

## **PART 2A OF FORM ADV: FIRM BROCHURE**

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Additional information about Thames River Capital LLP is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

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### **Advisory business**

Thames River Capital (“We” or “Thames River Capital”) is an investment management business founded in 1998 in London, England. Since 2005 the business has been structured as a limited liability partnership (“LLP”) in which the principal investment personnel and management are members. Although members of an LLP do not legally own the entity in the same way as shareholders own a limited liability company, members in an LLP have voting rights and varying rights to a share of profits annually and a share of capital.

We have a number of investment teams concentrating on specific asset classes or sectors, each of which operates independently behind an information barrier. This means that their market dealings are managed locally within each team. This may result in competitive deals being placed in the market simultaneously. The investment managers of each investment team are generally members of the LLP.

In addition to the investment teams, we have a central management team which provides the centralized administrative and operational platform on which the investment teams operate. The central management team are normally also members of the LLP. The LLP has a corporate member which is Thames River Capital (UK) Limited. Thames River Capital (UK) Limited has the same rights in the LLP as other members. Thames River Capital (UK) Limited is wholly owned by F&C Asset Management plc, through two intermediate holding companies, Thames River Capital Group Limited and Thames River Capital Holdings Limited. F&C Asset Management plc is a publicly held company listed on the London Stock Exchange.

We provide discretionary investment management and advisory services to investment funds (including private funds (“funds”) and segregated/managed accounts (“managed accounts”)), institutional clients and professional investment advisors. Our teams currently focus on providing their services to funds and public mutual funds and managed accounts in equities, fixed income, multi-manager/fund of hedge funds, credit and property. This management/advice is tailored to the investment mandate under an investment management agreement for a managed account client or if you are a fund client it will reflect the investment objectives and restrictions in the fund’s offering memorandum. We promote the funds that we manage or advise but we do not advise you on their initial or on their ongoing suitability for you. As a managed account client, with our agreement, you may impose restrictions in investing in certain types of securities. You may not impose restrictions on funds.

The funds we manage may enter into side letter agreements with selected investors. Such letters will reflect any amendments to the terms of a fund’s operating memorandum which have been agreed by the fund’s board of directors. Such amendments may result in an inequality of terms amongst investors. Investors in funds should also note that if we run managed accounts alongside funds, those managed accounts may have better liquidity

terms and more frequent and or more detailed portfolio information than fund clients.

If you become a fund client, you need to be aware that the funds may limit the percentage that can be redeemed on any single dealing day. Further, funds may suspend or defer dealing. Whilst these arrangements are designed to protect investors, it means that you may not be able to realize your assets in the funds when you wish to do so.

The assets under management of the discretionary clients managed by Thames River Capital are US\$ 6.7 billion as at 31 March 2011.

### **Fees and compensation**

We will deduct fees directly from fund assets. For managed accounts we may either deduct periodic fees from your assets directly or bill you separately for fees incurred, according to your preference. You may negotiate the method of calculation and the frequency of charging but our fees are usually payable monthly or quarterly in arrears. We may invest for the funds or for managed account clients in other funds managed by the firm or affiliated or associated firms. You should be aware that there may be no offset of fees

Fees may vary in differing share classes in the same fund and amongst funds and managed accounts.

In addition to management and performance fees paid to us as agreed for our investment advisory services, you may pay other fees or expenses in connection with your managed account or fund investment. In the case of fund clients, these fees and expenses are disclosed in the Offering Memorandum of the relevant fund and are costs incurred by or payable to the fund and not Thames River Capital. These costs may include (but are not limited to):

- custody fees
- administration fees
- company secretarial fees
- directors fees
- redemption fees
- regulatory license fees
- auditors fees
- fund establishment costs and legal costs
- brokerage and prime brokerage fees
- other transaction costs such as the bid/offer spread on non-agency transactions

The fees and expenses that managed account clients are subject to will depend on the structure of your account but may include:

- custody fees
- administration fees

- brokerage fees
- other transaction costs such as the bid/offer spread on non-agency transactions

Brokerage fee and other transaction fees are discussed in more detail in the section of this Brochure entitled 'Brokerage Practices.'

For some fund clients, we may have discretion to charge an initial subscription charge in respect of a fund investor's subscription. Although we do not advise on such funds' initial or ongoing suitability for investors, third party marketers or other investment advisers may do so. This may create a conflict of interest as the subscription charge payable to the third party marketers may give them an incentive to recommend investment funds based on the level of their compensation rather than on your needs. We seek to manage this conflict by fully disclosing the ability to charge such a subscription charge in the relevant fund's Offering Memorandum. For the investment team that manages funds of hedge funds, we have a policy of not investing in portfolio funds that charge an initial subscription charge.

We reserve the right to waive or impose different fees or otherwise modify the fee arrangements of an existing client with their consent. In addition, each fund reserves the right to impose different fees on future investors and or future investments by existing clients.

### **Performance-based fees and side-by-side management**

We charge some clients a performance based fee, that is, a fee based on the capital appreciation of the assets of the client (including fund clients and managed account clients). In addition, all of our clients are charged an investment management fee, which is a fee based on the assets under management for the client.

Potential conflicts of interest may arise due to the nature of performance fees. That is, a performance fee may be payable by you to us at the conclusion of a performance period and performance fees may be paid on unrealized gains that are not subsequently realized. Such fees may create an incentive for us to undertake investments carrying greater risks. To manage this risk, our central management committee monitors investment risk on a regular basis with a view to ensuring that portfolios are not running undue risk.

Another potential conflict of interest may arise because we may have an incentive to favor higher performance fee paying accounts or those that pay a performance fee over those that do not. To manage this risk, fund client and managed account client performance is reviewed daily by our Compliance and Risk team and quarterly by the management team and by an Advisory Council which includes non-executive members whose role is to monitor and provide independent challenge of management decisions. We also seek to monitor the fair participation and fair allocation of deals including new issues. In addition, full disclosure is made of these risks in the fund client's Offering

Memorandum or investment advisory agreement. Furthermore, we have a policy of requiring staff to disregard any material interest or conflict when advising or exercising investment discretion for you. That is, the policy is to always act in the best interests of the client and in the last resort we may decline to act for you where that is the only alternative.

Other potential conflicts that may arise from us managing both hedge funds and more traditional funds with lower fees are crossing “good” assets from traditional funds to hedge funds or poorly performing assets from hedge to ‘traditional’ or long-only funds. Our policies on fair participation, aggregation and allocation are designed to manage these conflicts. Our management committee and our compliance team monitor these key conflicts. Our controls over crossing aim to prevent any conflict in this area. That is, positions cannot be transferred from account to account. Bargains may be made between clients’ accounts but these must be at market rates. The fund managers/dealers undertake all dealing and are responsible for establishing a cross trade price that is fair to both parties.

Where we manage multiple accounts, we may give preferential allocation of deals to accounts with specific sector, strategy or geographic focus or to accounts that are furthest away from the intended weighting of a security. Such accounts receiving preferential allocation may be wholly or majority owned by our firm and/or staff. This will result in client portfolios holding differing proportional amounts of investments. In Multi-manager portfolios, in order to manage the overall number of holdings, we may elect to allocate a particular holding to a single portfolio and another similar particular holding to another portfolio. In making an investment decision, we consider the risk for each client. Within a client’s specified guidelines the decision on risk is subjective, hence the decisions on allocation are also subjective.

We may instruct an affiliate to transact business for us in the market. They will only act as agent in that regard and not as principal. There may be occasions on which the affiliate is sub-underwriting an issue in the security that we instruct them to trade for us. All deals with any affiliates will be subject to them achieving best execution for us.

### **Types of clients**

The types of clients that we generally provide investment advice and discretionary investment management services to include the following:

- Independent financial advisers
- Banks
- Private and public funds and investment funds
- Sovereign and supra-national organizations
- Pensions and profit sharing plans
- Trusts, estate and charitable organizations
- Corporations and business entities other than those listed above
- Individuals

The minimum investment for a managed account client is generally \$50 million but this may be adjusted on an individual basis. Details of each fund's minimum subscription rules are set out in the relevant fund's offering documents.

### **Methods of analysis, investment strategies and risk of loss**

The method of analysis and investment strategy adopted for a particular client by us will depend on the particular investment team that is providing the advice and on your investment objective. The main investment strategies employed directly or indirectly include but are not limited to value, growth, macro, opportunistic, long/short equity, long/short fixed income, credit and multi-manager. The main categories of analysis used are fundamental, cyclical, charting and technical analysis. These techniques may be applied individually or in combination to global, regional or single country macro-economic data, as well as micro data on sectors, company equity, sovereign and corporate bonds, commodities, real estate, currencies, financial instruments and investment funds.

A summary of the main methods of analysis used by the investment teams are outlined in the table below:

<b>Methods of analysis</b>	Global Credit Team	Global Bond Team	Specialist Equity – Emerging Markets Team	Property Team	Multi-Alternative Team
Fundamental	✓	✓	✓	✓	✓
Cyclical	✓	✓	✓	✓	✓
Charting	✓	✓	✓	✓	✓
Technical	✓	✓	x	x	x

Fundamental analysis, also known as “bottom-up” analysis is performed by looking at economic factors, such as interest rates and the overall state of the economy, and information about the bond issuer, such as potential changes in credit ratings. For assessing equities, analysts review companies' published information on revenues, earnings, future growth, return on equity, profit margins and other data to determine a company's underlying value and potential for future growth. Fundamental analysis is normally used to determine value on a longer term basis and hence is used more by long term investors than by short term traders.

Cyclical analysis is the study of price movement. The theory is that although price behavior is complex and non-linear, analysis of historic price movement can be predictive of future price behavior in terms of timing and extent of price reversals.

Charting is a graphic technique designed to predict future price movements based on trends and repetitive patterns of price movement and market volume.

Technical analysis includes charting (see above) but extends to a range of mathematical analysis of price movement and market volumes including market momentum indicators (often known as Relative Strength Indices which seek to show whether a rising market is “overbought” and whether a falling market is due to recover as it is “oversold”), stochastics (these involve analysis of closing prices and trading ranges) and the study of moving averages and crossovers thereof. Fund managers often use technical analysis to assist in the shorter term timing of purchases and sales of investments.

In respect of the above methods of analysis, we conduct due diligence that we consider to be reasonable and appropriate based on the facts and circumstances applicable to each investment. In so doing we rely on the internal and external resources available to us, including information provided by the issuer. Our decisions on the extent of such analysis and due diligence may fail to reveal all the relevant facts that may be necessary to properly evaluate the investment opportunity and this may result in losses to clients.

The investment strategies and key risks for our investment teams are discussed in more detail below.

#### **(i) Global Credit team**

Our Global Credit investment team’s strategy is largely value driven but may include macro and long/short trades (value investing means seeking to buy assets which are deemed to be trading below their intrinsic or book value) based on detailed bottom-up analytical research. Bottom up means that the issuer is analyzed on a stand alone basis without reference to its sector or economic conditions. This is then combined with an extensive top-down macroeconomic assessment. Top down means looking at general economic conditions and then drilling down to the outlook for a particular sector. Macroeconomic means the study of the overall aspects and workings of a national economy.

#### **(ii) Global Bond team**

Our Global Bond investment team manages portfolios whose objective is to seek to achieve a total return primarily through investment in debt securities and instruments which may be either fixed, floating rate or index / inflation linked, issued or guaranteed by EU/OECD Issuers. Total return means a combination of income and capital appreciation. The team may invest in currencies in other sovereign bonds. The debt securities and instruments in which investment may be made include bonds and other forms of securitised debt and may be denominated in currencies other than the base currencies of



the portfolios which are normally Sterling, Euro or US Dollar. The investment process is driven by macro economic research, in particular economic growth and inflation expectations. This highlights the relative attractiveness of countries within the universe. Decisions are then taken on the yield curve, duration and currency.

### **(iii) Specialist Equity – Emerging Markets team**

Our Specialist Equity – Emerging Markets investment team manages a range of portfolios focusing on global emerging markets and specialist sectors. The portfolios may be managed on a traditional (long-only) basis or may employ an active hedge fund style approach, timing long and short exposure across industries and geographies, and seek to mitigate the downside risk in a volatile asset class. The team analyse macro economic data and then sector or thematic issues, once they have agreed on a particular theme they will marry this with the individual company research they carry out.

### **(iv) Property team**

Our Property team manages a range of portfolios all of which gain exposure to real estate markets. All portfolios gain exposure via indirect (securities) investment whilst some also include direct physical property. Such portfolios are described as mixed. Accounts may be managed on a traditional long only basis or on an equity long/short basis. The key driver is individual company research which is carried out by the team.

### **(v) Multi-Alternative team**

Our Multi-Alternative investment team manages a range of multi-strategy and specialist portfolios invested primarily in third party hedge funds. Portfolios are built bottom-up with each fund and manager being evaluated on a stand-alone basis before assessing that specific fund's effect on the portfolio. Our portfolios are well diversified given their respective risk return objectives. Portfolios are actively managed and will normally contain a core of established managers and an opportunistic selection of smaller, newer managers together with the ability to apply macro hedges.

## **General Risks**

The following risks are general and apply to all strategies we offer:

- **Market risk:** The value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. Our portfolios will be influenced by general economic and market conditions such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency

exchange controls and national and international political circumstances influence the success of our investment advice. These factors may affect the level and volatility of securities prices and the liquidity of the underlying funds' investments. Our strategies may involve investments in securities which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if available for such securities tend to be volatile. We may be unable to sell securities when we wish with the result that perceived profits cannot be crystallized or we may be unable to limit losses on a position. Exit strategies deemed viable at the time of investment may not be available when we would wish to realize the investment. The cost of dealing in illiquid securities is likely to be higher than that for liquid securities.

- **Market disruptions:** Our client funds may incur major losses in the event of disrupted markets or other extraordinary events. Illiquid positions increase the risk, making it difficult or impossible to close out positions against which the markets are moving. Market disruptions typically reduce finance available from the banks, dealers and other counterparties to our clients' underlying funds. A reduction may result in substantial losses to our clients' underlying funds and in turn to our clients. A financial exchange may from time to time suspend or limit trading. A suspension could render it difficult or impossible for our clients to liquidate affected positions, which would expose them to losses. There is also no assurance that off-exchange markets will remain liquid enough for our clients and/or their underlying funds to close out positions.
- **Short selling:** We may use short sales in managing portfolios. Short selling may be via derivatives or may involve selling securities which may or may not be owned and borrowing the same class of securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent of short selling varies by investment strategy, and may depend on our market view. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to clients of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase in the future. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Many regulators globally have introduced trading restrictions and/or reporting requirements on short selling. These restrictions may result in fewer shorting opportunities and may hinder our ability to hedge positions for client accounts.
- **Performance risk:** Past performance is not a guide to future investment returns and when you sell fund holdings or withdraw money from your managed account you may get back less than you originally invested,

regardless of how well we have performed. There will be a variation in performance between different funds with similar objectives due to the different assets selected and allocated. There is no guarantee for the performance of your investment.

- **Inflation risk:** Inflation can affect the value of your investment.
- **Fees:** The impact of fees charged on the management of assets may reduce the prospects for capital growth or possibly result in capital erosion.
- **Concentration of investments:** We will generally seek to maintain a diversified portfolio of investments on behalf of our clients. However, some of our clients may at certain times hold relatively few investments. Accordingly, you could be subject to significant losses if we hold a large position for you in a particular investment that declines in value or is otherwise adversely affected.
- **Currency exposure:** Some holdings may be denominated in a currency other than your base currency. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency exchange rates. While we may seek to hedge foreign currency exposure, your assets will necessarily be subject to foreign exchange risks. Unless agreed with you, the decision to hedge currency risk or not is at our discretion. The effectiveness of hedging transactions is not guaranteed.
- **Interest rates:** The prices of securities tend to be sensitive to interest rate fluctuations. Unexpected fluctuations in interest rates could cause the corresponding prices of a position to move in directions that were not initially anticipated.
- **Counterparty risk:** Our clients are at risk if any counterparty is unable to perform in terms of a transaction because of, among other things, insolvency and bankruptcy or where the counterparty is unable to access finance and/or assets to meet its obligations. This may result in losses or delays in selling a position held with that counterparty.
- **Debt securities:** Our clients may invest in both investment grade and sub-investment grade debt securities in the expectation that positive returns can be made. For investment grade securities this will normally be with an assumption that the issuer will be able to make payment of interest and/or principal which will be part of the returns together with any appreciation of the debt security. Sub-investment grade debt securities are subject to a greater risk of loss of principal and interest than higher-rated debt securities.

- **Smaller companies:** Smaller companies and businesses at an early stage of their development carry a higher degree of risk and this means that the value of such investments is usually more sensitive to market movements. In addition, generally smaller companies and shares in emerging markets are traded less frequently than larger ones. This means that there may be difficulty in both buying and selling shares and individual share prices may be subject to short-term price swings.
- **Property:** Certain strategies may invest in property related securities. The value of such securities is likely to reflect valuations of property assets as determined by professional valuers. Such valuations are the opinion of the valuer at a particular time, may not be supported by recent transactions and are liable to revision, up or down.
- **Derivatives:** We may utilize both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, forwards, swaps, options and contracts for differences, as part of their investment policy and for hedging purposes. These instruments can be highly volatile and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in these instruments permit a high degree of leverage. Leverage multiplies profits and losses. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unlimited further loss exceeding any margin deposited.

In addition, we may take long and or short positions in credit default swaps. A credit default swap is a type of credit derivative which allows one party (the "protection buyer") to transfer credit risk of a reference entity (the "reference entity") to one or more other parties (the "protection seller"). The protection buyer pays a periodic fee to the protection seller in return for protection against the occurrence of a number of events experienced by the reference entity. Credit default swaps carry specific risks, including high levels of gearing, wide bid/offer spreads and documentation risks. In addition, there can be no assurance that the counterparty to a credit default swap will be able to meet its obligations to our clients if a credit event occurs in respect of the reference entity.

- **Currency options:** We may buy and sell currency options, the value of which depends largely upon the price and volatility in the underlying currency in relation to the exercise (or strike) price during the life of the option. Many of the risks applicable to trading the underlying currencies are also applicable to over-the-counter options trading. In addition, there are a number of other risks associated with the trading of options including the risk that the purchaser of an option may at worst lose the entire investment (the premium paid) and that the seller of an option may lose considerably more than the premium paid.

- **Emerging markets:** We may invest in emerging markets. Investment in emerging market securities involves a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, emerging market securities investments may carry the risks of less publicly available information, more volatile markets, less strict securities market regulation, higher settlement risk, less favorable tax provisions (including but not limited to withholding tax on income, dividends, interest and capital gains both actual and uncrystallised) and a greater likelihood of severe inflation, unstable currency and exchange control,, war and theft of personal property than investments in securities of issuers based in developed countries. In addition, legal limits on foreign investment in local securities may restrict investment opportunities in certain emerging markets.

### Strategy Specific Risks

Our individual investment strategies have different specific areas of investment and investment objectives. These specific objectives may mean that one or more of the specific risks listed below could also apply to your investment. You should also read, in the case of funds, the Offering Memorandum and, in the case of segregated mandates, the Investment Management Agreement for a full description of the potential risks applicable to your investment.

**Multi-Alternative:** Our portfolios' holdings may invest in and actively trade instruments with significant risk characteristics, including, but not limited to, risks arising from:

- **Risk or Merger Arbitrage:** Merger arbitrage strategies involve the purchase and sale of securities of companies involved in corporate reorganizations. If the event fails to occur or it does not have the effect foreseen, clients may incur losses. Many factors may prevent or such transactions including but not limited to litigation, regulatory intervention, financing difficulties, market conditions and failure to achieve shareholder support.
- **Convertible and derivative arbitrage:** Convertible and derivative arbitrage strategies generally involve price spreads between the convertible and/or derivative security and the underlying equity security. These positions present a substantial risk should the price differential move unfavorably causing a loss. Government policy changes, currencies and exchange rate changes and external political or market events may all cause severe price fluctuations causing loss to clients. You should be aware that arbitrage strategies often involve a high volume of transactions.

- **Structured credit:** This strategy involves investing in structured products based on underlying assets including asset-backed securities (such as residential mortgage backed securities and commercial mortgage backed securities), Collateralized Debt Obligations secured by various types of assets such as high-yielding corporate debt securities which are normally rated below investment grade, The investments are subject to a number of risks including defaults by the issuers of the underlying assets and changes in interest rates.
- **Distressed investment strategies:** The success of our investment strategy depends on our ability to identify and exploit mispriced securities in the high yield and distressed debt securities markets. Identification and exploitation of these opportunities involves uncertainty. If the mispricings we trade on fail to correct or diverge further, clients may incur a loss. Transactions may also be based on an assumption that the historical relationships between prices will prevail in the future. We cannot be certain that such historical relationships will continue, and we make no representations as to what results clients will or are likely to achieve based on such relationships.

These risks are not ranked in relative importance.

## **Disciplinary Information**

None

## **Other Financial Industry Activities and Affiliations**

Thames River Capital is part of the F&C Group of companies. A number of our staff have management roles for F&C Group companies.

We have an arrangement with another investment adviser, F&C Management Limited, to promote each other's advisory services and funds to investors in return for a share of the respective firm's management fee earnings from the fund or account in question. Thames River Capital and F&C Management Limited are in the same group of companies of which the ultimate parent company is F&C Asset Management plc. We therefore have an incentive to promote F&C's advisory services and funds but this potential conflict is reduced because we receive a lower level of remuneration by so doing than by promoting our own services and funds.

In addition, certain Thames River staff are directors of F&C Fund Management Limited which is the authorized corporate director and or investment adviser of a number of funds promoted by us. No additional compensation is received by those staff for that role.

## **Code of Ethics, Participation or Interest in client Transactions and Personal Trading**

We have adopted a Code of Ethics which applies to all members and employees of the firm. The Code of Ethics reflects best practice in the United Kingdom and complies with the requirements of the Investment Advisers Act of 1940. All proposed employee securities transactions (including applications for Initial Public Offerings but excluding open-ended collective investment schemes) require prior approval from Compliance. Staff and the firm may themselves be fund clients and they may represent whole or majority owners of new products. Our Personal Account dealing policy prohibits staff from trading for their own account when we are executing or preparing to execute transactions in the same security for a client. However, there is no prohibition on staff owning or dealing in securities which they deal in for clients. Staff are prohibited from undertaking speculative trading or from profiting from a securities trade where the security is held for thirty days or less. All staff are required to provide details of trades executed and to confirm at least annually details of securities held. These arrangements around personal dealing are designed to mitigate the potential conflicts. We also operate a stop list to restrict trading in securities for the client or by staff where there are special circumstances, such as the possession of inside information. The Code also covers general standards of conduct required by staff, handling of inside information by staff and reporting of breaches of the Code. The Code of Ethics will be provided to any client or prospective client on request.

We operate policies and procedures which are designed to manage the giving and receipt of gifts, hospitality and other inducements. Such items are subject to disclosure, limits on value and in some cases prior approval.

We operate a policy which requires members and staff to seek approval prior to accepting any external appointment or office. This policy is designed to allow us to assess any potential conflicts with our duties to you which such appointments may raise and either to seek to mitigate them or to refuse approval of the appointment.

### **Brokerage practices**

We will choose brokers to execute securities transactions for our clients based on the principle of best execution. Matters that we will consider include:

- Price
- Speed
- Cost
- Likelihood of order completion
- Settlement performance
- Size and nature of the order

Clients should be aware that our active management style is likely to result in substantial amount of brokerage commissions and the cost of bid/offer spreads (marks-up and marks-down) all of which are a cost to the client. We will normally have full discretion in selecting counterparties. We may have other business relationships with those counterparties or their affiliates. We have a Fair Dealing policy which requires staff to execute and allocate trades in accordance with the rules of the Financial Services Authority in the United Kingdom. Where we are dealing for more than one client, we may choose to aggregate orders to ensure that clients receive the same execution price. Such aggregation may result in a less favorable price when viewed on a trade by trade basis.

In accordance with section 28(e) of the Securities Exchange Act of 1934, we may select brokers for clients that provide research services to us. These research services may include analysis of the economy, the political environment, the financial markets, and technical analysis of particular companies or securities. We may pay commissions higher than the lowest available commission rates to brokers from whom we receive such services and will use the research we obtain to service the accounts we manage. Such arrangements remain subject to best execution but some clients are paying for services which would otherwise be paid by us. Such services may be paid for by clients who have paid a higher commission but who do not benefit from the services. Where we receive both eligible and non-eligible services from brokers we make a judgment on the split and will pay cash for any non-eligible services.

Disclosure is provided on an annual basis to all managed account clients regarding the use of commission to purchase research services in line with the FSA rules.

### *Directed Brokerage*

We may at our discretion permit Managed Account clients to select their own counterparties and direct us to execute transactions through one or more counterparties. Such direction may prevent us from achieving best execution for the client. For example, clients may pay higher commissions and may receive a less



favorable price. Clients who direct brokerage may not be able to participate in aggregated bargains which may result in better or worse prices being achieved and commissions being higher or lower than other clients.

## **Review of accounts**

Client accounts are reviewed daily.

Reporting to clients varies between fund clients and managed account clients. For fund clients, there are statutory reports and accounts as well as regular factsheets. Reporting for managed accounts is done in various forms and frequencies, depending on what is agreed with the client in the investment advisory agreement between the parties and in accordance with regulatory requirements.

We are not responsible for pricing any securities in the portfolios, however, on occasion we may advise a fund board or committee of a fund board of our view of the price of an illiquid security. If we were to advise a high price which was accepted by the administrator, we would benefit from management and possibly performance fees. This conflict is managed by the fact that the fund directors are responsible for pricing and regularly review the pricing of any illiquid securities.

## **Client referrals and other compensation**

We may execute transactions with prime brokers or other counterparties that sponsor events, meetings or other communications between potential investors and us or our affiliates. Capital introduction services are provided incidental to other brokerage services. We are not obliged to and do not pay to participate nor do we direct business either at higher or standard charges to these counterparties to reward them for our inclusion. Broker-dealers or their affiliates may introduce us to prospective investors and will continue to have business relationships with, and execute brokerage transactions on behalf of, our clients. Some counterparties or their affiliates operate platforms to which allow their clients to invest in our funds through feeder funds or via managed accounts. In such circumstances we may share part of the fees we receive with them.

## **Custody**

Managed account clients make their own custody arrangements and organize reporting from their appointed custodian. Fund clients receive a copy of the fund's audited annual report and accounts.

## **Investment Discretion**

We have discretion to manage investment portfolios on behalf of clients. No limits may be placed on that discretion by fund clients. Opening of managed account is entirely at our discretion. Any limits placed on our management discretion such as types of investment or asset or risk profile for a managed account will be included in

the investment advisory agreement entered into with you as a managed account client.

### **Voting client securities**

We operate a proxy voting policy. We may assume contractual responsibility for voting if required by a client. If you appoint us to vote for you, you must accept that we may not vote the way you would have, had you retained that right. We will normally weigh the cost to the client of voting with the benefits. Subject to your approval, we will normally only vote on contentious issues.

### **Financial Information**

There is no information to report that affects our ability to meet our contractual commitments to clients.