

## **Form ADV: Part 2A Investment Adviser Brochure**

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This brochure (“Brochure”) provides information about the business practices, investment strategies, and qualifications of GQG Partners LLC (“GQG”) an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”) under the Investment Advisers Act of 1940, as amended (“Advisers Act”). If you have any questions about the contents of this Brochure, please contact Ralph Shaoul Chief Compliance Officer, at [rshaoul@gqgpartners.com](mailto:rshaoul@gqgpartners.com) or 754-218-5502. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority. Registration under the Advisers Act as an investment adviser does not imply any level of skill or training.

Additional information about GQG Partners LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Item 2. Summary of Material Changes**

This section of the Brochure (Item 2) summarizes material changes that have been made to the Brochure since its prior update.

Our principal office location has changed to the address noted on the first page of this Brochure.

Ralph Shaoul has been designated as our Chief Compliance Officer.

Our principal owners are Rajiv Jain, who is our Chief Investment Officer, and his wife Latika Jain.

We offer three investment strategies, with or without a defined set of restrictions on certain categories of businesses, each with its own fee schedule.

We have retained Institutional Shareholder Services, Inc. (ISS) to assist in our coordination and voting of client proxies.

To align the financial interests of our employees and our clients, we may manage employee separate accounts that mirror our client accounts, and our employees are permitted to invest in any unregistered funds we manage.

We collect identification documentation from each client and conduct other identification verification procedures, including vetting clients against the Sanctions Program Listings maintained by the U.S. Department of the Treasury’s Office of Foreign Asset Control (OFAC).

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#### Item 4. Advisory Business

We are GQG Partners LLC, a boutique investment management firm providing global, international and emerging markets equity investment portfolios, primarily for institutional clients. We are a registered investment adviser based in Fort Lauderdale, Florida and were formed in 2016.

We are committed to providing exceptional investment services to our clients and are focused on building a long-term investment boutique with an investment-centered culture and a commitment to alignment and transparency within our team and with our clients.

Our principal owners are Rajiv Jain, who is our Chief Investment Officer, and his wife Latika Jain. We cannot guarantee that a client's investment objectives will be achieved, and we do not guarantee the future performance of any client's account or any specific level of performance, the success of any investment decision or strategy, or the success of the overall management of any account. The investment decisions we make for clients are subject to risks, and investment decisions will not always be profitable.

Generally, we provide investment advisory and sub-advisory services on a fully discretionary basis. We focus on managing three equity investment strategies. Each of our strategies is also offered with a defined set of investment restrictions on certain categories of businesses. We invest all of our clients' assets in a similar manner to limit the dispersion of returns among client portfolios. Subject to the client-driven restrictions described in the next paragraphs all portfolios in a given strategy will be managed similarly. Please see **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss** below for more information about our strategies and related investment risks, which clients should review carefully before deciding to engage us.

A client may customize its investments with investment guidelines, restrictions, and limitations ("guidelines"). These client-driven guidelines are codified in the investment management agreement between us and our clients ("Investment Management Agreement"). As of June 8, 2016, we managed \$3 million in client assets on a discretionary basis.

#### Item 5. Fees and Compensation

The management fees charged for our investment management services are generally charged quarterly, in arrears, based on the value of the assets under management on the last business day of each of the three months comprising the quarter. The fees, applied incrementally, vary based on the value of the assets under management as follows:

Global Equity Strategy  
First \$100 Million: 1.00 %  
Over \$100 Million: negotiable  
The minimum initial investment is \$25 million

International Equity Strategy  
First \$100 Million: 1.00 %  
Over \$100 Million: negotiable  
The minimum initial investment is \$25 million

Emerging Markets Equity Strategy  
First \$100 Million: 1.00 %  
Over \$100 Million: negotiable  
The minimum initial investment is \$25 million

In limited circumstances we may, in our sole discretion, negotiate to charge a lesser management fee or permit a lower minimum initial investment than reflected above, based on a number of factors, such as size of account, existence of other accounts managed by us, structure of the account and tax considerations. Fees for pooled investment funds advised or sub-advised by us are set forth in each fund's applicable offering documents.

We may amend our fee schedule at any time. Other investment advisers may charge lower fees for comparable services. In some cases and at the request of the client, we may agree to provide our investment management services to a "qualified client" for a performance-based fee in accordance with the requirements of Rule 205-3 of the Advisers Act. While the specific terms of these arrangements are negotiated with each client, we generally will charge our fees based upon a percentage of the market value of the assets being managed ("management fee") in addition to a fee based on the performance of the account ("performance-based fee"). Please see **Item 6: Performance-Based Fees and Side-by-Side Management** for more information on potential conflicts arising from performance-based fees.

Fees for client accounts are typically billed quarterly in arrears and must be paid within 15 days of the last day of the quarter for which the fee is applicable. Clients may select whether to have us automatically deduct fees from their accounts or to have us bill them for fees incurred. From time-to-time clients pay fees in advance. Any pre-paid fees that have not been earned at the termination of a contract with a client will be refunded. Any such refunded amounts will be calculated *pro rata* based on the time of termination. Our clients pay other fees and expenses in addition to our investment management fees, for example brokerage commissions, transaction costs, custody fees, governmental fees and foreign withholding taxes. Clients should consult their custodian for information on custodial fees, clearing expenses, wire transfer and electronic fund fees, foreign exchange transactions expenses and the manner in which an account's foreign exchange transactions are executed by the custodian pursuant to the custody agreement between the client and the custodian. For more information on brokerage commissions, please see **Item 12: Brokerage Practices** below.

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

As noted above, we may agree to enter into a performance-based fee arrangement with certain clients. The terms of each arrangement will be negotiable on a case-by-case basis but generally, and as noted above, we will charge a management fee and a performance-based fee.

We may manage accounts that pay performance-based fees side-by-side with clients that pay only management fees. We face potential conflicts of interest in that we may have an economic incentive to favor accounts that pay performance-based fees. Performance-based compensation can create an incentive for us to make investments that are riskier or more speculative than would be the case where we are only paid a base fee. Depending on the performance of the portfolio, we may be paid more or less compared to the non-performance-based fee received on other portfolios that we manage.

Our officers and employees may hold ownership interests in separate accounts that we manage (“Employee Accounts”) and are permitted to invest in any unregistered funds we manage. We manage Employee Accounts identically to the unconstrained strategies that we manage for our clients. We believe that Employee Accounts and employee investments in any unregistered funds we manage align our officer’s and employees’ financial interests with our clients’. To prevent an incentive to favor Employee Accounts over client accounts, we do not place Employee Account transactions until after our clients’ corresponding transactions have been executed.

We have written compliance policies and procedures designed to mitigate or manage these conflicts of interest, including policies and procedures to seek fair and equitable trade allocations among all clients, regardless of the type of fees we receive from the clients. Please see **Item 12: Brokerage Practices** below. In addition, it is our policy not to invest in initial public offerings or to engage in options writing.

Our compliance team may periodically monitor the performance of accounts paying a performance-based fee compared to accounts in the same strategy that do not pay performance-based fees to ensure that no preferential treatment is given to those accounts. There is no guarantee that our policies and procedures will cover every situation in which a conflict of interest arises.

## Item 7. Types of Clients

We plan to provide advisory services to a broad range of institutional clients. These clients are domiciled both within and outside the US. For more information on our advisory relationships, please see **Items 5 and 10** of this Brochure.

The minimum initial investment for each separate account strategy is \$25 million. We may waive the minimum initial investment requirements from time to time at our discretion. We collect identification documentation from each client and conduct other identification verification procedures, including vetting clients against the Sanctions

Program Listings maintained by the U.S. Department of the Treasury's Office of Foreign Asset Control (OFAC).

We strive to ensure the efficient transfer of our clients' accounts. We will work closely with any transition manager appointed by the client when accounts are transitioned between us and another investment adviser.

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

We employ a disciplined investment process rooted in deeply held beliefs about investing. We pursue a fundamental security selection process, conducting analyses of a company's financial statements, economic health, competitors and the markets that it serves. We seek to identify companies with strong financial position, capable management, and promising growth opportunities, which we believe are most likely to enjoy sustained earnings growth over time. We combine an intensive focus on high quality companies with strong pricing discipline.

Our sell discipline leads us to sell companies when our view of their risks or opportunities fundamentally changes, or when we believe that the stock price no longer reflects a good value. We will also sell companies when we find more attractive alternatives.

### *Our Investment Strategies*

We offer three investment strategies: Global Equity, International Equity and Emerging Markets Equity. We also offer each of those strategies with a defined set of investment restrictions on certain categories of businesses. Each strategy's objective is to provide long-term capital appreciation.

The Global Equity Strategy generally invests in equity securities or equity-linked instruments of companies located anywhere in the world, including emerging markets countries and the United States. The strategy has no limitation on the capitalization size of the companies in which it invests nor on its ability to invest in foreign securities. It may invest in any country.

The International Equity Strategy generally invests the bulk of its assets in equity securities or equity-linked instruments of companies outside the United States, including issuers in emerging markets countries. The strategy ordinarily will invest in companies with business activities in several different countries. The strategy has no limitation on the capitalization size of the companies in which it invests.

The Emerging Markets Equity Strategy generally invests the bulk of its assets in equity securities of companies located in emerging markets countries without regard to their capitalization. The strategy may acquire equity-linked securities—synthetic instruments designed to replicate ownership of an underlying equity security in foreign stock markets where non-resident shareholders are unable to own shares directly.

Our Global Equity and International Equity Strategy portfolios typically hold between 40 and 55 investments, while our Emerging Markets Equity Strategy portfolios typically hold between 50 and 75 investments. Generally, no single portfolio holding will exceed 5% of the portfolio value, at the time the holding is acquired.

The amount of cash in our portfolios is not a strategic factor, and is a residual function of our investment process. Cash typically represents less than 5% of a portfolio's assets.

Portfolios holdings will tend to be stable over time. Expected portfolio turnover is approximately 25% - 40% per year, and will arise primarily from trading around existing portfolio positions. Turnover of particular portfolio companies is expected to be around 10-15% in any given year.

We seek long-term capital appreciation by investing primarily in the equity securities of both U.S. and non-U.S. issuers that we believe are undervalued by the market. Our portfolio is diversified by country and by industry, but is not constrained by any benchmark index.

We typically invest in common and preferred stock and other publicly traded equity securities. Equity securities are generally subordinate in the capital structure of a company to publicly traded debt securities as well as other forms of indebtedness at the company. Prices of equity securities often fluctuate more than prices of debt securities and may be more likely to be affected by poor performance of a company, poor market performance, negative changes in investor perceptions of the company or market, as well as economic conditions.

From time to time we will invest in companies with small- or mid-sized market capitalizations or in thinly traded and other long-term securities. These securities carry the risk that liquidity may not be readily available. This may negatively impact both our ability to sell as well as the sale price itself. In these cases we may not be able to sell our securities at or near published market quotes. Moreover, certain investments may be required to be held for longer periods than we would like before we are able to achieve liquidity.

While we adhere to our diversification guidelines, we believe in, and manage relatively concentrated portfolios. As a result, performance may be significantly affected by an individual holding.

We may invest in any combination of equity securities, including without limitation, common stocks, preferred stocks, securities convertible into stocks, equity interest in Real Estate Investment Trusts (REITs), participating shares, savings shares, non-voting shares, options contracts, and exchange-traded funds (ETFs). We may also hold cash or cash equivalents.

We may also use derivative securities including, without limitation, participation/participatory notes (P-Notes) and/or Low Exercise Price Options (LEPOs),

collectively known as “Synthetic Equities”, where the use of such securities is consistent with the strategy’s and a client’s investment objectives and policies. A strategy may use Synthetic Equities primarily to gain access to securities which may be otherwise inaccessible to foreign investors or too costly for direct access to the underlying securities primarily due to market registration issues. Synthetic Equities are instruments that attempt to replicate ownership of an underlying equity security in foreign stock markets where non-resident shareholders are unable to own shares directly or find it advantageous to own shares through this indirect vehicle. Synthetic Equities are created by financial intermediaries such as investment banks and commercial banks and these instruments represent an unsecured obligation of the financial intermediary. As such, a Synthetic Equity is a direct obligation of the counterparty, and the non-resident investor has no direct claim with the issuer of the underlying security. In conjunction with these possible investments, we have established general counterparty risk monitoring procedures.

We may also acquire an interest in a foreign company in the form of Depositary Receipts, instead of acquiring the ordinary shares of the company, when we believe that the fundamental investment attributes of the foreign company are attractive notwithstanding the limitations that may be imposed on Depositary Receipts.

#### *Our Investment Process*

Screening: Of the thousands of investable companies, we narrow our investable universe to only a few hundred names, which we believe will remain consistent over time, with a series of screening processes to eliminate companies that don’t meet our standards for growth and quality. We believe the remaining companies have quality attributes superior to the benchmark from which they are drawn. Our screens do not focus on a company’s valuation; rather they focus on what we believe constitute its quality attributes.

Our screening process seeks to identify companies that:

- Have produced superior rates of growth in revenues and earnings over the previous 3-5 year periods relative to industry and country;
- Have generated superior rates of return on equity and on total capital;
- Have done so without excessive use of leverage; and
- Have lower volatility in margins and return on invested capital than similar companies.

Research: We next analyze those companies’ businesses and the industry in which they operate to understand the reasons for their superior results and to predict their ability to continue to do so. Our process results in a list of companies that we believe have a demonstrable and sustainable competitive advantage.

Central to our analysis of any company is a focus on its ongoing, long-term growth potential. Our long-term focus affects our view of the company’s appropriate valuation. Our valuation estimates seek to predict a company’s future cash flow and thereby assess



our expected value for the company at the end of our anticipated holding period. We believe our focus on longer timeframes differentiates our investment research process, creating essentially a time-horizon arbitrage.

Inherent in our research process is a focus on environmental, social and governance (ESG) factors. While we do not apply ESG screens, our investments will tend to have strong ESG factors built into them because we are focused (1) on seeking to minimize the types of risk and exposure that companies with strong ESG practices tend to avoid, (2) on companies that we believe have strong and stable margins and high return of incremental invested capital which are more typical of companies with strong ESG practices, and (3) on very long-term sustained growth and resilience which requires strong governance structures.

Our analysts remain involved throughout our entire screening and research process. We believe that the in-depth involvement of several minds in the analysis of a potential investment is likely to produce a more thorough understanding of its underlying business and the risks to its business model.

Once a company meets our quality and growth criteria, we estimate its future cash flows, apply a present value discount rate and add our growth forecast for its business. Based on that valuation, we then set a terminal multiple of earnings valuation, discounted back to the present using a rate that varies by country. We acquire an interest in a company only when its shares are selling at a significant discount to our calculation of intrinsic value. Because future cash flows and an appropriate discount rate are unknown, our calculation of a company's intrinsic value is inherently subject to review and revision.

### *Portfolio Construction*

We believe our approach to diversification differs from most investment managers. In our view, risk exists in a company's business itself, not in categorizations of industries, sectors and geographic regions. Therefore, we seek to understand each portfolio company's sources of revenues and competitive risks. We do not believe optimization engines can identify such risks. For each portfolio company, we focus on its diversification of revenue sources and end-client behaviors. As a result, our portfolios may feature high industry and country concentrations and demonstrate significant tracking error against benchmark indexes.

Our portfolio construction is not dictated by the composition of benchmark indexes because we seek to identify and invest in those constituents of a benchmark whose business prospects we believe are inherently superior to the benchmark as a whole. As a consequence, our portfolios' industry and geographic exposures will vary significantly versus their benchmarks. Although our portfolio construction is primarily a result of our fundamental research on individual stocks, we also use parameters in constructing portfolios. We will not acquire any position that comprises more than 5% of a portfolio.

We seek to manage portfolio risk by holding companies with diverse revenue drivers. Rather than leaning on typical diversification heuristics, we primarily emphasize diversification by looking at the risk factors shared by the companies in which we invest.

### *Sell Discipline*

The key tenets of our investment purchase discipline are consistency, predictability, profitability, sustainability and sensible price. We continue to monitor those aspects of each company in our portfolios on an ongoing basis. We will remain invested in a company unless:

- The market price exceeds our valuation estimate
- There occurs a meaningful deterioration of the company's long term earnings growth prospects
- The company is involved in a major acquisition
- The company is replaced by an investment we see as more attractive

Of these reasons, the most common reason for us to divest a company is to replace it with a company we find more attractive.

### *Risks of Our Investment Strategy*

You should consider these risks before opening an account with us.

*Value securities risk:* There is no guarantee that our judgments about the intrinsic value and potential appreciation of a particular asset class or individual security are correct. We seek to invest in value securities which, by their nature, tend to be out-of-favor with many investors, and their market price and liquidity may exhibit periods of higher volatility than non-value securities. In addition, the market may experience periods where investors' concerns about risk cause value securities as a whole to generally fall in or out of favor, causing our investment performance to vary widely from that of the benchmark. Even if our assessment of the intrinsic value of a security is correct, it may take a long period of time for the security to realize that intrinsic value and there is no guarantee that the stock market will recognize our estimate of the value of a security.

*Market risk:* Companies issue equities, or stocks, to help finance their operations and future growth. Investors who purchase these equities become part owners in these companies. The value of these equities varies according to how the market reacts to factors relating to the company, market activity, or the economy in general. For example, when the economy is expanding, the market tends to attach positive outlooks to companies and the value of their stocks tends to rise. The opposite is also true. Market value does not always reflect the intrinsic value of a company.

*Concentration risk:* If our strategy is not diversified across multiple sectors or multiple regions or countries, the value of your account will vary considerably in response to changes in the sectors, regions or countries. This may result in higher volatility.

Currency risk: Our strategy is valued in U.S. dollars. When we buy foreign securities, they are purchased with foreign currency, which will fluctuate against the U.S. dollar. You may benefit from changes in exchange rates, or an unfavorable change in exchange rates may reduce, or even eliminate, any return on a U.S. dollar basis. While most of our strategies are not subject to any specific geographic diversification requirements, we diversify investments among countries where appropriate to reduce currency risk. We generally do not hedge against changes in currency rates, but may do so where appropriate for certain accounts using options on fixed income securities, selling of currency on a spot basis, using forward contracts or swap arrangements, or transacting in securities on a when-issued or delayed-delivery basis.

Counterparty risk: There is a risk that counterparties will not make payments on the securities they issue. Our strategies may own participation notes or other synthetic equities. These instruments are direct obligations of the issuing counterparty, and a holder has no direct claim against the issuer of the underlying security. Thus, their value and price fluctuations may not correlate to the equity securities to which they relate.

Foreign market risk: Some of the securities in which we invest are sold outside of the U.S. The value of foreign securities may fluctuate more than U.S. investments because companies outside of the U.S. are not subject to the same regulations, standards, reporting practices and disclosure requirements that apply in the U.S. Public information may be limited with respect to foreign issuers and foreign issuers may not be subject to uniform accounting, auditing and financial standards and requirements comparable to those applicable to U.S. companies. Some foreign markets may not have laws to protect investor rights. Political instability, social unrest or diplomatic developments in foreign countries could affect the securities or result in their loss. There is a chance that foreign securities may be highly taxed or that government-imposed exchange controls may prevent investors from taking money out of the country.

Emerging markets risk: Securities markets in emerging market countries may be smaller than those in more developed countries, making it more difficult to sell securities in order to take profits or avoid losses. Companies in these markets may have limited product lines, markets or resources, making it difficult to measure the value of the company. Potential political instability and corruption, as well as lower standards of regulation for business practices, increase the possibility of fraud and other legal problems. Public information may be limited with respect to emerging markets issuers and emerging markets issuers may not be subject to uniform accounting, auditing and financial standards and requirements comparable to those applicable to U.S. companies. Therefore, the value of securities of emerging markets issuers may rise and fall substantially.

Liquidity risk: Some companies are not well known, have few shares outstanding, or can be significantly affected by political and economic events. Securities issued by these companies may be difficult to buy or sell and the value of strategies that buy these securities may rise and fall substantially. Smaller companies may not be listed on a stock market or traded through an organized market. They may be difficult to value because

they are developing new products or services for which there is not yet an established market or revenue stream.

*Depository Receipt (“DR”) risk:* DRs may be subject to certain of the risks associated with direct investments in the securities of foreign companies, such as currency risk, political and economic risk and market risk, because their values depend on the performance of the non-dollar denominated underlying foreign securities. Certain countries may limit the ability to convert DRs into the underlying foreign securities and vice versa, which may cause the securities of the foreign company to trade at a discount or premium to the market price of the related DR. In addition, holders of unsponsored DRs generally bear all the costs of such facilities and the depository of an unsponsored facility frequently is under no obligation to distribute shareholder communications received from the issuer of the deposited security or to pass through voting rights to the holders of such DRs in respect of the deposited securities. DR holders may not enjoy all the rights and benefits of the holders of ordinary shares, in that they may have a limited ability to participate in corporate actions and vote proxies; they may incur additional fees and may have differing tax consequences from the holders of ordinary shares.

*Smaller Capitalization Issuer risk:* Securities of issuers with relatively small equity market capitalizations involve greater issuer risk than larger capitalization securities, and the markets for such securities may be more volatile and less liquid. Specifically, small capitalization companies often have limited product lines, markets or financial resources and may be dependent on one person or a few key persons for management. The securities of such companies may be subject to more volatile market movements than securities of larger, more established companies, both because the securities typically are traded in lower volume and because the issuers typically are more subject to changes in earnings and prospects.

*Political and Economic risks:* Investing in foreign securities is subject to the risk of political, social, or economic instability, variation in international trade patterns, the possibility of the imposition of exchange controls, expropriation, confiscatory taxation, limits on movement of currency or other assets and nationalization of assets. Any of these actions could severely affect securities prices or impair the ability to purchase or sell foreign securities or transfer assets or income back into the U.S. The economies of certain foreign markets may not compare favorably with the economy of the U.S. with respect to such issues as growth of gross national product, reinvestment of capital, resources and balance of payments position. Other potential foreign market risks include difficulties in pricing securities, defaults on foreign government securities and difficulties in enforcing legal judgments in foreign courts. Diplomatic and political developments, including rapid and adverse political changes, social instability, regional conflicts, terrorism and war, could affect the economies, industries and securities and currency markets, and the value of an account’s investments, in non-U.S. countries. These factors are extremely difficult, if not impossible, to predict and take into account.

*Governmental Supervision and Regulation/Accounting Standards risk:* Holding assets outside of the U.S. entails additional risks, as there may be limited or no regulatory

oversight of the operations of foreign custodians, and there could be limits on the ability to recover assets if a foreign bank, depositary or issuer of a security, or one of their agents, goes bankrupt. Many foreign governments do not supervise and regulate stock exchanges, brokers and the sale of securities to the same extent as such regulations exist in the U.S. They also may not have laws to protect investors that are comparable to U.S. securities laws. For example, some foreign countries may have no laws or rules against insider trading. In addition, some countries may have legal systems that may make it difficult to vote proxies, exercise shareholder rights, and pursue legal remedies with respect to foreign investments. Accounting standards in other countries are not necessarily the same as in the U.S. If the accounting standards in another country do not require as much detail as U.S. accounting standards, it may be harder to completely and accurately determine a company's financial condition.

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

Under Item 9, registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of our advisory services or the integrity of our management.

We have no legal or disciplinary events to report.

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

We are an independent investment adviser. We are not affiliated with any other financial services firms.

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

We have adopted a written Code of Ethics (our "Code") that is applicable to all "Supervised Persons". We adopted the Code in accordance with Rule 204A-1 under the Advisers Act. Below is a brief summary of the Code. Supervised Persons include, generally, any officer or director of GQG and employee of GQG who, in relation to our advisory clients (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. All GQG employees are deemed to be Supervised Persons. The Chief Compliance Officer may determine that certain other individuals (such as temporary employees or contract workers) should be deemed to be Supervised Persons.

We will provide a copy of the Code to any client or prospective client upon request. Our Code requires all of our employees to:

- place clients' interests ahead of their personal interests;
- abide by all applicable regulations;
- avoid even the appearance of conflicts of interest;
- pre-clear and report on many types of personal securities transactions; and
- provide an annual report of all personal account holdings.

Our restrictions, pre-clearance and reporting requirements relating to personal securities trading apply to Supervised Persons, as well as their immediate family members living in the same household. Supervised Person trading may create conflicts between their personal trading and trading for clients. Therefore, our Supervised Persons are prohibited from holding and trading individual equity securities (except for mutual funds, exchange traded funds ("ETFs"), money market instruments, U.S. government securities, variable annuities issued by insurance company separate accounts and reportable grandfathered securities which are permitted only to be sold), stock futures and narrow-based stock index futures, and any other types of securities not included in a list of allowed securities in the Code. Our Code also makes an exception from restrictions on Supervised Person trading to permit our officers and employees to hold an ownership interest in separate accounts ("Employee Accounts") that we manage in an identical manner to the unconstrained strategies we manage for our clients and to purchase interests in any unregistered funds we manage. We believe that Employee Accounts and such fund investments align the financial interest of our officers and employees with that of our clients. To prevent an incentive to favor the Employee Accounts, we do not place Employee Account transactions until after our clients' corresponding transactions have been executed.

While our Code is designed to mitigate these conflicts, there is no guarantee that our policies and procedures will be successful. Supervised Persons' activities may give rise to additional potential conflicts of interest, described below.

We act as an investment adviser to various accounts. We may give advice and take action with respect to some accounts, or for our own account if any, that may differ from action taken on behalf of other accounts. We manage conflicts arising from our Supervised Persons' investment activities for their accounts by requiring that any transaction be made in compliance with our Code, as discussed above.

We may invest client assets in securities of companies which may be clients, or related to clients of the firm, broker-dealers or banks used by us to effect transactions for client accounts, or vendors who provide products or services to us. We may vote proxies of companies who are also investment advisory clients of the firm. We may have an incentive to favor these companies' interests due to the relationship they have with us. However, our portfolio management team does not take these relationships into consideration when evaluating companies, and if a material conflict of interest arises, our proxy voting policies address how we would vote proxies. Please see **Item 17: Voting Client Securities** below.

Supervised Persons who invest in any proprietary funds that we manage or advise may have a conflict of interest in that they may have an incentive to treat such funds preferentially as compared to other accounts we manage. However, we have adopted procedures for allocation of portfolio transactions across multiple client accounts on a fair and equitable basis over time. See “Trade Aggregation and Allocation” in **Item 12: Brokerage Practices** below.

## **Item 12. Brokerage Practices**

### *The Selection of Broker-Dealers for Client Transactions*

Most clients grant us discretion over the selection and amount of securities to be bought or sold, without requiring client consent as to any particular transaction, subject to specified investment guidelines. We generally have discretion to select the broker or dealer to be used and the compensation to be paid, on a transaction-by-transaction basis.

Securities may be purchased from a market maker acting as principal on a net basis with no brokerage commission and may also be purchased from underwriters at prices that include compensation to the underwriters.

We may aggregate the orders of some or all of our clients placed with a particular broker-dealer in order to facilitate orderly and efficient execution, giving each participating client the average price, as described below.

As a fiduciary, we seek to obtain best execution in all securities transactions. However, best execution involves both quantitative and qualitative elements, and does not mean that we will always obtain the best possible price or the lowest commission.

In seeking best execution, we may consider, among other things:

- the broker-dealer’s capabilities with respect to providing the execution, clearance, and settlement services generally and in connection with securities of the type and in the amounts to be bought or sold;
- our actual experience with the broker-dealer;
- the reputation of the broker-dealer;
- the broker-dealer’s financial strength and stability;
- clearance and settlement efficiency and promptness of execution;
- ability and willingness to maintain confidentiality and anonymity;
- frequency and manner of error resolution;
- the value of the broker-dealer’s research services;
- capability of the broker-dealer to execute difficult transactions in the future;
- expertise;
- commission rates and dealer spreads;
- technological capabilities and infrastructure, including back office capabilities;
- and

- willingness of the broker-dealer to commit capital

Best available price and most favorable execution are generally considered to mean a policy of executing portfolio transactions at prices and, if applicable, commissions, which provide the maximum possible value for investment decisions, taking into account market impact costs, opportunity costs, transaction costs, commissions, spreads and service fees. In selecting broker-dealers for a particular transaction, we do not adhere to any rigid formula and relevant factors will vary for each transaction.

In foreign markets, commission and other transaction costs are often higher than those charged in the United States. In addition, we do not have the ability to negotiate commissions in some markets. Please note that services associated with foreign investing, including custody and administration, are also more expensive than analogous services pertaining to investments in U.S. securities markets.

At least semi-annually, we evaluate the execution performance of the brokers with which we place client trades. The review of brokers will consist of an analysis of the criteria that we believe are necessary for us to make a reasonable decision about our best execution determinations. These criteria include trade concentration and commission schedule. We may also review trading data relating to agency commissions paid by clients, agency commissions paid to broker-dealers, and trades executed on a principal basis with an agency commission.

#### *Research and Other Soft Dollar Benefits*

We do not enter into soft dollar arrangements to purchase research.

Consistent with our best execution obligation, we may take account of the value of the brokerage and research services that a broker provides, directly or indirectly. In some cases we may receive brokerage and research services from a broker despite having no formal arrangement to do so and despite the fact that we neither direct or commit to direct brokerage in exchange for such services.

#### *Brokerage for Client Referrals*

When selecting a broker-dealer to execute our clients' transactions, we do not consider whether we or any of our related persons receive client referrals from that broker-dealer or any of its related entities. Best execution is our priority in selecting broker-dealers.



## *Directed Brokerage*

Some clients (“directed brokerage clients”) may instruct us to use a particular broker-dealer (“directed broker”) for some or all of the transactions in their accounts. In those cases, we will place the majority of the clients’ transactions with the directed broker rather than a broker-dealer that we select. Clients considering whether to direct us to use a particular broker or dealer should understand that their directed orders generally will not be aggregated with transactions of other clients. In addition, we will place the directed orders after the orders for non-directed clients have been executed. As a result, directed orders may receive less favorable prices than the prices other clients receive on transactions in the same security, and may not be executed as promptly.

We generally will not be in a position to negotiate brokerage compensation with directed brokers. In directing transactions, clients will themselves be responsible for making commission arrangements and those commissions may often be at higher rates than the commissions paid on non-directed transactions. Because of these factors, clients should consider whether the overall benefits they expect to obtain by directing us to use particular brokers justify the disadvantages of the arrangement.

Directed brokerage clients must provide us with direction in writing and acknowledge that the arrangement prevents us from effectively negotiating brokerage compensation on their behalf or aggregating orders with those of other clients.

In some cases, where we believe execution quality may be improved, we may cause transactions for directed brokerage clients to be executed by a broker-dealer other than the directed broker.

A directed broker will charge its own regular commission on the transaction. For such a directed brokerage client, this results in higher overall brokerage compensation than the client would pay if we had placed the order directly with the directed broker; the client pays not only the directed broker’s commission but also the executing broker’s markup or markdown. However, it also allows the client to benefit in obtaining favorable prices from aggregation of the client’s transactions with those of other clients and from the directed broker’s expertise. We will generally use this practice only when we believe that the overall net price and commission, including the directed broker’s commission, will be at least as favorable to the client as it would be if orders were placed directly with directed brokers. However, there can be no assurance that each directed brokerage client’s net price and commission on each transaction will always be more favorable.

Where we believe that trading directly in local markets on foreign exchanges is more likely to provide best execution and/or a higher degree of liquidity, we may directly place trades on local (foreign) exchanges and convert the shares to American Depositary Receipts (ADRs), and may settle the transactions using “step-out” trades. For example, we may purchase ordinary shares of non-U.S. companies that trade on a foreign exchange (ORDs) and arrange for these ordinary shares to be converted into ADRs, which are traded in the United States but represent a specified number of shares in a foreign

company. Similarly, for a sale, we may arrange for the ADRs to be converted to ORDs in order to sell the shares in foreign markets. In these situations, clients may pay ADR conversion fees and related costs in addition to standard brokerage commissions or fees.

### *Trade Aggregation and Allocation*

Although each client account is individually managed, we often purchase and/or sell the same securities for several accounts at the same time. When practicable, we aggregate contemporaneous transactions in the same securities for clients. When we do so, we allocate the resulting securities or proceeds (and related transaction expenses) to participating accounts on an average price basis. We believe that combining orders in this way is advantageous to all participants. However, the average price resulting from any particular aggregated transaction could be less advantageous to a particular client than if the client had been the only account effecting the transaction or had had its transactions completed before those of other clients.

If we are unable to fully execute an aggregated transaction, we will allocate such securities on a pro rata basis. Whenever a pro-rata allocation may not be reasonable (such as clients receiving odd lots or *de minimis* amounts, i.e., less than 10% of the pre-trade allocation), we may reallocate the order on a random basis.

Despite the advantages that can arise from aggregation of orders, in many cases we are not able to aggregate orders for all clients for which we seek to buy or sell the same security. This is often because directed brokerage clients' instructions may prevent us from aggregating their transactions with transactions executed for other clients with a broker-dealer that we choose for best execution purposes.

Clients whose transactions are filled after other clients' transactions may receive less favorable prices. Where we cannot aggregate all trades at the same time, we will place the order for the non-directed client group first and wait until that order has been executed before placing the orders for the directed brokerage client group.

Transactions for separate accounts in which our officers or employees have an ownership interest are placed only after corresponding transactions for other clients have been executed. See **Item 6. Performance-Based Fees and Side-by-Side Management** and **Item 11. Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading**.

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

All portfolios are monitored to ensure compliance with the respective client Investment Management Agreements. Our portfolio reviews are overseen by our Chief Compliance Officer ("CCO") and an additional member of our investment management team. The reviews are intended to ensure that our portfolio managers conform to the investment guidelines and restrictions that we established as well as those established by certain

clients. The CCO maintains a record of each portfolio review, including findings and any recommendations or mandates.

Reviews of client accounts will also be triggered if a client changes his/her investment objectives, or if the market, political, or economic environment changes materially. All clients are encouraged to discuss their needs, goals and objectives with us and to keep us informed of any changes in their financial circumstances or investment needs.

All clients receive account statements directly from their chosen custodian on at least a quarterly basis. For direct clients, we provide a written customized appraisal or report that includes information such as portfolio evaluation, security inventory, asset allocation and current yield at least quarterly. Confirmation of security purchases and sales are typically provided to clients directly by their respective custodians within a few of days of each transaction.

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

We do not receive any economic benefit (including commissions, equipment, research or non-research services) from a non-client in connection with giving advice to clients.

We compensate NLCG Distributors, LLC a registered broker-dealer and a member of FINRA, for sales and marketing services. NLCG Distributors may receive a percentage of the advisory fee paid to us by clients who are solicited through the Sales and Marketing Services Agreement between us and NLCG Distributors.

We may in the future, compensate other affiliated or unaffiliated entities for client referrals, or be compensated by other affiliated or unaffiliated entities for client referrals. We will amend this brochure as needed to reflect any such change (generally as part of an annual update). Any future arrangements will comply with Rule 206(4)-3 under the Advisers Act.

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

All of our clients' accounts are held in custody by broker-dealers or banks that are not affiliated with us. Account custodians send statements directly to the account owners on at least a quarterly basis. We may also send reports directly to clients on at least a quarterly basis. Clients should carefully review their account custodians' statements and should compare these statements to any account information we provide.

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

We have investment discretion over most clients' accounts. Clients grant us trading discretion by executing our Investment Management Agreement.

Clients can place reasonable restrictions on our investment discretion. For example, a client may ask us not to buy securities issued by companies in certain industries, or not to sell certain securities where the client has a particularly low tax basis. Any guidelines or restrictions applicable to an account are set forth in the client's Investment Management Agreement or related investment policy statement.

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

We vote proxies of companies owned by clients who have granted us voting authority, and clients can specifically request not to delegate proxy voting authority to us. In accordance with our fiduciary duty to clients and in compliance with Rule 206(4)-6 of the Advisers Act, we have adopted and implemented written policies and procedures governing the voting of client securities where we have this authority. All proxies that we receive will be treated in accordance with these policies and procedures.

Our portfolio managers are responsible to vote (or determine not to vote) proxies of the securities in the accounts that they manage. We have retained Institutional Shareholder Services, Inc. (our "voting agent") to assist in the coordination and voting of proxies.

Our policy is to vote proxies in the interest of maximizing value for our clients. To that end, we will vote in a way that we believe most likely to further the economic value of each investment for its expected holding period. We supplement our evaluation of client proxies with guidance from our voting agent.

Our procedures are reasonably designed to assure that we vote every eligible share with the exception of shares domiciled in share blocking countries and certain ordinary shares in foreign markets. Share blocking countries restrict share transactions for various periods surrounding the meeting date. We have taken the position that share liquidity generally has a higher value than the vote and usually do not vote shares subject to transaction restrictions. Some international markets require special powers of attorney to vote certain ordinary shares. These markets are few and our ordinary share holdings relatively modest when weighed against the onerous documentation requirements and generally we have determined not to attempt to qualify our proxy votes for these shares.

Our proxy voting procedures address potential conflicts of interest in connection with voting proxies. Such a conflict could arise if, for example, the company issuing proxies was affiliated with a client of ours. Any material conflict between our interests and those of a client will be resolved in the best interests of our client. In the event we become aware of such a conflict, we will (a) disclose the conflict and obtain the client's consent before voting its shares, (b) vote in accordance with a pre-determined policy based on the independent analysis and recommendation of our voting agent or (c) make other voting arrangements consistent with our fiduciary obligations.

A copy of our proxy voting policies and procedures, as well as specific information about how we have voted in the past, is available upon written request. Upon written request, clients can also take responsibility for voting their own proxies, or can give us

instructions about how to vote their respective shares. For clients retaining responsibility to vote their own proxies, the clients must arrange with their custodian to ensure they receive applicable proxies.

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

We have never filed for bankruptcy and are not aware of any financial condition that is expected to affect our ability to manage client accounts.