

Affirmative Investment Management Partners Limited

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This Brochure provides information about the qualifications and business practices of Affirmative Investment Management Partners Limited.

If you have any questions about the contents of this Brochure, please contact us at +44 (0) 207 397 3701 or email at stuart.kinnersley@affirmativeim.com. You may also visit our website at <http://www.affirmativeim.com/>.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Affirmative Investment Management Partners Limited also is available on the SEC's website at www.adviserinfo.sec.gov and on the Financial Conduct Authority's website at <http://www.fca.org.uk/>.

Registration of an Investment Adviser does not imply that Affirmative Investment Management Partners Limited or any of its principals or employees possesses a particular level of skill or training in investment advisory business or any other business.

Affirmative Investment Management Partners Limited

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Item 2: Material changes

Registered investment advisers are required to identify and discuss any material changes made to their Brochure since the last annual update. Accordingly, please note that no such material changes have occurred at Affirmative Investment Management Partners Limited (“AIM” or the “Firm”) since the last annual update.

This Brochure will be updated on an annual basis and any material changes to it will be identified in this section.

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Item 4: Advisory Business

AIM is an independent investment manager co-founded by Stuart Kinnersley and Stephen Fitzgerald, who are also the Firm's sole owners. AIM is authorised and regulated by the Financial Conduct Authority (the "FCA") in the United Kingdom.

The Firm's clients solely comprise managed accounts ("Client Accounts"). In managing these accounts, AIM follows a new approach to fixed income and cash management that gives ultimate power back to the end investor. AIM focuses on bonds and cash instruments that both generate mainstream market returns and achieve positive externalities to benefit the local and global community. The Firm's investments are solely in currencies with fixed income, with the Firm making both short and long-term investments in the latter. AIM intends to achieve its investment goals within a corporate DNA aligned to transparency and integrity. Corporate responsibility is core to the business model, not a superficial add on to capture market share.

Before determining an appropriate asset allocation, the Firm obtains a thorough understanding of each client's financial situation, return objectives and risk profile. Should clients wish to impose restrictions on investing in certain investments, the Firm then discusses and documents these requirements at the outset of the relationship.

As at 30 November 2016, the Firm managed seed money of US \$15m.

Item 5: Fees and Compensation

Management Fees

The Firm charges each client a management fee in line with standard market rate. Fees will be based on the average AUM of the underlying portfolio per annum.

Item 6: Performance-Based Fees and Side-By-Side Management

The Firm will not charge performance fees.

Item 7: Types of Clients

Accounts

AIM provides investment advisory services to solely institutions, foundations and pension, insurance and sovereign wealth funds. Minimum account sizes vary according to the base currency in which the account is specified as follows:

US Dollar	US\$ 50,000,000
Euro	€ 45,520,000
Sterling	GBP 33,000,000

Lower account sizes may be accepted at the Firm's discretion.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

The Firm studies a variety of factors to identify macroeconomic themes and identify dynamics affecting economies and markets. Proprietary research covering assessments of sectors and issuers as well as the soundness of the security inform the suitability of the investment given the investor's goals. Issuers and sectors are ranked by criteria established with the asset owner to form an investment universe from which securities will be chosen to implement the investment strategy.

Investment Strategies

The Firm focuses solely on fixed income and cash investments which generate positive environmental and social externalities. For all accounts, AIM will only invest in bonds with the following characteristics:

- the generation of a positive externality for the environment and/or society;
- an ongoing commitment to target and assess the impact from bond proceeds;
- the issuer displays a clear Corporate Social Responsibility policy;
- a mainstream market yield; and
- no sacrifice to investor returns.

All bond issues will be analysed prior to the Firm's investment so as to ensure that they meet the above characteristics and fulfil AIM's criteria of transparency and a suitable generation of positive externality.

The Firm's investments will solely be in currencies and fixed income, with the Firm making both short- and long-term investments in the latter. The Firm will initially focus on Triple A rated bonds, a multi-currency global fixed instrument of investment grade. AIM will not make leveraged investments and will not have any direct interests in any investee company.

Risk of Loss Factors

Investing in securities involves risk of loss that clients should be prepared to bear. Investors should consider the following factors before investing in any of the funds referred to in this Brochure. The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in making an investment. Prospective investors are urged to consult their professional advisers and the Investment Memorandum (or equivalent) before deciding to invest.

Derivatives

Subject to restrictions established by our Client Accounts, assets may be invested in traded derivative instruments, or "Derivatives," including futures, options on stocks and futures. Structured securities and other instruments and contracts that derive their value from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices may also be invested in. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, currency

or index at a fraction of the cost of investing in the underlying asset. Because the value of a Derivative depends largely upon price movements in the underlying asset or assets, many of the risks applicable to trading the underlying assets are also applicable to Derivatives of such asset. However, price movements in the underlying assets typically give rise to higher, and perhaps much higher, price movements in related Derivatives, thereby exposing the investing Client Account to risks of substantial loss. In addition, certain kinds of Derivatives may be traded in dealer markets that can, as noted below under “Illiquid Investments,” suffer from a lack of liquidity.

Counterparty Risk

The Client Accounts are subject to the risk of the inability of any counterparty (including Prime Brokers and Custodians) to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

Dependence on Key Individuals

The success of the Client Accounts depends upon the ability of key members of AIM's investment team to develop and implement investment strategies that achieve the Client Account's investment objective. If AIM were to lose the services of these members, the consequence to the Client Accounts could have material adverse effects and could lead to the premature termination of the Client Accounts.

Currency Exposure

If Client Account assets are invested in securities that are denominated in a currency other than the base currency, changes in the applicable exchange rate may result over time from the interaction of many factors directly or indirectly affected by economic and political conditions. Changes in currency values may affect both the U.S. dollar value of the instruments in which a Client Account invests and the prospects of the issuers of those instruments. National governments may not allow their currencies to float freely in response to economic forces. Sovereign governments use a variety of techniques, such as intervention in the currency markets by a country's central bank, or imposition of regulatory controls or taxes, to affect the exchange rates of their currencies. Currency exchange rate fluctuations, currency devaluations and exchange control regulations may adversely affect the performance of a Client Account and the return realized on an investment. The costs of currency hedging may not offset any advantages gained by engaging in hedging transactions. We do not intend to engage in currency speculation on behalf of our Client Accounts.

Impact of Geopolitical Events

Geopolitical events that include: the ongoing turmoil in countries in the Eurozone; the volatility of the price of oil; developments in the Middle East, Iran and elsewhere, and other geopolitical and domestic developments; the continued threat of terrorism both within the United States and abroad; ongoing military and other actions and heightened security measures in response to these threats; international tensions between the United States and other nations; and other unanticipated global events may cause disruptions to commerce, reduced economic activity, and continued volatility in markets throughout the world. Some of the assets in the Client Account's portfolio may be adversely affected by declines in the securities markets and economic activity because of these factors. We cannot predict the extent and timing of any decreased commercial and economic activity resulting from the above factors, or how any such decrease might affect the value of securities and other assets held by a Client Account.

Operational Risk

Operational risk is the potential for loss caused by a deficiency in information, communication, transaction processing, and settlement and accounting systems. AIM maintains controls that include systems and procedures to record and reconcile transactions and positions, and to obtain necessary documentation for trading activities. However, AIM's systems may not always be effectively designed or administered to control those risks, and losses may result from such failures.

Liquidity and Market Characteristics

In some circumstances, investments may be relatively illiquid making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. Accordingly, the ability of the Client Accounts to respond to market movements may be impaired and they may experience adverse price movements upon liquidation of its investments. Settlement of transactions may be subject to delay and administrative uncertainties.

Developing Markets

The Firm may invest in emerging market debt securities and other financial instruments, including short-term and long-term financial instruments denominated in various currencies. These securities and other financial instruments may be unrated or rated in the lower rating categories by the various credit rating agencies. These securities and other financial instruments are subject to greater risk of loss of principal and interest than higher-rated securities. They are also generally subject to greater risk than securities and other financial instruments with higher credit ratings in the case of deterioration of general economic conditions. Additionally, evaluating credit risk for non-U.S. debt securities and other financial instruments involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparisons across countries difficult. Because investors generally perceive that there are greater risks associated with lower-rated securities, the yields or prices of such securities and other financial instruments may tend to fluctuate more than those for higher-rated securities and other financial instruments. The markets for emerging market debt securities and other financial instruments is thinner and less active than that for higher-rated securities or other financial instruments, which can adversely affect the prices at which investments are sold. In addition, adverse publicity and investor perceptions about emerging market debt securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such investments.

Other risks specific to the accounts managed

AIM predominantly invests in securities that demonstrate positive external impact. The Firm ranks issuers according to many factors, including their commitment and ability to provide reporting on impact. However, AIM is constrained by the measurement and reporting of impact by the issuers.

Item 9: Disciplinary Information

The Firm has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Firm have been subject to such action.

Item 10: Other Financial Industry Activities and Affiliations

AIM is authorised and regulated by the FCA in the UK as a MiFID Investment Manager. Its Firm Reference Number is 658030. The authorisation that it holds means that the Firm is permitted to provide discretionary management and advisory services to professional clients. The Firm is not permitted to deal with retail clients.

The Firm maintains a record of any potential conflicts of interest, including external appointments held by all staff, including the management persons listed above. This list is updated when necessary and completeness is confirmed on an annual basis.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Firm has in place a Code of Ethics which sets out the procedures in place governing personal trading. The Code of Ethics is available to clients or prospective clients upon request and includes the following provisions:

- All personal brokerage accounts used by staff and their spouses and dependent children ("related persons") must be notified to the Firm.
- Prior approval may be required before a trade can be executed where a conflict exists.
- Initial and annual self-certification and holdings reports are submitted to the Firm by all staff. These are checked back to the original approvals.

No securities are bought or sold for Client Accounts in which the Firm's related persons have a material financial interest. Such activity is considered to be an alignment of interest between the related persons and the client.

Personal trading rules do not permit related persons to purchase securities for their own accounts at times when the accounts managed are actively trading in such securities.

Item 12: Brokerage Practices

General arrangements

The rules to which the Firm is subject in the UK forbids it from paying commission except where there would be a benefit to the client from doing so. Where any commissions are to be paid for research services receivable, such services would only be permitted if they:

- Are capable of adding value to the clients' portfolios by providing new insights;
- Represent original thought;
- Have intellectual rigour; and
- Involve analysis or manipulation of data to reach meaningful conclusions.

The FCA forbids the payment of commission to brokers for research services which it does not see as meeting the requirements.

The Firm's investment approach is to use qualitative techniques when deciding upon securities to be traded for the accounts it manages.

The Firm maintains a list of brokers with whom it may deal with. This list is reviewed at least on a quarterly basis and brokers are added or deleted according to the Firm's view of the quality and cost of the service provided. Brokers are used by the Firm at its own discretion.

Accounts

Qualitative analysis is all performed by the Firm and as such no payments are made to brokers for research or other benefits to be paid for out of commissions or costs associated with each transaction.

All brokerage costs paid by the Firm are paid in respect of execution services received only. Brokers with whom the Firm trades are therefore selected on the basis of the following execution factors, with particular emphasis being given to the price:

- Price
- Costs
- Speed
- Likelihood of execution and settlement
- Size
- Nature
- Other considerations relevant to the execution of an order

The Firm is not incentivised to select a more expensive broker over another when executing trades.

Trades are pre-allocated on a client by client basis. Where possible trades will be bulked for execution and average pricing / client order trade randomisation ensures that pricing across clients is as equitable as possible.

Item 13: Review of Accounts

Each account that AIM manages is subject to periodic review in order to ensure that it remains within the investment guidelines agreed with the client. The frequency of the review is determined by client requirements and can be summarised as follows:

The accounts are reviewed weekly by the Investment Committee.

In addition, all accounts are reviewed on an informal daily basis. Further reviews may also be triggered by a notification of a change in a client's circumstances.

Statements are sent to clients with accounts on a monthly basis by the Custodian. These reports contain a detailed analysis of the holdings as at the reporting date and transactions during the period. In addition, the Firm sends a report on either a monthly or quarterly basis which analyses the portfolios risk and return characteristics along with commentary on the market and the portfolio itself.

Item 14: Client Referrals and Other Compensation

AIM is not remunerated by any party other than its clients. The Firm receives no economic benefit for providing investment advice or other advisory services to its clients whether directly or indirectly.

Item 15: Custody

This item does not apply.

Item 16: Investment Discretion

AIM has discretionary authority to manage accounts on behalf of all its clients.

With the accounts, clients may request from time to time that the Firm must not invest in specific assets or utilise specific investment techniques. AIM is able to customise its approach to each individual client.

Prior to accepting an appointment to act as a discretionary manager for a client, AIM conducts a full “know your customer” assessment. This is performed so that the Firm understands each client’s investment objectives and is then able to manage the portfolio in a suitable manner.

Item 17: Voting Client Securities

Although AIM is permitted to vote proxies on behalf of the Client Accounts, AIM has not previously done so, nor does the Firm anticipate doing so in the foreseeable future. However, should proxy voting authority be delegated to AIM with respect to the securities held in Client Accounts, AIM will exercise the applicable voting rights in a manner that it believes to be in the Client Account’s best interest. When proxy voting authority has been delegated to AIM, the Client Account may not instruct AIM on how to vote. If a Client Account does not delegate such powers, AIM will confirm that the Client Account’s custodian is instructed to send proxy materials to the Client Account and AIM will not offer the client advice on how to vote.

Upon request, clients will receive a copy of AIM’s proxy voting policies and procedures and/or a record of all proxy votes cast for such Client Account.

Item 18: Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. The Firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.