees. Edgbaston derives fees from each Unitholder based upon the market value of each Unitholder's Units in the Funds. Employees of Edgbaston have invested in Edgbaston's privately offered commingled funds for non-US investors and, in certain limited circumstances, the US based Funds. EIP Inc. serves as the tax matters partner for US income tax purposes of Edgbaston's US based Fund, where appropriate.

#### **Personal Account Trading Policies:**

Employees and members of Edgbaston and its subsidiaries may trade securities for their own accounts in accordance with Edgbaston's Code and the procedures set forth therein. These procedures ordinarily provide, in part, that employees and principals of Edgbaston or its affiliated entities are

ordinarily prohibited from acquiring (i) securities that Edgbaston is currently purchasing, selling, or holding on behalf of its Clients, or (ii) represent prospective investments. Edgbaston's procedures prohibit Edgbaston from favouring accounts in which it, its affiliated entities, or its/their employees, partners, principals, directors or members have a direct or indirect financial interest over the accounts of Edgbaston's Clients. Certain agents and other independent contractors (including individuals that may provide research to Edgbaston on a contractual basis) may be subject to differing restricted trading procedures. Employees and members of Edgbaston are generally prohibited from acting as the directors of any publicly traded companies that may form part of a Clients portfolio.

#### **Determination of Type, Number and Timing of Transactions:**

Other than as specified by a Fund's investment guidelines or pursuant to the terms of a separate account investment management agreement, Edgbaston has sole authority to determine, without obtaining specific consent, the amount and specific securities to be bought and sold for each account.

### **Item 12. Brokerage Practices**

#### **Brokerage Selection and Commission Issues:**

Edgbaston may select brokers and dealers for the execution of equity and foreign exchange transactions recommended on behalf of its Clients and clearing trades, for provision of research and research related services, and assistance with other non U.S. exchange transactions in its sole discretion. Edgbaston is not affiliated with any broker/dealers and does not execute equity or foreign exchange transactions as a principal. Accordingly, Edgbaston selects unaffiliated third-party broker/dealers to execute all Client transactions although, as permitted by applicable law and described in more detail below, Edgbaston may from time to time direct a Client to purchase or sell equity securities or currencies directly from or to another Client as part of transactions not requiring the use of a broker.

In selecting brokers, Edgbaston seeks the best combination of price and quality of execution services, after considering factors that may impact the transaction. These factors include, but are not limited to, the particular expertise of the broker with respect to the size or type of transaction, the commission rates charged, the nature and character of the relevant markets on which the transactions will be executed, and the broker's execution experience, integrity, credit-worthiness, financial responsibility and operational efficiency. Edgbaston primarily relies upon its own proprietary research and research of sub-advisers and affiliates in rendering investment advice. Nevertheless, Edgbaston may consider the availability and quality of research products and services provided by a broker in selecting which brokers to use in effectuating Client transactions. Research products and services include information and analysis of portfolio companies, their competitors or suppliers, industry and economic appraisals, market intelligence data, and other services that may assist Edgbaston in its investment decision-making. Edgbaston executes Client transactions through various types of brokerage arrangements:

- **“Traditional” Brokers.** Traditional brokers provide Edgbaston and the Clients with a **“bundled”** service which typically includes both the cost of trade execution and research-related products and services in quoted commission rates. While traditional brokers will execute transactions on behalf of Clients on a so-called **“agency”** or **“execution only”** basis, they also will execute transactions as a principal, thereby risking their proprietary capital to facilitate Client transactions. Traditional brokers may also be used to execute transactions when, for example, a broker possesses special or unique knowledge of a company, industry or sector, where they act as **“house broker”** (i.e., to facilitate share buybacks), or can trade larger blocks of securities without disrupting market prices.
- **“Execution Only”, “Algorithm” and “Agency” Brokers.** Although permitted to do so, execution, algorithm and agency brokers generally choose not to provide research services to Edgbaston, or risk their proprietary capital when acting as counterparty, and therefore generally provide trade execution services at reduced commission rates related to traditional brokers. These brokers ordinarily rely on natural market order flow to facilitate trades. On occasion, when there

is a less-liquid natural market, this may make it somewhat more difficult to facilitate Client transactions. Given these shortcomings, execution, algorithm and agency relationships are used primarily to facilitate Client transactions involving certain larger capitalization and highly liquid securities. Execution, algorithm and agency brokers may utilize electronic crossing networks for Edgbaston's transactions if and when appropriate.

- **Internal Cross Transactions.** Subject to ERISA or other applicable laws to reduce transaction costs, rebalance the Fund investment portfolios or for other reasons, Edgbaston may from time to time, to the extent permitted by law, cause a Client account to enter into cross transactions directly with other Client accounts for which Edgbaston also acts as adviser. This normally occurs where inflows into one Client account coincide with outflows from another Client account for which Edgbaston also acts as an adviser. In the event that Edgbaston causes one Client to purchase securities from or sell securities to another Client, Edgbaston uses its best efforts to mitigate potential conflicts of interest by causing the transaction to ordinarily occur at the then prevailing market price of the applicable securities and by considering the interests of all Clients that are parties to the transaction. Edgbaston may use unaffiliated third party brokers to facilitate these cross transactions and/or execute such cross transactions “**off-exchange**” without using a broker. No commissions are paid when the cross trades are executed “**off-exchange**”. Edgbaston will provide a Unitholder with details of the Clients crossing activities on a periodic basis upon the receipt of a written request for such information from the Unitholder.
- **Commission Recapture and Directed Brokerage.** Edgbaston does not participate in commission recapture or directed brokerage arrangements and Unitholders participating in Edgbaston's Funds are not permitted to direct Edgbaston to use or allocate commissions from any broker. In certain limited circumstances separate account clients are permitted to direct brokerage. The level of directed brokerage (if any) is closely monitored for conflict purposes.

Commission costs may vary for reasons such as whether execution and research services are bundled or separately charged. Commission costs also are reflective of different commission schedules in effect in different international markets. Commission cost factors include, but are not limited to, the particular expertise of the broker with respect to the size or type of transaction, the commission rates charged, the nature and character of the relevant markets on which the transactions will be executed, and the broker's execution experience, integrity, credit-worthiness, financial responsibility and operational efficiency. Commission rates generally are subject to annual reappraisal, ordinarily during formal reviews of the third party broker relationship, and are subject to careful monitoring and renegotiation to ensure that they are competitive.

Edgbaston does not share, directly or indirectly, in any of the revenues generated by the Funds brokerage transactions. Edgbaston is responsible for negotiating commissions and spreads paid in connection with such transactions and may select brokerage firms that provide research to Edgbaston, resulting in the payment of higher rates or spreads than those charged by other brokers if Edgbaston believes such rates are justified by the value of the research provided, or the quality or nature of the brokerage services provided.

#### **Soft Dollar Considerations:**

It is Edgbaston's policy, consistent with the obligation to seek the most favorable combination of price and quality of execution, to effect transactions from time to time with brokers who provide research related products or services or pay for research related products and services provided by third parties directly or indirectly to Edgbaston.

Edgbaston may receive “**soft-dollar**” benefits from, or pay “**soft dollar commissions**” to the Clients brokers and may participate in commission sharing arrangements (“**CSAs**”) so long as these CSAs comply with applicable regulations. The type of “**soft dollar**” benefits received by Edgbaston from brokers and counterparties is limited to research and research related services that fall within the so-called “**safe harbour**” provisions of Section 28(e) of the U.S. Securities Exchange Act of 1934 and

the so-called “**permitted research**” exemptions established by the Financial Services Authority in the United Kingdom governing the receipt of research and execution services from brokerage counterparties. This includes, among other items, research of actual or potential portfolio companies, their competitors or suppliers as well as market intelligence data. These research services provide Edgbaston’s investment and portfolio managers and analysts with valuable assistance in the decision-making process. Edgbaston believes that the amount of commissions paid to brokers providing it with research and research related products and services is reasonable in relation to the value of the brokerage and research services provided by the broker/dealer, viewed in terms of a particular transaction or Edgbaston’s overall responsibilities to its Clients and Unitholders.

The United Kingdom Financial Services Authority (“**FSA**”) requires all investment managers to provide Unitholders with detailed information on the sources and uses of Unitholders commissions. This summary is provided to Unitholders on a semi annual basis and highlights the proportion of Unitholders commissions used for execution and research services across Edgbaston’s portfolios. Commission rates will vary from year to year depending on investment activity. This information is available on request.

#### **Allocation of Investment Opportunities:**

Edgbaston endeavours to act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities among its Clients. When Edgbaston determines that it would be appropriate and feasible for more than one Client to participate in an investment opportunity, Edgbaston may place combined orders for all such Clients simultaneously and, if the order is not filled at the same price, Edgbaston will average the prices paid over a particular trading day or such longer period consistent with the accumulation or disposition of a particular trade. Similarly, if an order is placed on behalf of more than one Client and the order cannot be fully executed under prevailing market conditions, Edgbaston may allocate the trade execution among different Clients on a basis that Edgbaston deems equitable. This is normally achieved by pro-rating actual trade executions among Clients in accordance with the total number of shares outstanding on each Client's order and rounding such executions to reflect minimum trading sizes, minimum allocations necessary to avoid undue costs being realised by Clients (such as transactions and foreign exchange costs resulting from smaller allocations), and efficiencies inherent in trade reporting. If Edgbaston elects for Clients to participate in initial public offerings, governmental privatisations or other similar events, all allocations are done on a strict pro rata basis taking into account minimum trading sizes and other regulatory restrictions. Situations may occur where a Client could be disadvantaged because they participated in the aggregate order.

Edgbaston anticipates that the substantial majority of its trade executions will be allocated between Clients in a pro-rata manner. In the rare circumstance where Edgbaston determines that this pro rata allocation methodology may not be in a Client's best interest, Edgbaston may, in its reasonable discretion, make an adjustment to the pro-rata allocation. This may occur when a Client has insufficient cash on hand to settle an allocated order or satisfy certain future commitments. This may also occur if a Client will be overdrawn as a result of accepting a commitment to purchase the allocated securities, or if the Client will suffer unnecessary costs or charges related to trading or settlement. In these situations, Edgbaston will use its judgment to determine whether a Client should receive no allocation or a smaller allocation of shares resulting from a given execution. In other situations, a larger allocation of shares may be made to a Client if, for example, an additional allocation is required to clear a Client's negative cash balances or to raise funds to satisfy future Client commitments.

Clients should be aware that Edgbaston is not ordinarily subject to any specific obligations or requirements concerning the allocation of time, effort or investment opportunities to any one Client or group of Clients or subject to any restrictions on the nature or timing of making investments for a Client or its own accounts. Edgbaston is not required to accord exclusivity or priority to any one Client or group of Clients in the event of “**limited availability**” investment opportunities.

Subject to certain trading restrictions outlined in Edgbaston's Compliance Manual, and Code of Ethics, Edgbaston's employees and principals may buy and sell securities (or other derivative instruments) for their own account and/or the accounts of others. Such trading may be similar to, or different from, the investment strategies pursued on behalf of the Edgbaston's Clients and securities included in Client portfolios.

### **Item 13. Review of Accounts**

#### **Reviews and Reviewers:**

All Funds, and where applicable, separate account investments are kept under daily review both for price and changes in fundamentals affecting the securities. All portfolios are reviewed weekly. The principal reviewers are Charu Fernando and Sarah Nichols. All reviewers are equally responsible for ensuring that accounts are maintained in line with Edgbaston's policies and are equally responsible for all accounts.

#### **Frequency of Regular Reports to Clients:**

Clients with segregated accounts (these are ordinarily used to facilitate investment in and/or withdrawal from one of Funds) receive a monthly valuation and a schedule of transactions for their portfolios. Unitholders receive a monthly participation report showing selected information about their investments in the commingled fund directly from each fund's fund administrator. Such reports are ordinarily distributed on or before the seventh business day of each calendar month. Unitholders also receive audited financial statements for the Funds on an annual basis. All Clients and Unitholders receive a written review directly from Edgbaston that describes the economic and financial background, the strategy adopted, the results achieved and Edgbaston's outlook for the future, together with certain analytical information describing the Client's or Fund's (as applicable) holdings. This review is ordinarily included in a newsletter provided by Edgbaston, at a minimum, on a quarterly basis.

### **Item 14. Client and Unitholder Referrals and Other Compensation**

Edgbaston does not receive any compensation or other economic benefit from any non-Clients for providing investment management services nor compensates any persons for Client and/or Unitholder referrals so this item is not applicable.

### **Item 15. Custody Considerations**

Northern Trust acts as the custodian, fund administrator and custodial trustee (where required) for the Funds. Unlike most privately offered collective investment funds which generally are organised as limited partnerships or limited liability companies, the Edgbaston Asian Equity Trust is organised as a Delaware statutory trust. This type of fund calls for a specific custodial trustee and Delaware trustee to be appointed. With respect to this Fund, Northern Trust has been appointed as custodial trustee and an indirect wholly owned subsidiary of Northern Trust has been appointed as Delaware trustee.

Edgbaston does not act as custodian for or hold any Client moneys or assets. Northern Trust is solely responsible for the custody and safekeeping of the Funds' assets, performs certain administrative functions for the Funds at the direction of Edgbaston in accordance with each Fund's governing documents and provides certain recordkeeping and accounting services to the Funds, including the calculation of the Net Asset Value of the Funds and its units on a monthly (or more frequent) basis and the distribution of valuation statements directly to the Unitholders. Edgbaston pays Northern Trust's fees related to the services Northern Trust performs on behalf of the Funds and the Unitholders. Northern Trust acts as the principal counterparty to the Fund's spot and forward currency contracts and provides certain foreign exchange calculation and trade services in accordance with various agreements with Edgbaston. Edgbaston does not require Northern Trust to provide collateral to support unrealized gains related to the Fund's currency contracts.



**Valuation of the Funds:**

In its capacity as fund administrator, Northern Trust is responsible for independently valuing each Fund's assets. Equity securities are ordinarily valued using the closing price reported by their primary stock exchange and translated into USD using exchange rates provided by WM/Reuters. These are the same prices and exchange rates used by major market indices such as MSCI for valuing (among others) the MSCI AC Asia Pacific ex Japan Index. Forward currency contracts are valued using WM/Reuters exchange rates and adjusted to reflect the settlement period for the forward currency contract. Edgbaston does not require Northern Trust to provide collateral to support unrealized gains related to a Fund's foreign currency contracts. Dividend and withholding tax accruals are valued at fair market value in accordance with GAAP.

The net asset value of the Funds and the calculation of the net asset value of each unit are determined in U.S. dollars by Northern Trust or at the direction of Edgbaston, as of the last business day of each month and on such other dates as Edgbaston, with the consent of Northern Trust, shall determine. In exceptional circumstances, Edgbaston may require Northern Trust to value the Funds more frequently.

The "**Net Asset Value**" of each of the Funds equals the aggregate value of the units of each Fund. For these purposes, the Net Asset Value of a Fund equals the aggregate value of the assets of the Fund, less its total liabilities (including accrued liabilities, irrespective of whether such liabilities may in fact ever be paid), determined by Northern Trust in good faith in its sole discretion. The Net Asset Value of a Fund is determined under the accrual method of accounting in accordance with U.S. generally accepted accounting principles. The net asset value of any units held by a Unitholder as of a valuation date is equal to the net asset value of the Fund as of a valuation multiplied by the percentage interest corresponding to such Unitholder as of the valuation date.

Northern Trust is required to independently assign valuations to portfolio investments for the purposes of determining the Net Asset Value of each of the Funds and the Net Asset Value of the unit of each Fund. Such valuations will be determined in accordance with each Funds trust agreement.

Securities which are listed or traded on any generally recognized securities exchange are valued at their closing price as is customarily ascertained by the respective primary exchange on which such security is traded and disseminated by quotation services such as WM/Reuters or Bloomberg or published in recognized newspapers such as The Wall Street Journal and the Financial Times. If no sale has been reported for that day or if the primary exchange was not open on that day, the last published sale price or the last recorded bid price, whichever is more recent, shall be used, unless in the opinion of Northern Trust the value thus obtained does not fairly indicate the actual market value, in which case Northern Trust may rely on the value obtained from a reputable broker or investment banker as of the Valuation Date. Other valuation methods may also be used as provided under the Funds trust agreement.

Securities traded only in the over-the-counter market are valued at the mid-point between the closing representative bid and asked prices therefore as reported by such securities' reporting system and for other over-the-counter securities at the mid-point between the last current bid and asked prices therefore determined in accordance with quotations obtained from a reputable broker or investment banker as of the Valuation Date. Notwithstanding the foregoing, Northern Trust may use any other method of valuation which is or which becomes generally accepted practice for valuation of assets of group trusts or similar collective investment vehicles or which is or becomes permitted by the Codification of Financial Reporting Policies promulgated by the SEC.

For purposes of determining the value of the Funds' securities, Northern Trust may rely upon reports printed in any newspaper of general circulation or in any other newspaper Northern Trust deems appropriate, or in any financial periodical or industry-recognized quotation service, or in the records of any securities exchange, as sufficient evidence of sale, bid and asked prices, and over-the-counter quotations.

Other securities or assets which otherwise cannot be valued under the preceding provisions are valued on the basis of data obtained from the best available sources, including employees of Northern Trust, brokers or dealers who deal in or are familiar with the type of investment involved or other qualified appraisers including Edgbaston, or by reference to the market value of similar investments for which a market value is readily ascertainable.

If, on the date as of which any valuation is being made, the exchange or market herein designated for the valuation of any given asset is not open for business, the valuation of such asset is determined as of the last preceding date on which such exchange or market was open for business.

Notwithstanding the foregoing, if the securities to be valued constitute a block that, in the judgment of Edgbaston, could not be liquidated in a reasonable time without depressing or inflating the market, or restrictions upon marketability exist with respect to such securities, Edgbaston may direct Northern Trust to assign securities a different value than that calculated above; provided that such block shall not be valued at a unit value in excess of the quoted market price of such securities. The foregoing valuations also may be modified by Edgbaston, with the consent of Northern Trust, in its sole discretion, if and to the extent Edgbaston shall determine that such modifications are advisable to reflect other factors affecting the value of assets (see the “**challenge procedure**” set out below).

Edgbaston reviews but can not arbitrarily override Northern Trust valuations. If Edgbaston believes that Northern Trust has mis-valued a given security, Northern Trust requires Edgbaston to follow an established challenge procedure. Edgbaston provides a written letter of direction advising Northern Trust of the discrepancy and support for Edgbaston’s market prices/exchange rates. Northern Trust will then consider the challenge over the subsequent 24 hour period and compare the proposed price and/or exchange rate to other independent pricing sources and its own internal valuations. If Northern Trust determines that the proposed price and/or exchange rate is valid, Northern Trust will change the market price/exchange rate used in the valuation of the Funds Net Asset Value. If the proposed price and/or exchange rate are not, determined to be valid, the original price and/or exchange rate used in the valuation will stand. Because of the nature of the Funds’ investments (publicly traded equities), pricing challenges are infrequent. As an example of an instance in which Edgbaston might utilize the challenge procedure, most recently, we have asked Northern Trust to adjust prices to a certain Indian security that is subject to foreign ownership limits. When the security is at its foreign ownership limit the market charges a premium on any purchases of the security. The premium has ranged from 0% - 15% whilst it has been tracked by Edgbaston. If the foreign owner sells the security whilst it is at its foreign ownership limit, the premium on the date of sale is returned with the sale proceeds. The price listed on the stock exchange does not include any aspect of the premium paid by foreign shareholders resulting in a discrepancy between what the security is valued at and a fair indication of the actual price that would need to be paid to acquire the security by a foreign investor. Examples of other instances where Edgbaston has utilized the challenge procedure are available on request.

Net Asset Value determinations reflect the deduction of all accrued debts and liabilities of the Funds, as the case may be, including any contingencies for which reserves are determined to be required by Edgbaston, in its sole discretion.

Situations involving uncertainties as to the valuation of portfolio positions could have an adverse effect on the Funds Net Asset Value if Northern Trust’s or Edgbaston’s judgments regarding appropriate valuations should prove incorrect. In the absence of bad faith or manifest error, Northern Trust’s Net Asset Value determinations are conclusive and binding on all Funds and Unitholders.

Northern Trust may request that Edgbaston certify the value of any securities or other property held in the Funds. Any such certification shall be regarded as a direction with regard to such valuation and shall be conclusive with respect to the valuation of the assets involved.

When approved, Northern Trust is responsible for preparing the Fund participant reports. As with the Funds valuations, Edgbaston reviews the reports prior to their transmittal to Unitholders. Once approved, the reports are sent directly by Northern Trust to the Unitholder. Edgbaston does not have any opportunity to 'alter' or 'adjust' Unitholders valuations.

#### **Item 16. Investment Discretion**

Edgbaston accepts discretionary authority to manage securities accounts on behalf of its Clients. Other than as specified by a Fund's investment guidelines or pursuant to the terms of a separate account investment management agreement, Edgbaston has sole authority to determine, without obtaining specific consent, the amount of and specific securities to be bought and sold for each Client.

#### **Error Correction Considerations:**

On rare occasions, an error may be made with respect to a Client transaction. For example, a security or other financial instrument (such as a spot or forward currency contract) may be erroneously purchased or sold, a Client account's investment guidelines may be inadvertently breached, or a security may be tendered in error as part of a corporate action. When it bears legal responsibility for correcting the error, Edgbaston seeks to place the Client in a substantially similar position as the Client would have been in had the error not occurred. In certain circumstances, Edgbaston may be required to obtain the consent of its insurers, regulators (which may include, but are not limited to the UK FSA, the SEC, and the US Department of Labor), an independent fiduciary acting on behalf of its Clients, and/or its Clients before resolving an error. Obtaining these consents or correcting the error may result in, among other items, delays in placing the Client in a substantially similar position as it would have been had the error not occurred, in the payment of compensatory amounts (these payments may, in certain circumstances, be paid over a period of years if Edgbaston has insufficient funds available to reimburse the impacted Client, and/or the suspension of the calculation of a Client's Net Asset Value.

#### **Item 17. Voting Client Securities**

Edgbaston considers it to be of paramount importance when assessing proxy voting responsibilities on behalf of its Clients to recognize the fiduciary responsibility it assumes in acting as investment manager. Edgbaston also recognizes the need to exercise its proxy voting obligations with a view of enhancing its Clients' long term investment values. Edgbaston believes that both are generally compatible with good corporate governance as they provide the best operating environment for each underlying portfolio company to cope with competitive commercial pressures. To help achieve its objectives, it is Edgbaston's policy, subject to the considerations described below, to use its best efforts to vote proxies arising on all shares held on behalf of its Clients.

Standard issues typically arise at Annual General Meetings ("AGMs") or Ordinary General Meetings ("OGMs"). Standard issues may include items of a routine nature such as the presentation of financial statements to shareholders, approval of routine executive compensation or incentive plans, approval of financial statements by shareholders, election of directors and approval of director's fees, election of auditors and approval of audit fees, and declaration of dividends.

Material issues may arise at Extraordinary General Meetings ("EGMs"), Special General Meetings ("SGMs"), OGMs or AGMs. Material issues may include items that relate to corporate governance matters; changes in a company's country of incorporation; mergers and other corporate restructurings; anti-takeover provisions such as staggered boards, poison pills, or supermajority provisions; changes to capital structures including increases and decreases of capital and preferred stock issuance; material stock options, management compensation or incentive plan issues; and social and corporate responsibility considerations. Edgbaston also considers standard issues to be material issues when it has knowledge that a potential conflict of interest with management is present. These situations can arise where Edgbaston manages a portfolio company's US retirement plan assets, a portfolio company or one of its affiliates is also a brokerage counterparty to a Client security or foreign currency

transaction, or where the person responsible for overseeing investments at a client that is invested in one of the Funds is also a director or officer of a portfolio company that would materially benefit from any executive compensation or incentive scheme subject to shareholder vote. Please note, however, that Edgbaston may not be aware of the roles performed for portfolio companies by underlying Unitholders. Clients are requested to notify Edgbaston of any known affiliations with publicly traded companies that could fall within Edgbaston's investment universe. Clients are also requested to notify Edgbaston if they are actively involved in the financial services industry or affiliated or employed by an investment bank, broker dealer, custodian or asset management firm.

Northern Trust acts as the custodian of the Funds and holds all securities owned by the Funds for the benefit of their Unitholders. Northern Trust has outsourced certain of its proxy processing responsibilities to Riskmetrics ("**Riskmetrics**") (previously known as Institutional Shareholder Services), a leading provider of proxy voting and corporate governance services. Riskmetrics principally provides Edgbaston with meeting notification and ballot delivery services, agenda summaries, detailed agenda content including original source documents, translation services, power of attorney maintenance, recordkeeping and custom reports, and vote instruction processing services. Meeting notifications are provided according to an established service level agreement in place between Northern Trust and Riskmetrics and one in place between Northern Trust and Edgbaston. Edgbaston does not outsource any part of its proxy voting decision making process to Riskmetrics or Northern Trust. Longer term and temporary separate accounts Clients generally name their own custodians who may use a different provider of proxy processing services.

Following receipt of proxy voting materials from Riskmetrics, staff of Edgbaston gives a "**Proxy Voting Summary Form**" of the issues to a member of the Edgbaston's Portfolio Implementation Committee ("**PIC**") for review. The form includes the details of the number of shares held by a Client and a deadline for the response. If only standard issues are included on the proxy, one PIC member will decide on how to vote the proxy and sign the proxy voting summary form. If material issues are included, enhanced procedures apply. The PIC member will discuss the issues with a second portfolio manager, assess the potential impact that the issues may have on the portfolio company, and decide on how to vote the proxy in question. Both the PIC member and the second portfolio manager (who may also be a PIC member) will then sign the proxy voting summary form. Once approved, staff for Edgbaston will process the proxy vote electronically using Riskmetrics's proprietary system. A second staff member for Edgbaston will verify the input.

In certain circumstances, Edgbaston may be unable to vote a specific proxy including (but not limited to) when Northern Trust or Riskmetrics does not provide a voting service in a given market, because Northern Trust or its agent, in error, does not process a proxy or provide sufficient notice of a vote, or because an error is committed by any party involved in the proxy voting or registration process. Edgbaston may also refrain from voting if for example it is considering liquidating a position (as shares may be blocked when proxies are submitted), where the costs of voting a specific proxy outweigh the economic benefit that Edgbaston believes would be derived by the Client, where a specific class of shares does not carry voting rights with respect to a given issue subject to shareholder vote, or where re-registration of the shares into the Client's (rather than Northern Trust's nominee's) name may (or may reasonably be expected to) result in a violation of local privacy laws or adversely impact the Client's economic interests.

Clients are advised that when voting proxies in certain international markets, Edgbaston may be constrained by certain country or portfolio company specific issues. For example, some companies in the portfolio impose voting caps on the maximum number of proxy votes that any single outside shareholder may control. Others require all board issues to be resolved by a show of hands, rather than a poll. As all of Edgbaston's Client shares may be held by one nominee, these restrictions have the effect of substantially limiting the impact of any proxies cast. Furthermore, some companies in the portfolio may restrict investment managers (such as Edgbaston) from voting proxies where disclosures of Client holdings or securities under Edgbaston's control have not been made on a timely basis or in a format required under their articles of incorporation.

Clients may receive a quarterly summary of proxies voted or not voted and issues raised at meetings held by portfolio companies, or by contacting Edgbaston's Client Services representatives and asking to be included on the quarterly proxy voting distribution list.

**Item 18. Financial information**

Edgbaston does not require or solicit the prepayment of fees and so this item is not applicable.

**Item 19. Education and Business Background of Various Edgbaston Employees**

A summary of the education and the last ten years of their business background of various Edgbaston employees and other members of senior management are set out below. Additional information is available from Edgbaston's Chief Compliance Officer and/or Edgbaston's client services representatives, details of which are shown elsewhere in this Form ADV Part 2.

Name: Charu Lata Fernando  
Date of Birth: 1963

Education and Degree: (1) University of Calgary, Canada  
Bachelor of Commerce  
  
(2) University of Warwick, UK  
MA in Industrial Relations

Business Background: Edgbaston Investment Partners Limited; 2008 to present  
Director, Chairman and Chief Investment Officer  
  
Pyrford International; 1987 to 2008  
Director, Portfolio Manager  

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Name: Sarah Jane Nichols  
Date of Birth: 1974

Education and Degree: (1) Christ Church College, Oxford University  
BA Honors Degree in Philosophy, Politics, and Economics  
(2) University of Nottingham, UK  
MSc in Economics and Development Economics

Business Background: Edgbaston Investment Partners Limited; 2008 to present  
Head of Research, Portfolio Manager  
  
UBS; 2007 to 2008  
  
Credit Suisse; 2005 to 2007  
  
Legal & General Investment Management; 2002 to 2005  

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Name: James Marshall  
Date of Birth: 1985

Education and Degree: Homerton College, University of Cambridge  
BA Honours in Natural Sciences

Business Background: Edgbaston Investment Partners Limited; 2008 to present

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Name: Sally Mason  
Date of Birth: 1985

Education and Degree: University of Leeds, UK  
BSc Honours Physics with Astrophysics

Business Background: Edgbaston Investment Partners Limited; 2008 to present

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Name: Matthew Paul Myles  
Date of Birth: 1976

Education and Degree: University of Teesside, UK  
BSc Business Quantitative Methods

Business Background: Edgbaston Investment Partners Limited; 2008 to present  
Chief Operating Officer

UBS Wealth Management; 2007 to 2008

Pyrford International; 2004 to 2007

Jewson Associates; 2002 to 2004

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Name: Corrin Kay Davis  
Date of Birth: 1978

Education and Degree: Rice University, TX  
BA (Quadruple Major) in Statistics, Computational and Applied  
Mathematics, English and Managerial Studies

Business Background: Edgbaston Investment Partners, Inc; 2008 to present  
Director of Business Development & Client Service

Sentinel Trust Company; 2001 to 2008

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Name:	Timothy John Linehan
Date of Birth:	1970
Education and Degree:	University of Notre Dame BA in Accounting
Business Background:	<p>Silchester International Investors, Inc. Client Services Manager / Legal and Compliance; 1997 to 2003</p> <p>Silchester International Investors LLP; 2010 to present Member of Supervisory Group Chief Compliance Officer and Head of Operations Senior Partner</p> <p>Silchester Partners Limited; 2003 to 2010 Chief Compliance Officer and Head of Operations; 2003 to 2010 Director; 2011 to present</p> <p>Highclere International Investors LLP; 2011 to present Non-Executive Member of Supervisory Group</p> <p>Highclere Investment Management Limited; 2006 to present Non-Executive Director</p> <p>Heronbridge Investment Management LLP; 2005 to present Non-Executive Member of Supervisory Group</p> <p>Heronbridge Limited; 2006 to present Non-Executive Director</p> <p>Sanderson Asset Management Limited; 2006 to present Non-Executive Director</p> <p>Edgbaston Investment Partners Limited; 2008 to present Non-Executive Director</p> <p>Kiltearn Partners LLP; 2011 to present Non-Executive Member of Supervisory Group</p> <p>Kiltearn Limited; 2011 to present Non-Executive Director</p>