

# **SOMERSET CAPITAL MANAGEMENT SINGAPORE PTE. LTD.**

137 Telok Ayer Street #05-08

Singapore 068602

TEL: 00-65-6236-9228

FAX: 00-65-6221-3139

EMAIL : [info@somersetcm.com](mailto:info@somersetcm.com)

[www.somersetcm.com](http://www.somersetcm.com)

## **BROCHURE PART 2A October 4, 2013**

This brochure provides information about the qualifications and business practices of Somerset Capital Management Singapore Pte. Ltd. If you have any questions about the contents of this brochure, please contact us at 00-65-6236-9228 and/or [info@somersetcm.com](mailto:info@somersetcm.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Somerset Capital Management Singapore Pte. Ltd. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

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#### ITEM 4: ADVISORY BUSINESS

**A. General Description of Advisory Firm** – Somerset Capital Management Singapore Pte. Ltd. (or “SCMS”) is a limited company which was formed in Singapore on April 26, 2007. SCMS commenced business shortly thereafter. SCMS’s registered address and principal place of business is 137 Telok Ayer Street #05-08, Singapore 068602. SCMS has been registered with the Monetary Authority of Singapore to undertake the regulated activity of Fund Management since July 2, 2013. Registration with the SEC does not imply a certain level of skills or training. SCMS is majority owned by Somerset Capital Management Limited, which in turn is owned by the Somerset group’s founding partners.

**B. Description of Advisory Services** – SCMS provides investment advisory services to its affiliate, Somerset Capital Management LLP (“Somerset London”). SCMS’s investment advice is limited to the following long-only, global emerging market equity strategies: Large Cap, Small Cap, Dividend Growth, Mid Cap, Small Mid Cap Emerging and Frontier Markets (“Bridge”) and Frontier Markets which are described further under item 8 on page 5. SCMS may provide investment advisory services, either on a discretionary or on an advisory basis to unaffiliated clients which may include institutions with separately managed accounts and pooled investment vehicles intended for sophisticated investors and institutional investors.

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

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

## ITEM 5: FEES AND COMPENSATION

### **A. Advisory Fees and Compensation –**

#### *Managed Accounts*

In relation to managed accounts, SCMS may charge each managed account separately negotiated fees which may generally include a combination of annual management fees based on the assets in the client portfolio (and which may vary according to the investment strategy) and performance based fees.

Performance fees, where applicable, may be charged on the net gain in the market value of the account above the relevant index for the same period, which performance fee may be calculated annually based on the market value of the account on the anniversary of its inception after making allowances for additions and withdrawals of assets. The performance fee may be subject to a high water mark, which means that no performance fee is charged unless the market value of the account so calculated exceeds the highest market value on any previous anniversary of the account. Performance fees may only be charged in a manner consistent with SEC rules and regulations, including Rule 205-3 under the Advisers Act.

SCMS may extend different fee terms to certain clients based upon, inter alia, the client's previous business relationship with the principals of SCMS and the size of the client's assets managed by SCMS.

**B. Payment of Fees** – SCMS may charge the investment management fee to its client accounts either quarterly or monthly. SCMS will not allow clients to elect that SCMS deduct its fee directly from their account.

**C. Other Fees and Expenses** - In addition to paying investment management fees, client accounts may also be subject to other investment expenses such as custodial charges, brokerage fees, commissions and related costs; interest expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and costs, expenses and fees associated with products or services that may be necessary or incidental to such investments or accounts. Client assets may be also invested in money market mutual funds or other registered investment companies. In these cases, the client would bear its pro rata share of the investment management fee and other fees and expenses of the fund, which would be in addition to the investment management fee paid to SCMS.

**D.** It is not SCMS's policy that clients pay fees in advance.

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

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

SCMS and its investment personnel may provide investment management services to multiple portfolios for multiple clients. SCMS may be entitled to be paid performance-based compensation by certain client accounts. SCMS and its investment personnel may manage both client accounts that are charged performance-based compensation and accounts that are charged an asset-based fee, which is a non-performance-based fee. In addition, certain client accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts. Should SCMS manage more than one client account a potential exists for one client account to be favored over another client account. SCMS and its investment personnel would have a greater incentive to favor client accounts that pay SCMS performance-based compensation or higher fees.

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

## ITEM 7: TYPES OF CLIENTS

SCMS's sole client is currently Somerset London. SCMS will target new clients which may include private funds, endowments, foundations, charitable organizations, pension plans and other business entities. SCMS may require that a client invest a minimum of \$25,000,000 to open a Managed Account. However, SCMS may accept a lesser initial investment in its sole discretion.

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

**A. Methods of Analysis and Investment Strategies** - SCMS provides investment advice on five long-only global emerging market investment strategies: (1) a Large Cap strategy; (2) a Small Cap strategy; (3) a Dividend Growth strategy; (4) a Small Mid Cap Emerging and Frontier Markets ("Bridge") strategy; (5) a Mid Cap strategy; and (6) a Frontier Markets strategy.

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

The investment objective of the **Small Cap strategy** is to seek capital appreciation by investing in an actively managed portfolio composed principally of quoted equity securities, issued by companies established or operating in emerging market countries, principally in Asia, Eastern Europe, the Middle East, Africa and Latin America and whose market capitalisation does not exceed US\$ 2.5 billion at the time of the investment.

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

The investment objective of the **Small Mid Cap Emerging and Frontier Markets strategy** is to seek capital appreciation by investing in an actively managed portfolio composed principally of quoted equity securities, issued by companies established or operating in emerging or frontier markets (markets not included within developed market indices) and whose market capitalisation is between US\$ 0.25 billion and US\$ 7.5 billion at the time of the investment.

The investment objective of the **Mid Cap strategy** is to seek capital appreciation by investing in an actively managed portfolio composed principally of quoted equity securities, issued by companies established or operating in emerging market countries, principally in Asia, Eastern Europe, the Middle East, Africa and Latin America and whose market capitalisation is between US\$ 3 billion and US\$ 13 billion at the time of the investment.

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

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

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

## **B. Material Risks Related to Investment Strategies:**

### ***Equity Securities***

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

### ***Emerging Markets.***

The risks of foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

### ***Warrants***

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

### ***Bank Issued Warrants / Promissory Notes***

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

### ***Non-US Securities and Foreign Currency Exposure***

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

### ***Illiquid Instruments.***

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

### ***Currency Exchange Transactions***

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

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

<b>ITEM 9: DISCIPLINARY INFORMATION</b>
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This Item is not applicable.

#### ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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

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

C. **Material Relationships or Arrangements with Industry Participants** - SCMS is affiliated to Somerset London, a company incorporated in the United Kingdom and which receives investment advice from SCMS. Somerset London and SCMS are under common control. Somerset London is authorised and regulated by the Financial Conduct Authority and is registered as an investment adviser with the Securities and Exchange Commission pursuant to the Advisers Act.

Somerset Capital Management (Cayman) Limited ("Somerset Cayman") is a limited liability company incorporated in the Cayman Islands on September 28, 2007. Somerset Cayman and SCMS are under common control. Somerset Cayman has been appointed Manager of certain funds for which Somerset London acts as investment adviser.

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

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

A. **Code of Ethics** - SCMS has adopted a Code of Ethics (the "Code") that sets out its policies in respect of personal securities transactions, gifts & business entertainment and outside affiliations & political and governmental activities of its employees<sup>1</sup>. The Code obligates SCMS and its employees to put the interests of SCMS's clients before its own interests and to act honestly and in good faith in all respects in its dealings with clients. All of SCMS's personnel are also required to comply with applicable federal securities laws.

The Code requires all employees to seek prior approval for and to report their personal securities transactions and holdings to SCMS's CCO. The CCO will consider potential conflicts with clients' interests as part of the approval process and the personal securities transaction will not be approved where there is a conflict. SCMS's Code prohibits SCMS or its employees from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the CCO. All of SCMS's employees are also required to provide broker

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<sup>1</sup> The term "employees" includes "relevant persons" (i.e., any of the following (a) a director, partner or equivalent, manager, employee or appointed representative of SCMS. and "access persons" (i.e., a supervised person who has access to non-public information regarding a client's purchase or sale of securities, who is involved in making securities recommendations to clients or who has access to such recommendations that are non-public; a "supervised person" means a director or officer (or other person occupying a similar status or performing similar functions), employee and any other person who provides advice on behalf of SCMS and is subject to SCMS's supervision and control.)

confirmations of each transaction in which they engage and a quarterly certification of such transactions, as well as disclose their holdings on an annual basis.

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

Clients or prospective clients may obtain a copy of the Code of Ethics by contacting Robert Diggle (Chief Compliance Officer) by email at [robert@somersetcm.com](mailto:robert@somersetcm.com) or by telephone at (011) 44 20 7499 1300.

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

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

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

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

#### ITEM 12: BROKERAGE POLICIES

SCMS does not select brokers or execute trades on behalf of its clients. Such activities, pursuant to the investment decisions made by SCMS, will be carried out by Somerset London using its own discretion in the selection of brokers.

#### ITEM 13: REVIEW OF ACCOUNTS

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

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

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

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

#### ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

**A. Economic Benefits Received from Non-Clients for Providing Services to Clients** - SCMS will not receive any economic benefit from any person who is not a client for providing investment advice or other advisory services to SCMS's clients, other than from broker-dealers in the form of soft dollars as described above.

#### ITEM 15: CUSTODY

SCMS will not have physical custody of any client assets.

#### ITEM 16: INVESTMENT DISCRETION

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

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

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

SCMS’s Investment Managers will submit an allocation statement to the centralised trading desk describing the allocation of securities to (or from) client accounts for each trade/order submitted. The Investment Manager may consider the following factors, among others, in allocating securities among clients: (i) client investment guidelines; (ii) restrictions placed on a client’s portfolio by the client or by applicable law; (iii) size of the client account; (iv) existing size and average cost of the security in the client’s account; and (v) account liquidity and timing of cash flows.

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

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

brokers and custodians, unless otherwise expressly agreed to by SCMS. Broker-dealers are not permitted to assume responsibility for trading error losses caused by SCMS.

#### ITEM 17: VOTING CLIENT SECURITIES

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

SCMS considers that generally it will serve the best interest of its clients by avoiding taking activist stances in any investee companies in the emerging markets in which it invests for its clients’ accounts. SCMS will endeavour to select for its client accounts securities issued by companies whose management it considers to be both competent and ethical. Where SCMS considers that proposals that are put forward for proxy voting by an investee company indicate that management of that company no longer meets the criteria which SCMS considers appropriate for including that company’s securities in its client portfolios, it may decide to disinvest from that stock.

In the absence of specific voting guidelines mandated by a particular client, SCMS will endeavour to vote proxies in the best interests of each client. This may include a decision neither to support nor oppose a recommendation by management of such companies and instead to affirmatively elect not to vote proxies (except for clients subject to ERISA, as described below). Where a portfolio manager elects to vote a proxy, the proxy shall be voted on a case-by-case basis, taking into account all relevant facts and circumstances at the time of the vote. SCMS will apply the following guidelines in voting proxies:

- (1) For routine housekeeping proposals such as the reappointment of auditors and the approval of accounts, SCMS will generally vote in favour.
- (2) For proposals which limit shareholders’ ability to replace management or directors of an issuer, or cause management to be overrepresented on the board, introduces cumulative voting, unequal voting rights and creates supermajority voting, SCMS will generally vote against.

For other proposals, SCMS shall determine whether a proposal is in the best interest of its clients and may take into account the following factors, among others:

- whether the proposal was recommended by management and SCMS’s opinion of management;

- whether the proposal acts to entrench existing management;
- whether the proposal fairly compensates management for past and future performance; and
- whether the proposal is likely to strengthen the issuer's business franchise and therefore benefit its shareholders over a time frame that is relevant for the SCMS's clients' portfolios.

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

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

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

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

**B.** Currently, SCMS has no authority to vote Client securities.

<b>ITEM 18: FINANCIAL INFORMATION</b>
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This Item is not applicable.