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June 29, 2016

**Form ADV Part 2A**

**Brochure**

**Item 1. Cover Page**

This brochure contains information about the qualifications and business practices of Investec Asset Management LTD (“**IAML**”). If you have any questions about this brochure, please contact our Compliance Team on +44 (0) 20 7597 1825 or email [IAMComplianceLondon@investecmail.com](mailto:IAMComplianceLondon@investecmail.com)

The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

IAML is an investment adviser registered with the SEC. Registration with the SEC does not imply a certain level of skill or training. Additional information about IAML can be found on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

This brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities of any entities described herein. Any such offer or solicitation will be made solely to qualified investors by means of a confidential offering memorandum, related subscription materials or other governing legal documentation.

**Item 2. Summary of Material Changes**

Since the last update of this brochure on June 28, 2015, there have been no material changes. Please find a summary of other changes below.

- Updates to Item 8 reflecting changes to the method of analysis, investment strategies and risk
- Updates to Item 12 reflecting new language related to the commission recapture arrangement
- James Hand has been appointed as a new Co- Chief Investment Officer

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## Item 4. Advisory Business

### A. The Firm

Investec Asset Management LTD ("**IAML**") is a limited company organized under the laws of England and Wales and registered with the Financial Conduct Authority ("the FCA") as well as with the SEC. IAML, founded in 1991 is an indirect majority-owned subsidiary of Investec Plc, a company formed under the laws of England and Wales ("**Investec Plc**"). Investec Plc is listed on the London Stock Exchange. Investec Plc controls 85% of the voting stock of IAML with the remaining 15% owned by a Mauritius trust not under control of Investec Plc.

Investec Plc is affiliated with Investec Limited ("**Investec Ltd**"), a company incorporated in South Africa and listed on the Johannesburg Stock Exchange and the Namibian Stock Exchange, as well as the Botswana Stock Exchange as secondary listings. Investec Plc and Investec Ltd operate under a Sharing Agreement ("**Sharing Agreement**") and form the Investec Group (the "**Investec Group**"). The Investec Group was founded in South Africa in 1974 and consists of diversified global financial institutions offering specialist banking, asset management and wealth & investment services in the United Kingdom, South Africa and Australia, as well as certain other jurisdictions. The Investec Group has implemented a dual listed companies structure with linked companies listed in London (Investec Plc) and Johannesburg (Investec Ltd). Investec Plc and Investec Ltd are separate legal entities and listings, but are bound together by contractual agreements and legal mechanisms.

Investec Ltd, a limited company organized under the laws of South Africa owns 85% of Investec Asset Management Holdings (Pty) Ltd ("**IAM Holding Pty**"). IAM Holding Pty's principal office is located in Cape Town, South Africa, and its subsidiaries, including Investec Asset Management Pty ("**IAM Pty**"), are regulated by the South African Financial Services Board ("**SA FSB**").

IAML entered into a dual-hatting agreement ("**Dual-Hatting Agreement**") with Investec Asset Management North America, Inc. ("**IAM NA**"). IAM NA is a Delaware corporation organized in 2013, registered with the SEC and a wholly-owned subsidiary of IAML. IAM NA's investment management business originated in 2014 through an asset purchase agreement entered into between IAM NA and its predecessor, Investec Asset Management US Ltd ("**IAM US**"), in which IAM NA has succeeded to the business and SEC registration of IAM US. IAM NA's principal office and place of business is in New York, NY.

IAML is the investment adviser of the Investec Global Strategy Fund ("**GSF**"). The Investec Global Strategy Fund is authorized under Part I of the Luxembourg law of 17 December 2010 relating to collective investment undertakings. The Investec Global Strategy Fund qualifies as an Undertaking for Collective Investment in Transferable Securities ("UCITS") under Article 1 paragraph 2, points a) and b) of the Directive 2009/65/EC of 13 July 2009 of the European Parliament and the Council. The Investec Global Strategy Fund has appointed Investec Asset Management Luxembourg S.A. (the "Management Company"), with effect from 30 November 2014, to serve as its designated management company in accordance with the 2010 Law. The Management Company is a public limited company. The Management Company has been authorized by the CSSF to manage the business and affairs of the Fund pursuant to Chapter 15 of the 2010 Law. The Management Company has delegated the investment advisory services to IAML.

This brochure focuses on the investment advisory services IAML provides to U.S. resident clients and non-

U.S. pooled investment vehicles that are marketed to U.S. investors. For the purpose of the brochure, IAML and IAML's subsidiaries are deemed to be each an "**IAML Affiliate.**"

As of March 31, 2016, IAML had US \$ 58,845,323,291 in regulatory assets under management calculated on a gross basis, all managed on a discretionary basis. IAML does not manage assets on a non-discretionary basis.

## **B. The Services**

IAML provides discretionary investment management services to public and corporate pension plans, other institutional investors and the funds under the following investment strategies ("**Strategies**"):

- 4Factor – Global Dynamic Equity
- 4 Factor – Global Strategic Equity
- 4Factor – Global Core Equity
- 4Factor - Emerging Markets Equity – Core
- 4Factor – Asia ex Japan
- Emerging Market Fixed Income – Emerging Markets Debt – Corporate Debt
- Emerging Market Fixed Income – Emerging Markets Debt - Local Currency Total Return
- Emerging Market Fixed Income – Emerging Markets Debt - Local Currency Dynamic
- Emerging Market Fixed Income – Emerging Markets Debt - Local Currency - Specialist
- Emerging Market Fixed Income – Emerging Markets Debt - Blended

IAML manages separate accounts ("**Separate Accounts**") for institutional investors. IAML may tailor its advisory services to these investors as they may impose restrictions or limitations on how IAML manages their accounts according to its investment strategies. The restrictions or limitations generally appear either in the client's investment management agreement ("**IMA**") or in the investment guidelines adopted for the account.

In addition, IAML serves as sub-adviser to U.S. investment companies registered under the U.S. Investment Company Act of 1940 (the "Investment Company Act"). The investment companies pursue the Emerging Markets Local Currency Debt, the Emerging Market Blended Debt and the Emerging Market Equities strategies.

In addition, IAML is the investment adviser for the following funds (each, a "**Fund**," and together, the "**Funds**"). For the purpose of the brochure, the Funds and Separate Accounts are deemed "**Clients**":

- **GSF - Emerging Markets Local Currency Dynamic Debt Fund:** The Sub-Fund aims to provide income and generate capital gains over the long-term, primarily through investment in a diversified portfolio of debt securities (e.g. bonds) issued by Emerging Markets Borrowers and derivatives which offer exposure to such debt securities. The Sub-Fund will primarily invest in what the Investment Manager believes to be more liquid (i.e. relatively higher tradability in the market) and/or strategic investment opportunities in a portfolio of Investment Grade and Non-Investment Grade debt securities and derivatives which offer exposure to such debt securities. Whilst the Sub-Fund will focus on more liquid and/or strategic investments, these will not form restrictions in respect of the securities in which the Sub-Fund may invest. The Sub-Fund will also be allowed to use derivatives for efficient portfolio management, hedging and/or investment

purposes (which, in the case of the Sub-Fund's use of foreign exchange forward contracts, may result in net long or short positions in relation to certain currencies with reference to the Sub-Fund's Reference Currency). For any Dynamic Currency Hedged Share Class the Investment Manager will use derivatives with the aim of neutralizing net short positions in relation to certain currencies (with reference to the relevant Sub-Fund's Reference Currency) in the Sub-Fund's portfolio. As at the date of this Prospectus, these derivatives transactions will be applied to neutralize net short positions in relation to all currencies, other than (i) a currency issued by a G10 member (namely, the Canadian Dollar, Euro, Japanese Yen, Sterling, Swedish Krona, Swiss Franc and U.S. Dollar) and (ii) the Chilean Peso, South Korean Won, New Taiwan Dollar and Singapore Dollar. The exposure to mortgage-backed securities and asset-backed securities combined will not represent more than 20% of the assets of the Sub-Fund.

- **GSF - Emerging Markets Debt Total Return Fund:** The Sub-Fund aims to provide income with the opportunity for long-term capital growth, primarily through investment in a diversified portfolio of debt securities (e.g. bonds) issued by Emerging Markets Borrowers and derivatives which offer exposure to such debt securities. These investments may be denominated in local currencies or hard currencies (globally traded major currencies). The Sub-Fund is not managed with reference to any index and will be unconstrained by any particular regional, currency or sector weighting, while factoring in downside risk. The Sub-Fund may also invest in other transferable securities, money market instruments, cash and near cash, derivatives and forward transactions, deposits and units in collective investment schemes. The exposure to mortgage-backed securities and asset-backed securities combined will not represent more than 20% of the assets of the Sub-Fund. The Sub-Fund may use derivatives for efficient portfolio management, hedging and/or investment purposes. This fund is known since May 2016 as the *GSF Emerging Markets Local Currency Total Return Debt Fund*.
- **GSF Emerging Market Corporate Debt Fund:** The Sub-Fund aims to provide income and generate capital gains over the long-term, primarily through investment in a diversified portfolio of debt securities (e.g. bonds) issued by Emerging Markets Corporate Borrowers and derivatives which offer exposure to such debt securities. The Sub-Fund may also invest in debt securities issued by Emerging Markets Sovereign Borrowers and derivatives which offer exposure to such debt securities. These securities may be denominated in local currencies as well as hard currencies (globally traded major currencies). The exposure to mortgage-backed securities and asset-backed securities combined will not represent more than 20% of the assets of the Sub-Fund. The Sub-Fund may hold other transferable securities, money market instruments, cash or near cash, derivatives, deposits and units in collective investment schemes. The Sub-Fund may use derivatives for efficient portfolio management, hedging and/or investment purposes.

On behalf of its Clients and across its strategies, IAML may trade certain swaps, futures and derivatives under the jurisdiction of the Commodity Futures Trading Commission. IAML relies on an exemption from commodity pool operator and commodity trading advisor registrations in respect of such trading.

## **Item 5: Fees and Compensation**

Terms used but not defined in this Item 5 have the meanings given to them either in the offering documents for the Funds ("**Fund Documents**") or the IMAs entered into for each Separate Account.

Below is the standard management fee schedule established for the Strategies available to IAML's Clients as of the date of the brochure. In general, IAML bases its management fees on its standard fee schedule that is in effect at the time the IMA or Fund Documents is entered into, and, therefore, a Client's fee schedule may be different from the applicable standard fee schedule included herein. IAML, in its sole discretion, may reduce or waive the management fee for certain Clients and Fund investors. A different fee schedule may apply due to size or for another reason, such as in the case when account has specialized investment objectives, guidelines and restrictions. Investors do not pay a "double fee", that is, a fee for a direct investment in a Strategy and also a fee for a Fund investing in such Strategy.

Strategy	Minimum	Management Fee Schedule
<b>4Factor™ Equities</b>		
Global Dynamic Equity <i>Separate Account</i>	\$50 million	<i>Tier 1: 0.75%: USD 0-75m</i> <i>Tier 2: 0.65%: USD 75m-150m</i> <i>Tier 3: 0.60%: USD 150m-300m</i> <i>Tier 4: 0.55%: Balance above USD 300m</i> Performance fee possible
Global Strategic Equity <i>Separate Account</i>	\$50 million	<i>Tier 1: 0.75%: USD 0-75m</i> <i>Tier 2: 0.65%: USD 75m-150m</i> <i>Tier 3: 0.60%: USD 150m-300m</i> <i>Tier 4: 0.55%: Balance above USD 300m</i> Performance fee possible
Global Core Equity <i>Separate Account</i>	\$50 million	<i>Tier 1: 0.55%: USD 0-75m</i> <i>Tier 2: 0.50%: USD 75m-150m</i> <i>Tier 3: 0.45%: USD 150m-300m</i> <i>Tier 4: 0.40%: Balance above USD 300m</i> Performance fee possible
Emerging Markets Equity - Core <i>Separate Account</i>	\$100 million	<i>Tier 1: 1.00%: USD 0-75m</i> <i>Tier 2: 0.85%: USD 75m-150m</i> <i>Tier 3: 0.80%: USD 150m-300m</i> <i>Tier 4: 0.75%: Balance above USD 300m</i> Performance fee possible
Asia ex Japan	n/a	<i>Tier 1: 0.65%: USD 0-75m</i> <i>Tier 2: 0.60%: USD 75m-150m</i> <i>Tier 3: 0.55%: USD 150m-300m</i> <i>Tier 4: 0.50%: Balance above USD 300m</i> Performance fee possible
<b>Emerging Market Fixed Income</b>		
GSF Emerging Markets - Corporate Debt Fund		<i>Tier 1: 0.65%: USD 0-75m</i> <i>Tier 2: 0.55%: USD 75m-150m</i> <i>Tier 3: 0.50%: USD 150m-300m</i>

Strategy	Minimum	Management Fee Schedule
		<i>Tier 4: 0.50%: Balance above USD 300m</i> Performance fee possible
GSF Emerging Markets - Local Currency Total Return Debt Fund <i>(Investec GSF EM Debt Total Return Fund)</i>		<i>Tier 1: 0.65%: USD 0-75m</i> <i>Tier 2: 0.55%: USD 75m-150m</i> <i>Tier 3: 0.50%: USD 150m-300m</i> <i>Tier 4: 0.50%: Balance above USD 300m</i> Performance fee possible
GSF Emerging Markets - Local Currency Dynamic Debt Fund		<i>Tier 1: 0.70%: USD 0-75m</i> <i>Tier 2: 0.60%: USD 75m-150m</i> <i>Tier 3: 0.50%: USD 150m-300m</i> <i>Tier 4: 0.50%: Balance above USD 300m</i> Performance fee possible
Emerging Markets Debt – Local Currency Dynamic <i>Separate Account</i>	\$200 million	<i>Tier 1: 0.75%: USD 0-75m</i> <i>Tier 2: 0.65%: USD 75m-150m</i> <i>Tier 3: 0.60%: USD 150m-300m</i> <i>Tier 4: 0.50%: Balance above USD 300m</i> Performance fee possible
Emerging Markets Debt – Blended <i>Separate Account</i>	\$100 million	<i>Tier 1: 0.70%: USD 0-75m</i> <i>Tier 2: 0.60%: USD 75m-150m</i> <i>Tier 3: 0.55%: USD 150m-300m</i> <i>Tier 4: 0.50%: Balance above USD 300m</i> Performance fee possible
GSF Emerging Markets – Blended Debt Fund		<i>Tier 1: 0.65%: USD 0-75m</i> <i>Tier 2: 0.55%: USD 75m-150m</i> <i>Tier 3: 0.50%: USD 150m-300m</i> <i>Tier 4: 0.50%: Balance above USD 300m</i> Performance fee possible

Preferred minimum investment sizes apply as shown above but are subject to change. In its sole discretion, IAML may accept accounts with assets lower than the indicated preferred minimum. In such cases, the fees charged for investment advisory services may be higher than those fees indicated herein. IAML may terminate accounts with assets that fall below the minimum indicated.

Each Client or Fund investor pays IAML a management fee, as detailed in the specific IMA or Fund Documents (the “**Management Fee**”). Management Fees may be calculated monthly, weekly, daily, by quarter end or at closing and are payable monthly, quarterly or annually in arrears of each Client or Fund investors’ capital account based on the net asset value by the administrator or the custodian and are pro-rated for partial periods. Management Fees may also be time weighted for flows if specified in the applicable IMA or Fund Documents. Management Fees may be paid directly by a Client or Fund investor to IAML, or may be withdrawn or re-allocated from the investor’s capital account. IAML also may enter



into a performance fee arrangement with a Client or Fund investor pursuant to individual negotiations provided that all applicable regulatory requirements are met. Performance fees may be invoiced and are payable on a quarterly or annual basis. Annual or initial charges for the GSF Fund may be waived or credited back to the Client.

To the extent that a Separate Account or a Fund's assets are held with its trustee or custodian, the investor should be aware that such trustee or custodian may also charge management or transactional fees with respect to such assets.

### **Additional Fees and Expenses**

In addition to the Management Fees and, in certain cases, performance fees listed above, Clients and Fund investors may also incur additional fees directly or indirectly such as:

- custody fees;
- administrator fees;
- transaction fees and other related costs;
- brokerage commissions;
- transfer fees, including transfer agent fees, and other related transaction costs;
- clearing house fees;
- interest expenses relating to particular transactions;
- certain professional services fees, including external legal, accounting, tax and valuation service fees;
- certain regulatory and compliance expenses;
- settlement expenses or other similar costs associated with securities transactions settlement; which may include, without limitation, overdraft expenses;
- collateral costs;
- stock lending fees;
- taxes (including stamp, duty and transfer taxes) and
- any other fees or expenses that are documented in the Fund Documentation or the IMA and that, in IAML's determination, are reasonably incurred in connection with the business or maintenance of the relevant Fund or Separate Account

Clients will pay brokerage commissions, mark-ups, mark-downs, other commission equivalents and/or transaction costs related to transactions effected for their accounts to executing broker-dealers. As described in Item 12, *Brokerage Practices*, the Dealing Desk (as defined below) will effect these transactions subject to its obligation to seek best overall execution. The different types of execution charges include commissions, commission equivalents, mark-ups, mark-downs and spreads.

IAML may be permitted to invest or recommend investment in investment vehicles managed by IAML Affiliates. Typically, the fees and expenses that the Client has to bear for such investments are embedded in the Management Fees and set forth in the IMAs and Fund Documentation.

Certain Strategies involve investing in emerging markets and frontier markets. In these markets, brokerage practices, execution costs and transaction costs differ from customary practices in developed markets, and transaction costs are generally higher.

Some of IAM NA's employees are involved in introducing U.S. Clients to IAML. None of IAML's or IAM NA's employees engaged in providing marketing, sales and client services to U.S. clients are directly compensated based upon the sales of the securities and other investment products.

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

IAML may, from time to time, enter into arrangements with Clients which provide for performance-based compensation based on portfolio returns above a specific hurdle rate. Performance-based compensation may be in lieu of, or in addition to, IAML's usual Management Fee compensation. Such arrangements may be negotiated and will in all cases be in compliance with Rule 205-3 under the Advisers Act.

Clients should be aware that a performance-based fee may be deemed to create a conflict of interest for an adviser, as there could be an incentive for such adviser to make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee. In addition, if some Clients pay a performance-based fee while others do not, or if different Clients pay different levels of asset or performance-based fees to IAML, this may give rise to potential conflicts of interest. For example, IAML has an incentive to favor those accounts for which IAML receives a performance-based fee because IAML will receive a higher fee if their performance exceeds the applicable benchmark. Similarly, IAML has an incentive to favor those accounts that pay IAML a greater Management Fee over those accounts that pay IAML a lesser Management Fee because IAML will receive greater compensation by doing so.

IAML may manage accounts with Management Fees alongside other accounts with performance-based fees. There are potential conflicts of interest that arise due to the side-by-side management of set Management Fee accounts with performance-based fee accounts, as there may be an incentive to favor the performance fee accounts over the fixed Management Fee accounts in the allocation of investment opportunities. IAML has implemented various policies and procedures designed to address this conflict and ensure that all Clients are treated fairly and equitably irrespective of their fee structure. Please see Item 12, *Brokerage Practices* for more information about IAML's aggregation, allocation and best execution policies.

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

IAML provides investment advisory services to institutions such as pension plans, trusts, state and municipal government entities, registered investment companies and domestic pooled investment vehicles. IAML requires that each investor in a Fund be an "accredited investor" as defined in Regulation D under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act of 1940.

Please refer to the fee schedule in Item 5, *Fees and Compensation* for information related to the minimum account size.

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

IAML investments are directed by specific processes developed by each of IAML's specialist investment teams. In addition to research analysts, each team has portfolio managers who have authority to manage Client portfolios within pre-agreed risk parameters. Within this structure, the process used to allocate

assets varies by strategy and investment team. With the assistance of the Head of Investment Risk, the Co-Chief Investment Officers oversee each strategy.

## **Methods of Analysis**

IAML offers a range of equity and emerging market fixed income strategies. Generally, IAML's investment teams use standard methods of analysis. IAML may analyze potential investments internally, but IAML also incorporates third party research. IAML will rely on third parties for the provision of data used by the proprietary screening models. IAML's investment teams manage the Strategies. Each investment team has its own specific investment philosophy which gives the investment team a unified view on investing. Each investment team applies its philosophy to the Strategy it manages through a multi-step investment process. Each investment team has clear accountability for its Strategy and reporting lines that encourage active participation and implementation of ideas. IAML's investment teams are supported by a centralized infrastructure.

## **4Factor Equities**

The 4Factor Team (the "**4Factor Team**") believes in building portfolios by focusing on individual stock opportunities and recognizes the need for a disciplined framework to achieve long-term investment success. To that end, the 4Factor Team has developed a rigorous and repeatable research process. It begins with a weekly screening of all global stocks with a market capitalization greater than US\$1 billion which are then ranked based on the 4Factor investment criteria. This initial screening has the goal of providing IAML's investment specialists with a short-list of potentially attractive investment opportunities. The 4Factor Team then assesses the investment case for each of these proposed securities to identify the highest conviction ideas for inclusion in the various 4Factor portfolios.

The 4Factor Team uses a proprietary screening tool to systematically score and rank all the companies in the investment universe based on four key investment criteria which are believed to combine the best of traditional and behavioral finance theory: *Strategy*, *Value*, *Earnings* and *Technicals*. The screening tool is objective in its analysis, providing the 4Factor Team with a league table of investment ideas ranked according to how well they match the 4Factor investment philosophy. Data is collected on all global stocks with an average daily trading volume of greater than \$10 million from a variety of best in class external sources and processed automatically on a weekly basis. The 4Factor Team uses a wide variety of data sources including company reports and accounts, "best in class" data sources, sell-side and consultant research and conferences in order to facilitate the research process. The screening tool grades each factor from 1 to 4. The grades are then summed up to give these stocks a score between 4 and 16. The highest scoring stocks in this screen provide the 4Factor Team with a 'short-list' of potentially attractive ideas, which it then evaluates in order to incorporate the 'best ideas' into the portfolio.

The purpose of the initial screening is therefore to narrow the opportunity set in order to allow the investment specialists to focus their detailed fundamental analysis on the most attractive potential investments. Since inception of the process in 2000 the 4Factor Team has researched and improved the screening framework to ensure it captures all the component factors that the 4Factor Team believes impact share prices over time and that retain efficacy in a changing global market.

The next stage involves fundamental research around a company's business drivers and competitive position. It is an in-depth analysis of the key issues that will drive the stock and the construction of an investment case. The culmination of this work is a research assessment report with an action

recommendation presented to the team for close examination. At this stage the 4Factor Team is looking to maximize the conviction that the stocks in which we propose to invest do indeed correspond to our core philosophy and are attractive investments. The 4Factor Team remains focused on bottom-up analysis at all times. All members of the 4Factor Team perform research or have research support responsibilities. The global analysts work with the portfolio manager in the decision-making process providing research support. The final decision on overall portfolio construction rests with the portfolio managers. Appropriate risk constraints are applied and the portfolio is monitored and managed to ensure portfolio integrity.

### **Emerging Market Fixed Income**

The Global Emerging Markets Fixed Income Team (the “**EM Fixed Income Team**”) has developed a robust process which consists of three key steps that combine top-down and bottom-up factors. Those factors are both expected to make contributions to outperformance over the long term. The top-down allocation is the first step. It not only determines the general outlook and identifies the different themes for emerging markets, but also determines the relative value and attractiveness of the four component parts of the blended Strategy (local currency debt, currencies, hard currency debt and hard currency corporate debt). These themes enable the **EM Fixed Income Team** to actively allocate between the asset classes with the goal to optimize returns on the portfolio. The bottom-up allocation is the second step. This process consists of thorough country-level economic and political analysis to determine what the EM Fixed Income Team believes is the best relative and outright trade ideas at a country level. In the third step, these bottom-up ideas are used to achieve the top-down positioning through a structured portfolio construction process which aims to manage risk, maintain diversification and reduce the costs of trading and taxes. The EM Fixed Income Team uses a score card approach at both the top-down and bottom-up levels of this process. At the top-down level the scorecard aids the overall risk bias and helps to determine how best to allocate risk between the four asset classes. At the bottom-up level the scorecards create a country ranking within each separate asset class. The scorecards reflect the Compelling Forces framework and serve to prompt ideas, maintain a strong sell discipline and record and monitor the effectiveness of the investment process. Each scorecard is made up of a mix of quantitative and qualitative factors. The scorecards are updated and debated by the EM Fixed Income Team weekly; ultimately, however, judgment is applied to determine the final position.

### **Investment Strategies**

The following is a brief description of the underlying Strategies within each of the investment teams outlining the investment policies associated with the applicable Strategy. Clients and Fund investors should be aware that there are a number of risks relevant to a Strategy and IAML has listed a summary of the risks associated with the Strategies below in a section entitled “*Summary of Risk Factors.*”

#### **4Factor Global Dynamic Equity**

The Strategy aims to provide long-term capital growth primarily through investment in global equities using a proprietary stock-picking approach within a global sector context which is not dominated by any specific style. The Strategy offers a concentrated portfolio of high conviction stocks. The benchmark index is MSCI All Country World Index NDR.

#### **4Factor Global Strategic Equity**

The Strategy aims to achieve capital growth primarily through investment in global equities using a

proprietary stock-picking approach within a global sector context which is not dominated by any specific style. The benchmark index is MSCI All Country World Index NDR.

#### **4Factor Global Core Equity**

The Strategy aims to achieve capital growth primarily through investment in global equities using a proprietary stock-picking approach within a global sector context which is not dominated by any specific style. The benchmark index is MSCI All Country World Index NDR.

#### **4Factor Emerging Markets Equity – Core**

The Strategy aims to achieve long-term capital growth primarily through investment in equities issued by companies listed or with significant operations in countries comprising the benchmark index MSCI Emerging Markets Index NDR.

#### **4Factor – Asia Ex Japan**

The Strategy aims to provide long-term capital growth primarily through investment in equities of companies established and listed on a recognized exchange in Asia, excluding Japan. It seeks to invest in companies that are expected to benefit from Chinese economic growth and development.

#### **Emerging Market Debt – Corporate**

The Strategy aims to achieve long-term total returns primarily through investment in corporate bonds issued by companies which have their registered office in emerging markets, or carry out a significant proportion of their operations in emerging markets. The Strategy may invest in derivatives which offer exposure to such debt securities. The comparison index is JP Morgan CEMBI Broad Diversified. The outperformance target is 1.5-2.5%, per annum, gross of fees, over rolling three year periods.

#### **Emerging Market Debt – Local Currency Total Return**

This is a diversified, benchmark agnostic, EMD strategy that aims to generate improved risk-adjusted returns by taking a total return approach. Invests predominantly in local currency debt with diversifying allocations to hard currency and corporate debt. The comparison index is JP Morgan GBI-EM Global Diversified which the Strategy will seek to outperform gross of fees, over a three year rolling period, with lower volatility in returns than the comparison index.

#### **Emerging Market Debt - Local Currency Dynamic**

The Strategy aims to achieve long-term total returns primarily through investment in sovereign bonds issued by emerging market borrowers. The Strategy will seek to outperform the comparison index with a clear focus on local currency debt, although it can also take advantage of additional opportunities in currency markets, hard currency emerging market debt, emerging market corporate bonds as well as active yield curve plays and issue selection. The comparison index is JP Morgan GBI-EM Global Diversified Composite.

#### **Emerging Market Debt - Local Currency – Specialist**

The Strategy aims to achieve long-term total returns primarily through investment in sovereign bonds issued by emerging market borrowers. The Strategy will seek to outperform the comparison index with a clear focus on local currency debt, although it can also take advantage of additional opportunities in currency markets, hard currency emerging market debt, emerging market corporate bonds as well as active yield curve plays and issue selection. The comparison index is JP Morgan GBI-EM Global Diversified Composite. Emerging Market Local Currency is permitted to in frontier markets.

### **Emerging Markets Debt - Blended Debt**

The Strategy aims to achieve long-term total returns primarily through investment in sovereign bonds issued by emerging market borrowers in both local and hard currencies. The Strategy will seek to outperform the comparison index through both currency and local bond markets, hard currency emerging market debt, emerging market corporate bonds as well as active yield curve plays and issue selection. Comparison index is the 50% JP Morgan GBI-EM Global Diversified/30% JP Morgan Emerging Markets Bonds Global Diversified Index /20% JP Morgan Corporate EMBI Broad Diversified Index.

### **Summary of Risk Factors**

As with any investment, there is no guarantee that a portfolio will achieve its investment objective or that the Strategies pursued and methods utilized by IAML will be successful under all or any market conditions. Past performance is no guarantee of future performance. All investments involve risks, including the risk of possible loss of principal, and Clients should be prepared to bear such risks. The following risk factors may be relevant to the above Strategies. This list details those risks identified at the time of the issue of this document, however, not all possible risks are described below. Risks may arise in the future which could not have been anticipated in advance. Risk factors may apply to each Strategy to varying degrees, and this exposure will also vary over time. Clients should also be aware that not all of the risks listed below will pertain to every account as certain risks may only apply to certain Strategies.

**Accounting Risk** – Accounting, auditing and financial reporting standards, practices and disclosure requirements vary between countries and can change and this can be a source of uncertainty in the true value of investments and can lead to a loss of capital or income.

**Active Management Risk** – The portfolio manager has discretion to purchase and sell assets in accordance with the investment policy. It may be as a consequence of the portfolio manager electing to deviate from the constituents of any related market benchmark that a Strategy may not participate in the general upward move as measured by that market's benchmark and that a Strategy's value may decline even while any related benchmark is rising.

**African Securities Markets Risk** – The stock exchanges and markets in Africa have experienced fluctuations in the prices of securities, and no assurance can be given that such volatility will not continue in the future. Certain governing bodies of stock exchanges can impose restrictions on trading in certain securities, limitations on price movements and margin requirements. African securities markets are undergoing a period of growth and change which may lead to difficulties in the settlement and recording of transactions and in interpreting and applying the relevant regulations.

Certain regulatory authorities have only recently been given the power and duty to prohibit fraudulent and unfair trade practices relating to securities markets, including insider trading, and to regulate substantial acquisitions of shares and takeovers of companies. Certain securities markets in Africa are not subject to such restrictions. A disproportionately large percentage of market capitalization and trade volume in the stock exchanges and markets in Africa are represented by a relatively small number of issues. Significant delays have been common in settling trades on certain stock exchanges and registering transfers of securities. Certain African markets are difficult to access given the lack of an efficient market.

**Brokerage Firms and Custodians May Fail** – The institutions with which IAML does business for certain Client or to which the assets of Clients have been entrusted for custodial purposes, may encounter

financial difficulties that impair the operational capabilities or the capital positions of such Clients. Recent events in the credit market have challenged the financial stability of a number of established financial institutions, including brokerage firms. In the event that one of the brokerage firms used by IAML becomes bankrupt and fails to segregate the assets on deposit of one or more of the Clients as required, there is a risk of loss for any deficiency. Even if Clients do not lose their assets on deposit with the brokerage firms (or other financial institutions with which IAML may deal for the Clients), Clients could incur market losses as a result of financial difficulties at such brokerage firms (including, but not limited to, situations where Clients may be unable to access their assets and/or execute transactions through their brokers or other financial institutions in a timely manner). In addition, non-U.S. institutions, including non-U.S. brokerage firms, may be subject to different bankruptcy or other regulatory regimes than those applicable to U.S. institutions, and in doing business with such non-U.S. institutions through IAML, Clients may not be afforded certain of the protective measures provided by the SEC and FINRA. Although IAML will attempt to minimize Clients' risk in this area, there is no action that IAML can take which is completely risk-free.

**Business Continuity Risk** – IAML has adopted a business continuity plan to maintain critical functions in the event of a partial or total building outage affecting offices or a technical problem affecting applications, data centers or networks. The plan is designed to limit the impact on investors from any business interruption or disaster. Nevertheless, IAML's ability to conduct business may be curtailed by a disruption in the infrastructure that supports the operations and the regions in which IAML's offices are located.

**Cash Flow Risk** – A Strategy may have insufficient cash to meet the margin calls necessary to sustain its position in a derivatives contract. This may result in the Strategy having to close a position (or sell other securities to raise the cash) at a time and / or on terms that it may otherwise not have done. This could lead to capital losses for the Strategy.

**Charges to Capital Risk** – Where the income on a Strategy is not sufficient to offset the charges and expenses of a Strategy they may instead be deducted from the capital of the Strategy. This will constrain the rate of capital growth.

**Commodity Price Risk** – Commodity price risk is results from the possibility that the price of an underlying commodity may change including energy, metals, agriculture and livestock related prices. The Strategy may invest in commodity-related securities and derivatives and hence any change in the price of a commodity may affect the price of the commodity related security or derivative. The performance of a Strategy will be affected directly and indirectly by the prices of certain commodities.

**Commodities and Futures Trading** – Substantially all trading in commodities and futures has as its basis a contract to purchase or sell a specified quantity of a particular asset for delivery at a specified time, although certain financial instruments, such as market index futures contracts, may be settled only in cash based on the value of the underlying composite index. Futures trading involves trading in contracts for future delivery of standardized, rather than specific, lots of particular assets. A principal risk in trading futures contracts is the traditional volatility (rapid fluctuation) in market prices. Because of the low margin deposits typically required in futures contract trading, a relatively small movement in the market price of a futures contract may result in a disproportionately large profit or loss. Commodity futures trading may also be illiquid. Certain commodity exchanges do not permit trading in a particular futures beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits – which conditions have in the past sometimes lasted for several days in certain contracts – the investment manager could be prevented from promptly liquidating unfavorable positions and thus be subject to substantial losses.

Investments which offer exposure to commodities may include additional risks (e.g., political risk, natural events or terrorism). This may influence the production and trading of commodities and the value of financial instruments offering exposure to such commodities.

**Concentration Risk** – Strategies which invest in a concentrated portfolio of holdings may be more volatile than more broadly diversified portfolios.

**Conflicts of Interest Risk** – IAML and IAML Affiliates may, from time to time, act as investment managers or advisers to other Strategies or other client mandates which are competitors to a particular Strategy because they follow similar objectives. It is, therefore, possible that IAML may, in the course of its business dealings, have potential conflicts of interest for a particular Strategy. IAML will with regard to such event meet its regulatory and contractual obligations and its overall duty to act in a commercially reasonable manner to act in the best interests of all clients and to treat all clients fairly when undertaking any investment business where potential conflicts of interest may arise.

**Counterparty Risk** – A Strategy may enter into transactions with counterparties, thereby exposing it to the counterparties' credit worthiness and their ability to perform and fulfil their financial obligations. This risk may arise at any time a Strategy's assets are deposited, extended, committed, invested or otherwise exposed through actual or implied contractual agreements.

When entering derivatives transactions, a Strategy may be adversely impacted by conflicts of interest arising from the relationship of the counterparties to the relevant investment manager or another member of the relevant investment manager's group of companies.

In addition, contracts with service providers and other third party contractors (the "**Service Providers**") may be entered. This risk means that in certain circumstances (including but not limited to force majeure events) the Service Providers may not be able to perform or fulfil their contractual obligations. This could result in periods where the normal trading activity of a Strategy may be affected or disrupted.

**Credit Default Swaps and Other Synthetic Securities Risk** – A portion of a Strategy's investments may consist of credit default swaps and other synthetic securities the reference obligations of which may be leveraged loans, high-yield debt securities or similar securities. Investments in such types of assets through the purchase of credit default swaps and other synthetic securities present risks in addition to those resulting from direct purchases of such investments.

**Credit Ratings** – Credit ratings of debt securities are not a guarantee of quality. A credit rating represents only the applicable rating agency's opinion regarding credit quality based on the rating agency's evaluation of the safety of the principal and interest payments. In determining a credit rating, rating agencies do not evaluate the risks of fluctuations in market value. As a result, a credit rating may not fully reflect the risks inherent in the relevant security. Rating agencies may fail to make timely changes to credit ratings in response to subsequent events. In addition, to the extent that a rating agency rates a security at the request of an issuer, the rating agency has a conflict of interest in providing such rating.

**Credit Risk** – Where the value of an investment depends on a party (which could be a company, government or other institution) fulfilling an obligation to pay, there exists a risk that the obligation will not be satisfied. This risk is greater the weaker the financial strength of the party. The market value of a Strategy could be affected by any actual or feared breach of the party's obligations, while the income of a Strategy would be affected only by an actual failure to pay, which is known as a default.



**Currencies** – A client may be exposed in the interbank market to risks associated with any government or market action that might suspend or restrict trading or otherwise render illiquid, in whole or in part, the client's position. A Strategy may trade currencies and financial instruments in interbank and forward contract markets which are believed to be well-established and of recognized standing. A Strategy may effect such trades with brokers and other market participants which it believes to be creditworthy.

**Derivatives Risk** – Derivatives may be illiquid, difficult to price, and leveraged so that small changes may produce disproportionate losses for a Strategy, and may be subject to counterparty risk to a greater degree than more traditional investments. Because of their complex nature, some derivatives may not perform as intended. As a result, a Strategy may not realize the anticipated benefits from a derivative it holds or it may realize losses.

**Emerging Market Risk** – Certain Strategies may invest in securities of emerging market country governments, their political subdivisions and other issuers whose principal activities are located in emerging market countries. Investments in emerging markets may be more volatile than investments in more developed markets. Some of these markets may have relatively unstable governments, economies based on only a few industries, and securities markets that trade only a limited number of securities. Many emerging markets do not have well-developed regulatory systems and disclosure standards may be less stringent than those of developed markets.

**Equity Securities Risk** – Equity securities represent an ownership interest, or the right to acquire an ownership interest, in an issuer. Equity securities also include, among other things, preferred stocks, convertible stocks and warrants. The values of equity securities, such as common stocks and preferred stocks, may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Equity securities generally have greater price volatility than fixed income securities.

**Event Risk** – If an issuer of debt securities is the subject of a buyout, debt restructuring, merger or recapitalization that increases its debt load, it could interfere with its ability to make timely payments of interest and principal and cause the value of its debt securities to fall.

**Exchange Derivatives Risk** – Futures contracts may have restricted liquidity due to certain commodity exchanges limiting fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". These prevent trades from being executed at prices beyond the daily limits during a single trading day. Also, once the price of a contract for a futures contract has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit.

**Exchange Rate Fluctuation Risk** – Currency fluctuations may adversely affect the value of a Strategy's investments and the income thereon. Currency fluctuations may also adversely affect the profitability of an underlying company in which a Strategy invests.

**Extension Risk** – If interest rates rise rapidly, repayments of principal on certain debt securities may occur at a slower rate than expected and the expected maturity of those securities could lengthen as

a result. Those securities generally have a greater potential for loss when prevailing interest rates rise, which could cause their values to fall sharply.

**Fair Value Pricing Risk** – Fair value pricing adjustments may be made to the price of an underlying asset of a Strategy, at the absolute discretion of IAM NA, to reflect predicted changes in the last available price between the market close and the Valuation Point. There is, however, a risk that this predicted price is not consistent with the subsequent opening price of that security.

**Foreign Issuers Risk** – The amount of information which issuers are required to provide about themselves, or may choose to provide, can differ from country to country. Foreign brokers and issuers may not be subject to the uniform accounting, auditing, and financial reporting standards and practices prevalent in countries with more developed standards and practices about such disclosures. In addition, foreign stock exchanges and other securities markets may be more volatile and subject to less governmental supervision than their counterparts in countries with more highly regulated securities industries. Investments in some foreign countries could be affected by factors not present in other markets, including expropriation, confiscation of property, and difficulties in enforcing contracts. All of these factors can make foreign investments, especially those in emerging countries, more volatile.

**Future Risk** – Investments in growth orientated sectors, such as the technology sector, benefit from investor optimism about the future and their value can fall sharply if sentiment deteriorates.

**General Economic and Market Conditions** – The success of a Strategy may be affected by general economic and market conditions, such as interest rates, mortgage prepayment rates, availability of credit, inflation rates, economic uncertainty and changes in laws. These factors may affect the level and volatility of prices of financial instruments and the liquidity of the investments made for the Clients' volatility or illiquidity could impair Client's profitability or result in losses. The liquidity environment may deteriorate and affect other markets and financial institutions before market conditions improve. In a period of broad de-leveraging by all market participants, as has happened in recent years, the values of all asset classes may be adversely affected.

**General Risks of Investments** – A potential investor should note that the prices of the securities and other instruments in which the Funds and/or Separate Accounts under management may invest may be volatile. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, regulators from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. Such intervention (as well as other factors) may cause these markets and related investments to move rapidly.

**High Yield Debt Securities Risk** – High yield debt securities, that is those that are rated BB+ by Standard & Poor's or Ba1 by Moody's or lower, are subject to greater risk of loss of income and principal due to default by the issuer than are higher-rated debt securities. It may also be more difficult to dispose of, or to determine the value of, high yield debt securities.

High yield debt securities rated BB+ or Ba1 or lower are described by the ratings agencies as "predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. While such debt will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions".

**Income Yield Risk** – The level of any yield may be subject to fluctuations and is not guaranteed.

**Inflation Risk** – Inflation erodes the real value of all investments and changes in the anticipated rate of inflation could lead to capital losses on investments.

**Interest Rate Risk** – The earnings or market value of a Strategy may be affected by changes in interest rates. This risk can be particularly relevant for fixed-rate debt securities (such as bonds), since their values may fall if interest rates rise. Furthermore, fixed-rate debt securities with a long time until maturity may be more sensitive to changes in interest rates than shorter-dated debt securities, for example a small rise in long-term interest rates may result in a more than proportionate fall in the price of a long-dated debt security.

**Investment Company and Exchange-Traded Fund (“ETF”) Risk** – An investment in an investment company or ETF involves substantially the same risks as investing directly in the underlying securities. An investment company or ETF may not achieve its investment objective or execute its investment strategy effectively, which may adversely affect a Strategy’s performance. A Strategy must pay its pro-rata portion of an investment company’s or ETF’s fees and expenses. Shares of a closed-end investment company or ETF may trade at a premium or discount to the net asset value of its portfolio securities.

**Investment Grade Risk** – Investment grade debt securities, like other types of debt securities, involve credit risk. Investment grade debt securities also face the risk that their ratings can be downgraded by the ratings agencies.

**Investment Strategy Risks** – Strategy success depends on the ability to implement a specific investment strategy. Any factor that would make it more difficult to execute more timely transactions, such as a significant reduction in liquidity in a particular market, may also be detrimental to profitability. No assurance can be given that the Strategy will be successful under all or any market conditions. Past performance is no guarantee of future results.

**Legal and Documentation Risk** – The risk that, in the event of a broker or counterparty default or a dispute, the rights or remedies available arising from the contractual arrangements in place with the defaulting broker or counterparty may not be able to be enforced or relied upon.

**Leverage Risk** – Where a Strategy uses derivatives to create aggregate exposure that is greater than its net assets, this creates the effect that it will have greater exposure to certain risks that are associated with the use of derivatives. See also “Counterparty Risk” and “OTC Derivatives Instrument Risk.”

**Liquidity Risk** – In certain situations, it may be difficult or impossible to sell an investment in an orderly fashion at an acceptable price.

**Market Risk** – The market value of the instruments in which a portfolio invests may go up or down in response to the prospects of individual companies, particular sectors or governments and/or general economic conditions throughout the world due to increasingly interconnected global economies and financial markets.

**OTC Derivative Instruments Risk** – Pricing of these instruments is subjective and their valuation is limited to a small number of market professionals who often act in a dual capacity, as the counterparty and pricing agent for the same transactions. In addition, OTC derivative instruments may be exposed to counterparty risk – see “Counterparty Risk.”

**Political Risk** – Expropriation by the state, social or political instability, or other restrictions on the freedom of a Strategy to deal in its investments, may all lead to investment losses. It should also be noted that there may be occasions when a government imposes restrictions on a company's operations and / or the free movement of cash.

**Prepayment Risk** – Certain fixed-income securities are subject to the risk of unanticipated prepayment. That is the risk that when interest rates fall, borrowers will prepay the loans that underlie these securities more quickly than expected, causing the issuer of the security to repay the principal prior to the security's expected maturity. A Fund and/or Separate Account may need to reinvest the proceeds at a lower interest rate, reducing its income. Securities subject to prepayment risk generally offer less potential for gains when prevailing interest rates fall. If a Fund and/or Separate Account buys those securities at a premium, accelerated prepayments on those securities could cause such fund to lose a portion of its principal investment represented by the premium. The impact of prepayments on the price of a security may be difficult to predict and may increase the security's price volatility. Interest-only and principal-only securities are especially sensitive to interest rate changes, which can affect not only their prices but can also change the income flows and prepayment assumptions about those investments.

**Pricing and Liquidity Risk** – The price at which an asset is valued may not be realizable in the event of sale. This could be due to an incorrect estimation of the asset's value or due to a lack of liquidity in the relevant market.

**Reliance on Management** – All decisions regarding the management and affairs of the Fund and/or Separate Account will be made exclusively by IAML. Accordingly, no person should purchase interests or open an account unless such person is willing to entrust all aspects of management of the funds or accounts to IAML.

**Risk of Loss** – It is not guaranteed that the value of investments and the income derived from them will go up.

**Risk of Market Action** – Losses may be made due to adverse movements in equity, bond, commodity, currency and other market prices and to changes in the volatility of any of these.

**Risk of Remittance Restrictions** – In some countries, the proceeds from the sale of a security, or dividends or other income, which is due to foreign investors may not be payable, in full or in part, due to governmental or other restrictions. Any such restrictions will reduce the profit potential of a Strategy and may lead to losses.

**Sector and/or Geographical Risk** – Any Strategy that restricts investment to a small number of related sectors and / or geographical locations may decline even while broader based equity market indices are rising.

**Settlement and Custody Risk** – In emerging markets, there may be delays in settlement and/or uncertainty in relation to the ownership of a Strategy investments which could affect a Strategy's liquidity and which may lead to investment losses.

**Short Exposure Risk** – Where a Strategy uses derivatives to create short exposure there is potential for gains to be made when the underlying securities are falling in value, but a loss could be incurred when the underlying security is rising in value. This means a Strategy's performance will be less closely related to

the performance of the type of assets in which it will ordinarily invest.

**Short Selling Risk** – The establishment and maintenance of a short position in securities can involve greater risks than would be the case with a long position. These include the possibility of unlimited loss due to potentially unlimited price appreciation in the securities concerned, problems associated with the cost or availability of stock to borrow for the purposes of short selling and possible difficulties in purchasing stock to cover short positions in certain market conditions.

**Smaller Company Risk** – Smaller company shares may be less liquid and more volatile than the shares of larger companies, due to the smaller number of shares in issue and the frequently less diversified and less established nature of the business. These factors can create a greater potential for significant capital losses.

**Swap Agreements Usage** – The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary investment transactions. Interest rate swaps, for example, do not typically involve the delivery of financial instruments, other underlying assets or principal. Accordingly, the market risk of loss with respect to an interest rate swap is often limited to the amount of interest payments that the contracting client is contractually obligated to make on a net basis. If the other party to an interest rate swap defaults, the risk of credit loss may be the amount of interest payments that is contractually entitled to be paid on a net basis. However, where swap agreements require one party's payments to be "up-front" and timed differently than the other party's payments (such as is often the case with currency swaps), the entire principal value of the swap may be subject to the risk that the other party to the swap will default on its contractual delivery obligations. If there is a default by the counterparty, the other party may have contractual remedies pursuant to the agreements related to the transaction. The investment performance of a Strategy, however, may be adversely affected by the use of swaps if the forecasts of market values, interest rates or currency exchange rates are inaccurate.

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

***There can be no assurance that IAML will achieve the investment objectives or avoid substantial losses for the Funds and/or Separate Accounts under management. Investing in securities involves risk of loss that clients should be prepared to bear. Investors are urged to consult with their independent financial advisers in connection with an investment in the Funds or through a Separate Account managed or sub-advised by IAML.***

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

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of IAML's investment advisory business or the integrity of its management.

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

##### **Global Firm**

IAML operates investment teams in London, Hong Kong, Singapore and Cape Town. IAML Affiliates may share proprietary research and information developed by each of those entities. IAML trades are executed

centrally by IAML's London, Hong Kong and Cape Town dealing desk teams ("**Dealing Desk**") which operate a global order management system, thinkFolio. IAML is part of a global financial services company. IAML may occasionally engage in business activities with some or all of those companies subject to its policies and procedures governing how IAML handles conflicts of interests. IAML's global executives serve also on the boards of IAML Affiliates. IAML has entered into a Dual-Hatting Agreement with IAM NA. In connection with its investment advisory services to its Clients and through the Dual-Hatting Agreement, IAM NA may use the resources of the Dual-Hatting Affiliates to provide investment advice, portfolio management and legal and compliance functions. As a party to the Dual-Hatting Agreement with IAM NA, IAML permits certain of its officers and personnel, as applicable, to provide investment advice and portfolio management services to IAM NA's Clients as "Dual-Hatted Employees". Such persons are subject to the control and supervision of IAM NA, and to IAM NA's compliance policies and procedures and Code of Ethics, in connection with any such services provided to IAM NA's Clients. In addition, IAML has entered into a Services Agreement with IAM NA. Under the Services Agreement between IAM NA and IAML, IAML may provide services that are deemed ancillary services in regards to the Dual-Hatted Agreement to IAM NA Clients.

#### **Services to and from other affiliates of the Investec Group**

- Investec Securities Ltd (Pty), ("Investec Securities") whose ultimate parent company is Investec Limited, provides broker-dealer services in markets in South Africa. Investec Securities is a member of the Johannesburg Stock Exchange and is regulated by the SA FSB. Subject to the best execution mandate, Investec Securities may execute transactions in securities for Clients to the extent permissible under all appropriate rules and regulations.
- Investec Bank Plc, whose ultimate parent company is Investec Plc provides banking and trade execution. Investec Bank PLC is authorized by the FCA. Subject to the best execution mandate, Investec Bank Plc may execute transactions in securities for Clients to the extent permissible under all appropriate rules and regulations.
- Investec Bank Ltd, whose ultimate parent company is Investec Limited, acts as a primary dealer in South Africa and participates in weekly South Africa government bond auctions. Investec Bank Ltd is regulated by the SA FSB. Subject to the best execution mandate, Investec Bank Ltd may execute transactions in securities for Clients to the extent permissible under all appropriate rules and regulations.
- IAML may share research services obtained with research credits with other IAML Affiliates.
- IAML may assist IAM NA in the marketing and sales of non-U.S. pooled investment vehicles to U.S. investors.
- The GSF has appointed Investec Asset Management Luxembourg S.A. (the "Management Company") to serve as its designated management company. The Management Company has delegated the investment advisory services to IAML.
- IAML may avail itself of research provided by credit analysts employed by other IAM affiliates.

## **Item 11. Code of Ethics, Participation or Interest in Client Transaction and Personal Account Dealing**

### **Code of Ethics**

IAML has adopted a Code of Ethics (the “**Code**”) pursuant to Rule 204A-1 of the Advisers Act applicable to partners, officers, directors, employees, interns and temporary employees and its Dual-Hatted Employees. This Code sets forth the standard of business conduct as well as rules for personal securities transactions that are designed to address or mitigate potential conflicts of interest and to minimize any potential appearance of impropriety. Compliance with the Code is a condition of employment for all employees. IAML will provide a copy of the Code to any Client or prospective Client upon request. The Code covers personal securities transactions of all Access Persons (as defined in the Code) and any accounts where Access Persons may have beneficial ownership interest. The Code permits Access Persons to trade in securities for their own accounts even if the securities are recommended to and/or purchased by Clients. However, the personal trades are subject to preclearance procedures, black-out period and reporting requirements as well as other provisions that restrict personal trading. Violations of the Code may be subject to remedial actions, including, but not limited to: a letter of caution, warning or censure, recertification of the Code, disgorgement of profits, suspension of trading privileges, termination of officer title, and/or suspension or termination of employment. Employees are required to annually certify compliance with the Code.

### **Participation or Interest in Client Transaction**

Neither IAML nor any IAML Affiliate invests for its own account. However, if permitted by a particular Client’s investment objectives, guidelines, and restrictions, and applicable law and regulations, IAML may use its discretion to effect a Client purchase of securities offered in either a public or private underwriting where an affiliate of the Investec Group is acting in the capacity of a manager, market maker, underwriter, or placement agent. IAML also provides investment advice to affiliates of the Investec Group (“**Investec Group Affiliates**”).

Investec Group Affiliates provide a variety of investment banking, commercial banking, brokerage and other services to a broad range of clients, including issuers of securities that IAML may recommend for purchase or sale by clients. With respect to these global financial activities, Investec Group Affiliates may take positions in securities that are in competition with or opposite of positions held by IAML’s Clients. Because these Investec Group Affiliates and IAML generally conduct their business independently of one another, IAML is not in a position to prevent any Investec Group Affiliate from taking such positions. However, neither IAML nor Investec Group Affiliates knowingly compete with each other or take positions opposite each other.

Similarly, IAML performs investment management and investment advisory services for various Clients, many of whom may have differing investment objectives, guidelines, and restrictions. As a result, IAML may give advice and take action in the performance of its duties for a particular Client that may differ from the advice given, or the timing or nature of action taken, with respect to other Clients. Frequently, a particular security may be bought or sold for only one or a small number of Clients, or in different amounts and at different times for more than one but less than all Clients. In some cases, IAML may cause one or more accounts to buy or sell a security from or to a broker-dealer, and soon thereafter may engage in the opposite transaction for one or more other accounts from that or another broker-dealer. IAML has adopted procedures that it believes are reasonably designed to seek to obtain the most favorable price and execution for the transactions by each account.

IAML may also give advice and take action with respect to any Client that may differ from action taken on behalf of other Client. IAML and IAML Affiliates are not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling, any security that employees may buy or sell for their own personal account or for the accounts of any IAML Client. IAML manages conflicts with its employees including the Dual-Hatted Employees investing for their personal accounts by requiring that any transaction be made in compliance with the Code.

IAML's employees may also give advice and take action in the performance of their duties for some Clients that may differ from advice given, or the timing or nature of actions taken, for other Clients or for their personal accounts. IAML has no obligation to acquire a position in any security for a client account which it acquires on behalf of another client account, or which an IAML employee acquires for his or her personal account. Likewise, client accounts shall not have co-investment or other rights in respect of any such investment.

It is possible that in the course of business, investments for Clients will overlap with investments for the clients of an IAML Affiliate and create a possible conflict of interest in connection with an investment opportunity that may be suitable for multiple accounts, but not in sufficient quantities for all accounts to participate fully. Because IAML provides services to a number of different Clients, potential conflicts of interest may also arise related to the amount of time an individual devotes to managing particular accounts. IAML may also have an incentive to favor accounts in the allocation of investment opportunities or otherwise treat preferentially those accounts that pay IAML a performance-related fee, or a higher fee level or greater fees overall.

To address such conflicts, IAML has established a variety of policies and procedures whose goals are to facilitate the fair allocation of investment opportunities. Please see Item 6, *Performance-Based Fees and Side-by-Side Management* for more information about the side-by-side management of accounts and Item 12, *Brokerage Practices* for more information about the allocation policy. At all times, IAML seeks to treat all of its Clients in a fair and equitable manner and will act in a manner that IAML believes to be in the best interests of Clients.

In the course of providing these services, IAML or IAML Affiliates may come into possession of material, non-public information. IAML Affiliates and Investec Group Affiliates have installed informational barrier procedures intended to control the sharing of confidential information, including information obtained by Investec Group Affiliates in the course of their investment banking, commercial banking, brokerage, investment management and other operations activities. Such confidential information, if obtained, will not be used as a factor in making investment decisions for the portfolios of Clients.

Potential conflicts of interest may also arise in connection with the knowledge by an IAML and/or an IAML Affiliate's employee of either the timing of transactions, investment opportunities, broker selection, portfolio holdings and investments. Such employees who have access to the size and timing of transactions may have information concerning the market impact of transactions. Such employees may be in a position to use this information to their possible advantage or to the possible detriment of a Client account. IAML manages these potential conflicts involving employee personal trades by requiring that any personal trade be made in compliance with the Code.

Consistent with its duty to seek best execution, IAML may from time to time effect securities transactions for its client accounts through an Investec Group Affiliate acting as broker-dealer, see Item 10, *Other Financial Industry Activities and Affiliates* above and Item 12, *Brokerage Practices* below.



From time to time, IAML may deem that it is in the best interests of its Clients to transfer a security from one account under management to another such account (each, a **“brokered cross-trade”**). Any such brokered cross-trade must be executed through a broker-dealer or other properly qualified third party, unaffiliated with IAML. IAML requires that the securities be crossed at mid-market price based on independent pricing sources. Any additional fees are shared fairly between the client accounts.

Notwithstanding anything else contained herein on permissible cross trades, the prohibited transaction rules under the Employee Retirement Income Security Act of 1974, as amended (**“ERISA”**) bar investment managers from engaging in cross-trades or brokered cross-trades absent an exemption. IAML shall not execute any cross-trades or brokered cross-trades between two of its accounts if one of such accounts is subject to ERISA. A Fund may, from time to time, accept contributions from investors subject to ERISA. Under ERISA’s plan asset regulations, generally, if 25% of any class of equity of a fund is held by plans subject to ERISA, 100% of such Fund’s assets will be considered **“plan assets”** for purposes of ERISA and such Fund will be required to meet all applicable ERISA rules and regulations. Accordingly, if a Fund is deemed to be a **“plan assets vehicle”**, IAML will not execute any cross-trades or brokered cross-trades involving such Fund. IAML shall maintain a log of accounts subject to ERISA, which shall be available to the traders and portfolio managers at all times. Restrictions of cross trades apply also for investment company client portfolios.

Section §206 (3) of the Advisers Act prohibits an investment adviser from, directly or indirectly, acting as a principal in transactions with its advisory clients without (i) disclosing to such client in writing before the completion of any settlement of such transaction the capacity in which IAML is acting, and (ii) obtaining the written consent of such client prior to the settlement of such transaction. IAML does not invest in securities for its own account. However, accounts managed by IAML may contain sufficient assets attributable to its Investec Group affiliates to render such accounts **“principal accounts”** for purposes of this section of the Advisers Act. IAML does not cause accounts it manages to enter into principal trades without the prior written approval of the applicable Clients.

The transactions described above involve the potential for conflict of interest between IAML and its affiliates, between IAML and its Clients or between different Clients. The Advisers Act, the Investment Company Act and ERISA impose certain requirements designed to decrease the possible effects of conflicts of interest between an investment adviser and its clients, which may result in certain transactions being permitted and others being prohibited. As such, IAML seeks to ensure that potential or actual conflicts of interest are appropriately resolved, taking into consideration the overriding best interests of its Clients.

### **Personal Account Trading**

IAML’s employees may invest in securities for their personal accounts that are also held in IAML’s client accounts. Potential conflicts may arise in this situation because IAML’s employees may have a material interest in or relationship with the issuer of a security or may use knowledge about pending or currently considered securities transactions for Clients to profit personally.

IAML’s employees are allowed to invest in certain non-U.S. pooled investment vehicles managed by IAML Affiliates. These investments are subject to pre-clearance rules under the Code and the IAML’s Global Personal Account Dealing Policy. Clients should be aware that such investments may be deemed to create a conflict of interest, as there could be an incentive for IAML employees to allocate investment opportunities to such non-U.S. pooled investment vehicles or accounts in which employees are invested

at the expense of other advisory clients.

To address these potential conflicts, IAML's employees are required to report brokerage and trading accounts to IAML upon hire, at the time a new account is opened and annually. The Code requires, among other things, advance approval of certain purchases or sales of securities by its employees. To ensure compliance with the pre-trading authorization requirement, each IAML employee is required to instruct each broker-dealer with whom he or she maintains an account to send directly to IAML a duplicate copy of all transaction confirmations generated by that broker-dealer for the account of such IAML employee. These confirmations or other relevant records are reviewed by the compliance department to ensure compliance with the pre-trading authorization requirement. In addition, the Code restricts the purchase and sale by its employees for their own accounts of securities which have been or are being considered for purchase for client accounts. Except under certain limited circumstances, employees are not to engage in a transaction in the same security (or a security equivalent) while an order for a client account is pending or within a certain period of time before and after execution of the transaction in that security (or a security equivalent) on behalf of the Client. To the extent IAML determines that there is no conflict of interest, IAML's employees from time to time may engage in outside business activities.

IAML Affiliates may purchase, hold, or sell securities that are recommended for purchase or sale in IAML's client accounts. While IAML Employees are subject to IAML's Code, IAML's other subsidiaries are subject to IAML's Global Personal Account Dealing Policy. IAML's Global Personal Account Dealing Policy enables IAML and IAML Affiliates to coordinate the pre-clearance of securities in order to prevent conflicts of interest and the perception of impropriety in employee personal trading. The nature and timing of actions taken by one or more of IAML's employees or by one or more of the IAML Affiliates, either for their own accounts or for a client account, may differ from the nature and timing of actions taken by IAML for another client account. Because the Code places restrictions on when IAML employees may trade certain securities, the price received by a Client in a securities transaction will most likely be different than the price received by an employee.

Employees of IAML and IAML Affiliates may participate in pension plans managed by affiliates of the Investec Group. The plans may invest in certain vehicles for which IAML acts as investment manager. Such investment vehicles also may be recommended to or held by Clients.

## **Item 12. Brokerage Practices**

IAML's trades are executed centrally by IAML's London and Cape Town Dealing Desk teams ("**Dealing Desk**") which operate a global order management system, thinkFolio. The Dealing Desk executes trades for IAML servicing IAML's Clients. Below is a discussion of the Dealing Desk's brokerage practices.

### **Best Execution**

Typically, Clients give IAML full discretionary authority over assets under management, subject to any limitations or prohibitions that may be imposed by each Client in its investment objectives, guidelines, and restrictions, or in instructions otherwise provided to IAML by the Client. IAML will have the power to determine - without consultation with the Client - which securities are bought and sold, when such purchases and sales are made, and the total amount of such purchases and sales. IAML accepts full discretionary authority to determine the broker to be used and the commission paid, with the objective

of attaining the best available price and most favorable execution as described below (“**best execution**”) for each transaction.

In selecting a broker-dealer for each specific transaction, the Dealing Desk uses its best judgment to choose the broker-dealer most capable of providing the services necessary to obtain the best execution of that transaction. In seeking best execution, the Dealing Desk evaluates a wide range of criteria, including any or all of the following: the broker’s commission rate, promptness, reliability and quality of executions, trading expertise, positioning and distribution capabilities, back office efficiency, ability to handle difficult trades, knowledge of other buyers and sellers, ability to provide IAML with market-related information, confidentiality, prior performance and responsiveness in serving IAML’s Clients, and other factors affecting the overall transaction-related benefit received by the Client. When circumstances relating to a proposed transaction indicate that a particular broker-dealer is in a position to obtain the best execution, the order is placed with that broker-dealer. This may or may not be a broker-dealer that has provided investment information and research services to IAML.

The Dealing Desk maintains a list of approved broker-dealers and has established standard commission rates with the broker-dealers with which it transacts. The standard commission rates vary based on the type of transaction. Some trades are made on a net basis where the Client buys securities directly from a dealer, or sells them directly to a dealer. This is typical for certain equity securities traded in the over-the-counter market, foreign exchange and for most debt securities. In such transactions, there is no direct commission charged, but the dealer receives a “spread” which is the equivalent of a commission for engaging in the transaction.

Occasionally, the Client may request that some or all transactions for that account must be executed through a specific broker-dealer, e.g., through commission recapture. The Dealing Desk fulfills that request on a best effort basis and the Dealing Desk’s authority to select the broker-dealer through whom transactions will be executed remains subject to the best execution mandate. Therefore, the trade may or may not be executed with a broker that participates in the Client’s commission recapture program. The request by the Client for commission recapture may constitute a conflict of interest with Clients whose brokerage commission contribute to the research credits. This is because if a trade is executed with a commission recapture broker, then some or all of the commission that would otherwise be credited to an IAM commission sharing account or to the executing broker for their execution service would instead be credited back to the Client as stipulated by the recapture program. In order to manage this possible conflict of interest, IAML has adopted internal procedures designed to ensure that transactions are placed based on best execution considerations only and fulfills the client’s commission recapture requests on a best effort basis.

Occasionally, IAML may be requested by some clients to leverage a third party or custodian to conduct currency hedging for their portfolios with the goal of compensating for shifts in the relative value. Foreign exchange transactions (FX) may be conducted through the respective portfolio’s custodian bank or through third-parties.

Generally, the Dealing Desk uses unaffiliated broker-dealers. However, from time to time the Dealing Desk may execute trades with affiliated broker-dealers if it decides that they offer best execution pursuant to applicable laws and regulations. IAML’s affiliated broker-dealer may earn a commission on certain trades executed on behalf of IAML’s Clients.

## Research and Other Soft Dollar Benefits

The Dealing Desk has engaged in commission sharing arrangements with select executing broker-dealers (“**research brokers**”) on behalf of IAML’s Clients; Subject to the requirement of seeking best execution, the Dealing Desk may generate research credits in a commission sharing account by trading with these broker-dealers on a full-service basis at commission rates greater than the lowest available commission rate. These credits may then be used to pay for research services provided by third parties.

IAML’s investment teams will periodically assess the value of research services provided by research brokers and independent research providers. Based on this assessment a suggested, non-binding budget is allocated to each research provider. In most cases, where sufficient research credits have been built up through trading with a research broker to meet this budget, the research broker will be instructed to take payment for research services from these credits. Also, once the research budget is met, trades will now be placed with research brokers on an ‘execution only’ basis, meaning that no additional research credits are generated for the remainder of the period. Where trading activity with a research broker is such that surplus research credits are accrued, that research broker will be instructed to pay any surplus to research brokers where there has been insufficient trading or to independent research providers. In this way the level of trading with research brokers is based solely on their ability to offer best execution as determined by the Dealing Desk, and the research credits received for research services are based solely on the value of the research as determined by the investment teams. Where overall trading levels are insufficient to meet aggregated non-binding budgets IAML may make additional payments to the research providers in hard dollars. Few research services may be received on a contractual fixed-price basis. Commission rates are assessed throughout the relevant period. Research products and other services paid for in this way can be referred to as soft dollar benefits.

Receiving research services in exchange for soft dollars creates potential conflicts of interest, since IAML would otherwise have to generate the research, or pay for it from its own resources, allowing IAML to reduce its costs.

The Dealing Desk has sole discretion to execute with its choice of broker-dealer in order to achieve best execution. It is not influenced in its choice of broker-dealer by the quality of research provision as this is a factor assessed by IAML’s investment teams and will, therefore, not direct trades towards a particular broker-dealer on the basis of any direction from the investment teams.

The research services benefit IAML by allowing IAML, at no additional cost to IAML (1) to supplement its own research, analysis and execution activities and (2) to receive the views and information of individuals and research staffs of other securities firms. Under the safe harbor provision of Section 28 (e) of the U.S. Securities Exchange Act of 1934, an investment adviser may cause clients to pay more than the lowest available commission rate in order to acquire certain research and brokerage services with the research credits generated by its client account transactions provided certain conditions are met. Any product and service IAML receives with research credits must fall within the safe harbor. As an investment manager with operations in the UK, IAML is also bound by the FCA’s rules around the use of dealing commissions for investment research. Research services paid for by IAML through dealing commissions, therefore, meet the UK FCA’s rules and fall within the Section 28(e) safe harbor.

IAML uses research that it receives from research brokers to evaluate securities and to formulate investment recommendations. Such services are used by IAML as part of its investment process to enhance portfolio return, and are helpful to IAML in serving its clients. Among other things, IAML may

receive research reports on market, economic conditions, particular sectors and industries; oral advice, and IAML - commissioned research requests; attendance at meetings with economists, and other financial analysts; consultation with scientific and technical experts concerning the viability and market potential of an issuer's products and services; economic advice; market-related and survey analysis concerning the products and services of an issuer and its competitors or concerning a particular industry that are used to enhance IAML's ability to analyze an issuer's financial condition and prospects

Where information and other services can be used for brokerage or research purposes, on the one hand, and non-research or non-brokerage purposes, on the other, IAML makes an appropriate good faith allocation of those uses and pays directly for that portion of the services to be used for non-research or non-brokerage purposes. This allocation can create a potential conflict of interest. In order to manage this conflict of interest, the allocation is carried out independently of the investment management team and is subject to second independent review.

The research services that IAML receives from research brokers are used by IAML and its affiliates' analysts and portfolio managers to formulate recommendations for the purchase or sale of securities benefitting IAML Clients. These recommendations, as well as IAML's analysis and the research used to formulate recommendations, may be made available to the IAML Affiliates and are used in servicing client accounts. The research services received may be useful and of value to IAML in servicing some or all of its Clients, but not all research services will be used to service every Client. It is recognized, therefore, that a particular account may be charged a commission paid to a research broker who supplied research services not utilized by such account.

### **Trade Aggregation and Allocation**

In many cases, portfolio transactions may be executed in an aggregated transaction as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by the Dealing Desk, some of which accounts may have similar investment objectives. In addition, the Dealing Desk may coordinate the execution of transactions for IAML Clients with execution for transactions for the Clients of IAML's Affiliates. IAML believes that aggregation of transactions may enable it to obtain efficient execution, although there is no certainty that such objective will be achieved. Coordination of transactions among the clients of IAML and the IAML Affiliates may have similar results. As a result, many of IAML's equity transactions are coordinated for its Clients through the Dealing Desk and aggregated in the global order management system. This practice helps to minimize the possibility that Clients of IAML and those of IAML Affiliates would compete in the marketplace by executing transactions in the same security during the same day. When the Dealing Desk executes an order for a security the global order management system will aggregate that order for execution along with any other order(s) it may have received for the same security from another IAML Affiliates. One of the Dealing Desk's objectives in aggregating trades for Clients of IAML with each other and with clients of the IAML Affiliates is to attempt to ensure that all clients are treated in a fair and equitable manner over time. Although the Dealing Desk generally believes that aggregation of transactions may be consistent with its duty to seek best execution, the Dealing Desk is not obligated to aggregate orders into larger transactions.

IAML has adopted an allocation policy that applies to investment opportunities which have limited capacity and/or time availability. This policy directs IAML to allocate investment opportunities among Clients fairly and provides consistent treatment of Clients with similar investment objectives and guidelines to the extent practicable. Although IAML attempts to obtain capacity in the market for all of Clients that may participate, capacity is not always available. Under such circumstances, IAML may, in

theory, have an incentive to allocate, aggregate or sequence trades in favor of, or to otherwise favor certain clients (e.g., those client accounts for which IAML receives a performance-based fee). To address this and other potential conflicts of interest, generally, IAML will allocate investment opportunities among participating client accounts on a *pro rata* basis based on account size. Allocations may be subject to rounding to ensure that resulting lot sizes are economic and tradable. Situations may arise, however, where IAML believes in good faith that an allocation to a particular client account may not be appropriate because, among other reasons, (i) client guidelines and restrictions, (ii) insufficient cash in a client account for such investment, or (iii) where the resulting allocation will result in a *de minimis* allocation which is neither tradable nor scalable. All trade allocations are documented at the time of placing an order in the market without client favoritism. Under no circumstances will IAML allocate trades based upon subsequent market movements. IAML monitors the adherence to the allocation policy.

### **Over the Counter (OTC) Trades**

The Dealing Desk regularly purchases securities for Client accounts that are not listed on a national securities exchange but that are traded in the over-the-counter market, and may also purchase listed securities in the third market (over-the-counter trades of exchange-listed securities). Where transactions are executed in the over-the-counter market or third market, the Dealing Desk will seek to deal with the primary market-makers, but when necessary in order to seek to obtain the best price and execution, it will utilize the services of others. In all cases, Dealing Desk will attempt to secure best execution.

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

Automated restriction monitoring is a key part of the risk control framework and is monitored by IAML's Investment Operations Team ("IOT"). Portfolio guidelines and clients' investment restrictions are recorded by IOT on the trade order management system, thinkFolio. ThinkFolio allows portfolio investment restrictions to be 'hard-coded' into the system and aims to ensure that, before any deals are completed, portfolio limits are identified and breaches avoided. Investment restrictions are checked automatically both pre and post trade execution.

Pre-trade messages warn portfolio managers of potential breaches. According to the nature of the rule that has been coded into thinkFolio (e.g. absolute prohibition of a particular security, or limit as to how much of a security may be held in relation to total portfolio market value), the portfolio manager is then either prevented from taking the transaction any further, or asked to annotate a reason for proceeding with the trade. Post-trade reports are monitored daily by IOT.

Where appropriate, any rule that cannot be electronically 'hard-coded' into thinkFolio is entered as a warning which alerts the portfolio manager to check the position prior to placing the trade to ensure that the rule will not be breached as a result of the trade. Any portfolios that have such warnings are also manually reviewed by IOT on a periodic basis to ensure that no rules have been breached. This review is documented and countersigned by the portfolio manager.

Any breaches that do occur are forwarded to IAML's compliance department for review and a decision on the action required to rectify and also for inclusion in the central breach register. The IOT and the compliance department to resolve breaches and errors as soon as possible. They will also liaise with relevant key individuals from other teams (e.g. client relationship individuals). If a breach results in financial loss to a client, IOT calculates the financial impact and makes any necessary compensation in order to put the portfolio back into the position it was in before the error occurred. Errors (including trade

errors related to IAML's Clients) discussed by the IAM Global Operational Risk Event Forum, IAML's global operational risk oversight body.

IAML sends reports directly to its Clients or investors on at least a quarterly basis, or more frequently, upon request. These reports may include a portfolio valuation and performance report.

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

IAML has established relationships with consultants who assist institutional investors and pension plans. As described in Item 12, *Brokerage Practices* certain brokers-dealers may provide IAML with research credits. Other than the above, IAML does not receive economic benefits from any third party with regards to client referrals or in connection with giving advice to U.S. clients. All U.S. clients are presented to IAML through IAM NA.

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

IAML does not maintain physical custody of Client assets nor does IAML has authority over Separate Account assets other than for bona fide investment and trading purposes. Instead, client cash and securities are held at independent qualified custodians.

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

IAML provides discretionary investment management services. IAML typically receives discretionary authority from the Client at the outset of an advisory relationship, pursuant to the Fund Documentation or the applicable IMA. IAML has the authority to select the identity and amount of securities to be bought or sold, subject to the stated investment objectives for the particular client account without obtaining specific Client consent. The stated investment objectives and guidelines for the particular client account or the Fund's investment objectives and restrictions may be amended from time to time with the consent of the Client, or, in case of the Funds, consent from a certain percentage of investors in the Fund. Investment guidelines and restrictions must be provided to IAML in writing. For certain Clients, IAML's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

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

The power to vote proxies with respect to the securities and investments of our Clients derives from IMAs or the Fund Documents. Clients may retain proxy voting authority for themselves and preclude us from voting proxies for their account.

IAML has adopted written Proxy Policy Guidelines and Procedures (the "**Proxy Guidelines**") that are reasonably designed to ensure that IAML is voting in the best interest of its Clients. The Proxy Guidelines reflect IAML general voting positions on specific corporate governance issues. IAML votes in accordance with its policy and proxy voting guidelines. A copy is found on our website via this link: [IAML Proxy Voting Policy](#). The link also provides information on how we have voted. While this policy applies globally, IAML may consider voting decisions differently in developed markets and local markets.

IAML uses ISS, an independent third party proxy voting service, to effect proxy votes. ISS receives the instructions from IAML and processes these with custodians and sub-custodians.

The central management of the proxy voting rests with the *Environmental, Social and Governance Team* in London and Cape Town who alerts the investment teams daily of upcoming votes. They also follow up with analysts and portfolio managers on resolutions and meetings which are controversial or which require extra attention, including engagement with the management. IAML aims to vote as many shares as practical given local market regulations (e.g., around share blocking). Governance, including proxy voting, is internally governed by the Investment Governance Committee which is made up of senior representatives of the firm, including the Chief Executive Officer and Co-Chief Investment Officers. This committee will oversee and review the proxy policies and any controversial votes are discussed at this meeting, including conflicts of interest issues related to nominating directors, engagement and fundamental transactions, e.g., as disclosed in more detail the [IAM Stewardship Policy](#).

Portfolio managers monitor and, where appropriate, engage with investee companies. This monitoring may include an assessment of the strategic governance of the companies in which we invest and includes a clear audit trail of voting where applicable. IAML does not generally attend annual shareholder meetings of companies in which we invest, but will do so when we consider this necessary or appropriate.

#### **Item 18. Financial Information**

IAML does not require any prepayment of fees of more than US\$1,200 per client and six months or more in advance. IAML is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has IAML been the subject of a bankruptcy petition at any time during the past ten years.