

Velanne Asset Management Limited

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Form ADV Part 2A Brochure

This brochure provides information about the qualifications and business practices of Velanne Asset Management Limited (“Velanne”). Questions about the contents of this brochure should be directed to Velanne’s Chief Compliance Officer, Kieran McDonagh, by calling +44 20 7518 7110 or by emailing kmcdonagh@velanneam.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”), any other state or federal regulatory authority, any foreign regulatory authority or any self-regulatory body. Additional information about Velanne is also available on the SEC’s website at www.adviserinfo.sec.gov or Velanne’s website on www.velanneam.com.

Subject to receipt of approval for its SEC application, Velanne will be a registered investment adviser with the SEC. Any reference to or use of the terms “registered investment adviser” or “registered” does not imply that Velanne or any person associated with Velanne has achieved a certain level of skill or training. Investors invested in any one of Velanne’s commingled Funds (investors collectively referred to as “**Unitholders**”, and comingled Funds collectively referred to as “**Funds**”) and any separate account clients (together with the commingled funds, collectively referred to as the “**Clients**”) and potential investors should rely only on the information contained in this document or in documents that Velanne has specifically provided. Velanne has not authorized any third party to provide information in connection with its investment program or investment operations.

Item 2. Material Changes

This brochure is being filed as part of Velanne's initial application for registration with the SEC. As such, this is the first brochure that has been filed by Velanne so there are no material changes to disclose.

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Item 4. Advisory Business

Velanne Asset Management Limited (“**Velanne**”) is a UK limited company established in 2017 to specialize in investment in publicly traded global equity securities, principally on behalf of investors domiciled in the United States. As of 13 December 2017, Velanne has no assets under management.

It is anticipated that Velanne will be authorised and regulated by the UK Financial Conduct Authority (the “**FCA**”) as an alternative investment fund manager (“**AIFM**”) and will comply with applicable rules and capital requirements adopted by the European Union (“**EU**”) and the FCA with respect to the Alternative Investment Fund Manager Directive (“**AIFMD**”). It is hoped that this authorisation and regulation will be effective as of 1st May 2018.

Silchester International Investors LLP (“**Silchester**”) is currently the discretionary investment manager for all accounts included in the Velanne Global Equity Program. As of 13 December 2017, seven (7) staff are currently employed by Silchester and dedicated to supporting the Velanne Global Equity Program (the “**Velanne Staff**”). As of 13 December 2017, accounts included in the Velanne Global Equity Program (the “**Velanne Accounts**”) had approximately US\$73 million of assets under management. Silchester and Velanne have agreed that, effective approximately 1st June 2018, Silchester intends to resign as discretionary investment manager to the Velanne Accounts and the Velanne Staff will resign as Silchester employees (the “**Transition**”). Immediately following the Transition, the Velanne Staff will become Velanne employees and Velanne will be appointed as the discretionary investment manager to the Velanne Accounts.

Velanne was established and became fully capitalised in August 2017. Following its full capitalisation, Velanne’s working members acquired 50.1% of Velanne’s issued share capital and Silchester Partners Limited (“**SP Ltd**”) acquired 49.9% of Velanne’s issued share capital.

Velanne has two classes of shares. SP Ltd holds 100% of the Class A shares. These shares represent 49.9% of Velanne’s issued share capital and 9.9% of Velanne’s voting rights. The working members hold 100% of the Class B shares. These shares represent 50.1% of Velanne’s issued share capital and 90.1% of Velanne’s voting rights. The Class A shares and the Class B shares have different rights. The Class B shares (i.e. those controlled by the working members) control Velanne. Under Velanne’s Articles, the Class B shareholders have the right, in perpetuity, to name a majority of Velanne’s Board of Directors, elect the Chairman, and control the day to day business operations of Velanne. The Class A shareholders effectively sit as minority shareholders. The consent of Class A shareholders is required when material business decisions must be made (such as the sale of the business, the liquidation of the business, significant items of expenditure (i.e., amounts greater than 25% of Velanne’s capital base), amendments to the articles, etc.). As of 13 December 2017, Anne Guddefin own 72% of the Class B shares, and therefore controls the appointment of the majority of Directors of Velanne, and also the election of the Chairman.

In the early years of Velanne’s operations, Silchester will be providing operational and administrative support (such as finance, administration, compliance, risk management, legal – but not investment management) to Velanne. These services are all carried out under the supervision of Velanne, with Velanne and its senior management retaining compliance responsibility. The working members are responsible for all investment management, trading/dealing and marketing client services activity.

Velanne’s investment philosophy is based on the investment and business approach of Anne Guddefin. Anne has more than 25 years of experience in investment management. Prior to her

temporary employment at Silchester, Anne was most recently employed by PIMCO, where she managed the \$4B Pathfinder Fund, a global value equity strategy. Prior to PIMCO, Anne worked for 10 years at the Mutual Series Group, part of Franklin Templeton Investments where she managed over \$25B, running the Franklin Mutual Quest Fund from 2003 to 2009 and the Franklin Mutual Global Discovery Fund from 2005 to 2009. Anne began her career as an analyst covering European equities at Perry Capital. She graduated from the Paris Institute of Political Studies (Sciences Po) with a BA and received an MBA from Columbia University. Anne is a CFA Charterholder.

Types of Services that Velanne Provides to Clients

After the Transition, Velanne will provide discretionary investment management services to its Clients. Velanne does not participate in any wrap fee programs. Velanne does not manage assets on a non-discretionary basis and/or provide financial planning, quantitative planning or market timing services.

Velanne brings a wide range of analytical, research, portfolio implementation and administrative skills through its business. Velanne strives to service Clients whose investment needs are growing from year to year. Velanne specialises in investing in publicly traded equity securities using a bottom up value investment approach. Velanne does not provide financial planning, quantitative planning or market timing services to Clients. Velanne generally does not further customise or modify its investment program based on individual Unitholder or separate managed account needs. Unitholders in Velanne's commingled Funds are not permitted to impose restrictions on investing in certain securities or types of securities.

Item 5. Fees and Compensation

Funds

Following the Transition, discretionary investment management services will be provided to the Unitholders of the Velanne Global Equity Fund ("the **"US Fund"**") and the Velanne Global Equity (Ireland) Fund (the **"Irish Fund"**). Both Funds are privately offered commingled Funds that are invested in global equity securities according to the following fee scale:

First US\$25,000,000	1.00%
Next US\$50,000,000	0.80%
Next \$75,000,000	0.70%
Thereafter	0.60%

Velanne Staff, their related parties, and future employees of Velanne, have and may in the future hold interests in the Funds. Such investments are and will be made on the same terms and subject to the same fees and liquidity rights as other Unitholder investments.

For each Fund, fees paid by each Unitholder invested in the Funds are based upon the market value of the units held by the Unitholder rather than the value of the Fund itself. Fees will not generally be negotiable. Fees are payable monthly in arrears, although the actual timing of fee payments will depend on the underlying legal domicile of the Fund and the terms of its operating agreements. Fees for the US Fund are paid via the redemption to the extent necessary of part of the units held by each Unitholder in the US Fund on a monthly basis. Fees for the Irish Fund are treated as an expense of the Irish Fund itself and rebates are paid to Unitholders holding more than US\$25,000,000 of units to ensure that they pay the effective fee scale set out above.

Unitholders will incur brokerage and other transaction costs as described in ‘**Brokerage Practices**’. No other additional fees or expenses are charged.

The Funds pay their own direct trading expenses. Direct trading expenses include brokerage commissions related to trade execution, “bid-ask” spreads, mark-ups, clearing fees, registration and transfer fees, regulatory and governmental charges and duties and transactional fees and expenses related to their investments. The Funds are obligated to pay all income, dividend withholding, capital gains and other taxes related to their underlying investments. In addition, the Funds may be required to reimburse Velanne or third party service providers to the Clients for extraordinary legal expenses not otherwise borne by Velanne or third party service providers to the Funds, including expenses incurred to protect or promote the investment rights or obligations of the Funds and legal or accounting expenses incurred in connection with the reclamation of foreign withholding taxes.

Velanne does not pay “soft dollar” commissions and/or receive “soft-dollar” benefits from brokers. These services are paid for by Velanne out of its own financial resources.

Commission rates typically vary by country. Velanne may occasionally negotiate a further reduction in commission rates and/or periodically “step out” and pay a higher rate if, as an example, it costs a counterparty more to trade a given security than the normal execution only rate of commission or if a higher rate must be paid in order to participate in a placement or secondary offering of securities.

Velanne pays the fees and expenses of the various service providers to the Funds (for the US Fund, this includes the Custodial Trustee and the Delaware Trustee) as well as routine legal, audit, tax return preparation and accounting fees related to the Clients and the offering and issuance of units. Velanne has paid all expenses incurred in connection with the organization and formation of the Clients and the ongoing issuance of units by the Funds. The Funds are not required to raise a minimum amount in order to defray these costs and expenses. The Funds are not required to reimburse Velanne in the event that the investment management fees are insufficient to cover the expenses borne by Velanne.

Separate Accounts

Separate account clients (if any) are generally invoiced on a monthly basis in arrears for the investment management services that Velanne provides. No other additional fees or expenses are ordinarily charged. Velanne would not ordinarily anticipate opening any new separate accounts with the exception of temporary accounts used to facilitate investment into or withdrawals out of the Clients or in rare exceptions, for a prospective separate account investor interested in investing amounts over approximately US\$250,000,000 whose custody arrangements can facilitate Velanne’s investment strategy and investments in various developed market equities. A fee scale for a separate account is available on written request.

Clients invested in separate accounts pay their own direct trading expenses. Direct trading expenses include brokerage commissions, bid-ask spreads, mark-ups, clearing fees, exchange fees, stock loan expenses, registration and transfer fees, regulatory and governmental charges and duties, and other fees and expenses relating to investments. Clients invested in separate accounts are obligated to pay all income and other taxes related to their underlying investments. In addition, Clients invested in separate accounts may be required to reimburse Velanne for legal expenses incurred to protect the investor that Velanne determines are not routine (e.g., extraordinary legal expenses such as those incurred in connection with litigation to protect or

promote the investment rights or obligations of the investors invested in separate accounts (as applicable) and legal or accounting expenses incurred in connection with reclaiming foreign withholding taxes) and that are not borne by Velanne. In addition, Clients invested in separate accounts are responsible for paying their own legal, audit and accounting fees as well as annual audit fees and tax return expenses (if any). Investors invested in separate accounts pay any fees payable to their separately appointed custodians, trustees, fund administrators, managers, auditors, tax advisors and other similar service providers.

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

Velanne does not charge performance based fees. All fees are charged on an *ad valorem* basis. Velanne employees, directors, shareholders and related parties of Velanne employees may invest in the Funds. These employees, partners, directors, shareholders and related parties invest in the Funds on the same terms and pay the same fees as other unaffiliated clients in the Funds. No fees are waived for Velanne or its related parties.

Item 7. Types of Clients

Velanne intends to primarily manage privately offered pooled investment vehicles, but may also advise managed account clients.

Conditions for Managing Accounts

The minimum initial subscription for units in the US Fund is US\$2 million. The minimum additional investment is US\$100,000. The minimum initial subscription for units in the Irish Fund is US\$250,000. The minimum additional investment is US\$100,000. Velanne may, in its sole discretion, accept or reject, in whole or in part, any investment or impose conditions or restrictions on such investment.

Unitholders may ordinarily redeem all or part of their units in the US Fund on any Dealing Day by providing Velanne with written notice ordinarily at least ten (10) Business Days prior to the Dealing Day upon which the redemption is to be effective. Certain documentation must also ordinarily be returned at least six (6) Business Days prior to such Dealing Day. Any redemption must ordinarily equal or exceed \$500,000 and following any such redemption, a Unitholder must ordinarily maintain units with a minimum market value of US\$1 million. Additional information is available in the US Fund's offering memorandum.

Unitholders may redeem all or part of their units in the Irish Fund on any Dealing Day by providing Velanne with written notice ordinarily at least six (6) Business Days prior to the Dealing Day upon which the redemption is to be effective. Certain documentation must also ordinarily be returned at least four (4) Business Days prior to such Dealing Day. Any redemption must ordinarily equal or exceed \$500,000 and following any such redemption, a Unitholder must ordinarily maintain units with a minimum market value of US\$1 million. Additional information is available in the Irish Fund's offering memorandum.

Transition Accounts

After the Transition, Velanne has the ability to direct current or prospective Unitholders making cash contributions to or redemptions from the US Fund to use transition accounts. Transition accounts are temporary custody accounts that are opened under the US Fund's general legal structure. They are used to facilitate large subscriptions and withdrawals. The transition account

structure allows Velanne to invest cash contributions outside of the US Fund's direct assets or to liquidate holdings outside of the US Fund's direct assets (and therefore avoid impacting existing investors or remaining investors, as the case may be). By investing new cash flows or liquidating the securities separately, the incoming or outgoing investors bear their own market risk during the investment or redemption period (usually one month or less, but this can be longer depending on market conditions), as well as their own dealing costs. Velanne believes that these procedures safeguard the benefits of commingled investing for all participants and represent a fair and equitable way of accommodating periodic subscriptions and withdrawals. Prospective investors should refer to the specific provisions of the US Fund's Offering Memorandum for a complete discussion of Transition Accounts and the risks involved therein.

Sideletter Agreements

With respect to each Fund, Velanne generally will consider entering into a sideletter agreement only when rules governing the investment by a specific Unitholder (such as state law or the governing documents related to such Unitholder) requires a specific variation, provided that such change is not expected to materially impact the other Unitholders, Velanne or other service providers to the Clients. It is Velanne's policy not to agree to any sideletter or other similar agreements that grant any Unitholder or group of Unitholders preferential rights with respect to the payment or timing of redemptions, indemnification from Velanne, the law governing Velanne's and each Unitholder's responsibilities under the governing documents for the Clients, or access to data on the Fund's holdings or trading activity. Velanne will provide a summary of all sideletter agreements currently in effect upon the written request of a current or prospective Unitholder. Velanne will also provide a summary of all sideletter agreements on an annual basis when the Fund's respective audited financial statements are distributed.

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

Investment Strategy and Analysis – Velanne Global Equity Program

The investment objective of the Velanne Global Equity Program is to achieve long-term growth primarily by investing in a diversified portfolio of equity securities of companies located in developed markets. As many companies have multinational operations, a company's location will ordinarily be determined by factors such as: (i) its jurisdiction of incorporation; (ii) the location of its head office, primary market, significant sources of revenues, income or the location of its assets; or (iii) its classification as determined by various market indices. Velanne seeks to achieve the investment objective by investing in a portfolio of securities that, in its opinion, possess fundamental investment value.

Velanne generally seeks to invest in a portfolio of equity securities that, in its opinion, possess fundamental value. Velanne believes that securities with low market price to earnings, cash flow, asset value, sales ratios or dividends typically, but not necessarily, possess fundamental investment value. Velanne also believes that securities trading at significant discounts to their intrinsic value, companies experiencing challenging trading conditions or some form of dislocation in their business or primary markets, including but not limited to companies that are experiencing management changes, restructurings, merger and acquisition activity or other dislocations typically, but not necessarily, possess fundamental investment value. In Velanne's experience, these catalysts may help unlock shareholder value. Investments meeting the above criteria are identified by Velanne in part through the use of database screens. Velanne carries out financial analysis on prospective investments and reviews their underlying business strengths and

weaknesses, their plans, and their management. Investments that appear attractive according to Velanne's criteria generally will constitute a high proportion of a Client's investments.

When allocating investments among geographic regions and individual countries, the prime determinant for Velanne is the attraction of the individual security investments (a "bottom up" approach). Macroeconomic factors are considered as they affect individual companies. Velanne seeks to retain a reasonable diversification of investments across countries and industries and, consequently, will normally incur some exposure to foreign currencies. Velanne may actively manage a Client's currency risk through the use of spot and forward currency contracts. In determining its strategy toward currency investment, Velanne considers a country's real short-term interest rates, the relative purchasing power parity of its currency and its overall financial quality, current account performance, prevailing monetary conditions and any special geopolitical factors.

Investing in securities involves the risk of loss, including the loss of principal, that Clients should be prepared to bear.

Types of Investments

Velanne seeks to achieve the Velanne Global Equity Program's investment objective primarily by investing in a wide range of equity instruments, including both common and preferred stocks, special classes of shares available only to foreign persons in markets which restrict the ownership of certain classes of equity to nationals or residents of the country, convertible preferred stocks, convertible investment grade instruments and depository receipts. The term "depository receipts" includes American Depositary Receipts ("**ADRs**"), Global Depositary Receipts ("**GDRs**"), European Depositary Receipts ("**EDRs**") or similar securities representing ownership of foreign securities (collectively, "**Depository Receipts**"). A Fund is permitted to invest in physical currencies and spot and forward currency contracts.

Any equity security initially acquired by Velanne must ordinarily be exchange traded. Each Fund predominantly invests in countries included in the MSCI World Index. The MSCI World Index is a broad global equity benchmark that represents large and mid-cap equity performance across 23 developed markets countries.

Subject to a Client's investment guidelines, Velanne may invest in (i) non-exchange traded securities including private placements and securities subject to transfer restrictions under Rule 144A or Regulation S of the Securities Act of 1933 or otherwise commit to acquire securities on a forward commitment basis, and (ii) unregistered and bearer securities. Velanne does not invest in physical real estate, metals, commodities (except to the extent any foreign currency transactions may be considered commodities), mortgages or mortgage backed securities, or in unquoted property partnerships. Velanne is specifically permitted to invest in shares, units or similar securities issued by real estate investment trusts ("**REITs**") and real estate operating companies ("**REOCs**"), so long as these otherwise meet a Fund's restrictions set out in its Investment Guidelines. Velanne may not invest in futures or options on futures. Velanne may not invest in derivative contracts or other "over-the-counter" traded instruments, excluding forward currency contracts. Velanne may not invest in exchange traded Funds, index Funds, contracts for difference, closed ended country or sector Funds, open ended Funds (other than money market Funds sponsored by a Fund's custodial trustee or other financial institution collective investment schemes) or "blind pools". Notwithstanding the foregoing, Velanne is specifically permitted to invest in, hold, purchase or otherwise acquire rights, stock options, stock coupons, warrants, and

similar instruments issued, sold or distributed by a company as part of a corporate action or other similar transaction. Velanne may not engage in any securities lending transactions.

Due to restrictions on direct investments by foreign entities in certain foreign countries, investments in other investment companies may be the most practical or only manner in which a Fund can obtain certain securities. Accordingly, a Fund may invest up to ten percent (10%) of its assets in U.S. and foreign investment companies. It should be noted, however, that investments in investment companies may (i) involve the payment of premiums above the net asset value of such issuers' portfolio securities, (ii) be constrained by market availability and/or (iii) be considered passive foreign investment companies for federal income tax purposes. As a shareholder in such an investment company, a Fund would bear its pro rata share of that company's expenses. Velanne does not expect that such investments will comprise a major part of a Fund's investment portfolio.

Frequency of Trading

Over the course of a market cycle, Velanne would expect the turnover of securities to typically be in the range of 15% to 25% per annum. Velanne makes investment decisions on when to sell a security solely based on its investment criteria and will not take into account US tax considerations. In other words, Velanne does not engage in "tax loss harvesting" strategies employed by other investment advisers.

Strategy Risks:

A number of material risks are associated with investing in publicly traded global equity securities. These include, but are not limited to, the following matters. Further information on investment risks is disclosed in the Funds' governing documents or a particular Client's separate account investment management agreement.

- *Foreign Market Exposure.* Velanne may invest in both developed and emerging markets. In doing so, the Clients are subject to: (i) currency exchange rate risk; (ii) the possible imposition of withholding, income, capital gains or excise taxes; (iii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and little or potentially biased government, stock exchange or financial supervision and regulation; (iv) financial, economic and political risks, including expropriation, currency exchange control and potential restrictions on foreign investment and repatriation of capital; and (v) global market turmoil. Holders of equity securities are subject to risks, including potential periods of illiquidity, price volatility, the volatility of exchanges due to smaller market capitalization, evolving clearance and settlement procedures, potential restrictions on foreign investment, security transfer and the repatriation of investment income and capital. Currencies may experience significant declines against the US Dollar as a result of market pressures or government devaluation. Trading may be subject to governmental or significant administrative restrictions or only tradable with certain approved counterparties. Approved counterparties are typically sub custodians or subagents appointed by a Fund's custodian. These factors may result in higher spreads being paid when the currencies are traded.
- *Forward Contracts on Foreign Currencies.* Velanne may engage in trading in the spot and forward contract markets. Forward contracts are not traded on exchanges; rather, a bank or dealer will act as agent or as principal in order to make or take future delivery of a specified lot of a particular currency. Forward currency transactions may involve less protection against defaults than trading on exchanges and there are generally no limitations on price movements

making such transactions subject to the risk of a principal's failure or inability or refusal to perform with respect to such contracts. The bankruptcy or insolvency of a principal or the failure, inability or refusal of such principal to perform, would likely result in a default, thereby depriving an account of unrealized profits or forcing Velanne to cover commitments for resale, if any, at the then market price.

Forward contracts will be transacted only with banks and dealers that Velanne believes to be large and well capitalized. The insolvency or bankruptcy of such party also subject the Clients to the risk of loss. Principals in the forward markets have no obligation to continue to make markets in currencies. There have been periods during which certain banks or dealers have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they are prepared to buy and at which they are prepared to sell. Government authorities may limit forward trading to levels below those preferred by Velanne.

Forward currency contracts will ordinarily be executed with The Northern Trust Company ("**Northern Trust**"), the primary counterparty to the US Fund and the Irish Fund. Any such transactions would be subject to the terms of an ISDA Master Agreement executed between Velanne and Northern Trust, in addition to one or more collateral support agreements (collectively, the "**CSA**"). Under the terms of the CSA, Velanne has provided a general pledge of the assets held by the US Fund to support any daily variation margin requirements that the US Fund may need to meet in the event the US Fund has unrealized losses on forward currency contracts. A slightly different structure is used for the Irish Fund, reflective of the regulatory and legal environment in which the US Fund and Irish Fund respectively operate. This minimizes the risk that Velanne would need to maintain excess cash holdings, which could result in the dilution of investment returns. In the unlikely event a Fund were to default on its obligations under the CSA, Northern Trust would have the right to liquidate assets of the Funds to reimburse itself for obligations owed. Northern Trust is not permitted to lend, pledge, secure, transfer or re-hypothecate any of the assets that are the subject of this general pledge.

In the event of an extraordinary event (or a dispute as to whether an event is "extraordinary"), volatility or irregularities in a given foreign exchange market, or for other factors, Northern Trust may be unable to (or choose not to) execute a Fund's spot and/or forward currency transactions. This could result in material losses.

- *Options.* Velanne may invest in options. Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a decline in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment in the option (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. The Funds may not write options.
- *Warrants.* Velanne may invest in equity warrants. Equity warrants are securities that give the holder the right, but not the obligation, to subscribe for newly created equity issues of the issuing company or a related company at a fixed price either on a certain date or during a set period. Changes in the value of a warrant do not necessarily correspond to changes in the value of its underlying security. The price of a warrant may be more volatile than the price of its underlying security, and a warrant may offer greater potential for capital appreciation as well as capital loss. Warrants do not entitle a holder to dividends or voting rights with respect to

the underlying security and do not represent any rights in the assets of the issuing company. A warrant ceases to have value if it is not exercised prior to its expiration date. These factors can make warrants more speculative than other types of investments.

- *Convertible Securities.* Velanne may invest in convertible preferred stock, which may be converted at either a stated price or at a stated rate into underlying shares of common stock. Because of this feature, convertible securities enable an investor to benefit from increases in the market price of the underlying common stock. Convertible securities may provide higher yields than the underlying equity securities, but generally offer lower yields than non-convertible securities of similar quality. The value of convertible securities fluctuates in relation to changes in interest rates like bonds, and, in addition, fluctuates in relation to the underlying common stock.
- *Price Fluctuations.* Prices of equity securities are highly volatile and may respond to a number of factors that affect markets in general, as well as factors that affect particular companies or other issuers. For example, prices are affected by a wide variety of complex and difficult-to-predict factors, including, but not limited to, supply of money, inflation, weather and climatic conditions, changing supply and demand relationships, governmental activities and regulations, political and economic events and prevailing psychological characteristics of the marketplace. These same factors also can affect the securities markets adversely. Prices of equity securities also may be affected by individual company earnings, product developments and other factors that affect particular companies.
- *Position Limits.* Market regulatory authorities may, from time to time, establish limits as to the maximum number of shares that Velanne and its affiliated companies (including Silchester) may hold or control in particular securities of a company without requiring the investment adviser to make an offer to purchase all the outstanding shares of the company or obtaining a regulatory waiver to hold a larger position. Market regulatory authorities may also assess additional income, capital gain and withholding taxes in these situations. All accounts, including transition accounts and segregated accounts, which are controlled by Velanne and its affiliated companies may be combined for these purposes. It is possible that trading decisions of Velanne and its affiliates may have to be modified such that a further position in a given company is not acquired or that positions held would have to be liquidated to avoid exceeding such limits or that such limits may, in fact, be exceeded. This may influence the overall returns.
- *Illiquidity.* Velanne may purchase investment instruments that later become illiquid or otherwise restricted. Velanne might only be able to liquidate these positions at disadvantageous prices, should Velanne determine, or it becomes necessary, to do so. The decision to hold or liquidate such securities is at the sole discretion of Velanne. For example, substantial redemptions could require Velanne to liquidate positions more rapidly than otherwise desired in order to obtain the cash necessary to fund the redemptions. Illiquidity in certain markets could make it difficult for Velanne to liquidate positions on favorable terms, thereby resulting in losses or a decrease in the net asset value of the Funds. Although many of the securities that Velanne may acquire may be traded on public exchanges, each exchange typically has the right to suspend or limit trading in the securities which it lists. Such a suspension could render it difficult or impossible to liquidate any or all of its positions and would thereby expose it to losses. This may lock in adverse price movements for several days or more which may result in immediate and substantial losses.

- *Transactions on Non-US Exchanges.* Velanne may engage in trading on markets outside the United States. Transactions on non-US exchanges are not regulated by US governmental agencies. Some non-US exchanges may be “principals markets” in which responsibility for performance is only that of the principal with whom a trader has entered into a transaction and not of an exchange or clearing corporation. In some cases, a broker with whom Velanne enters into a transaction may in effect take the opposite side of Velanne’s trades. Because some non-US exchanges lack a clearinghouse system, market disruptions may be more likely to occur and, in extreme circumstances such as the failure of a broker or other counterparty, the settlement of security trades may be delayed or cancelled. To minimize the risk of broker or counterparty default and subsequent loss, Velanne will ordinarily arrange for security purchases and sales to be settled on a “delivery versus payment” basis.
- *Cash Balances.* The US Fund’s US Dollar cash balances are invested in the Government Select Portfolio, a money market fund sponsored by Northern Trust. Velanne may direct Northern Trust to hold the US Fund’s US Dollar cash balances in other money market Funds, deposit accounts or other vehicles in its sole discretion. The Government Select Portfolio primarily invests in securities issued by the US Government, government agencies and government sponsored enterprises. The US Fund could incur losses in the event that the net asset value of the Government Select Portfolio was to fall below US \$1.00 or if redemptions from the Government Select Portfolio or such other money market Funds, deposit accounts or other vehicles were restricted by Northern Trust. The US Fund’s non-US Dollar cash balances are held in deposit accounts established by Northern Trust. These deposit accounts are subject to counterparty and credit risk (for example, if Northern Trust were to declare bankruptcy or otherwise default on its financial obligations). The US Fund could incur losses in the event of any such default or if the return of these deposits was restricted.
- *No Formal Diversification Policies.* Although the allocation of assets across different securities and markets is an integral part of Velanne’s overall portfolio risk management process, except as provided in the Clients’ respective Investment Guidelines, Velanne has not adopted fixed guidelines for diversification of investments among issuers, countries, instruments or markets and may be heavily concentrated, at any time, in a limited number of positions. In attempting to maximize returns, Velanne may concentrate the holdings in those countries, companies, instruments or markets which, in the sole judgment of Velanne, provide the best profit opportunity in view of its investment objective.
- *Credit Risk.* Clients are subject to the risk that the brokers and counterparties with which, and the exchanges on which, Velanne executes transactions or carries positions may default. The default by an exchange, clearinghouse or counterparty with or through which Velanne trades could result in material losses. Certain markets require all securities to be held in a central securities depository and, in certain cases, the depository may be owned by a foreign government or government body and not be supported by a national network of well capitalized financial institutions. The default of such government or depository, or the failure of such depository to maintain suitable and sufficient procedures to mitigate against theft or loss, could result in material losses. To minimize transaction and foreign exchange dealing costs, Velanne may request that a broker “warehouse” smaller security trades. In these situations, the executed trade remains the property of the broker until such time as the trade is allocated to a specific client account. If the broker defaults or declares bankruptcy, losses could occur.
- *Investment Approach.* There is no guarantee that the investment approach, techniques, or strategies utilized by Velanne will be successful or profitable. All investments risk the loss of

capital. Furthermore, there can be no assurance that the specific trading strategies utilized will produce profitable results. Any factor that would make it difficult to execute trades, such as reduced liquidity or extreme market developments, also could be detrimental to profits.

- *Depository Receipts.* Velanne may invest in Depository Receipts if issues of these Depository Receipts are available that are consistent with the Clients' investment objective. Depository Receipts generally evidence an ownership interest in a corresponding foreign security on deposit with a financial institution. Transactions in Depository Receipts usually do not settle in the same currency in which the underlying securities are denominated or traded. Generally, ADRs, in registered form, are designed for use in the US securities markets and EDRs, in bearer form, are designed for use in European securities markets. GDRs may be traded in any public or private securities markets and may represent securities held by institutions located anywhere in the world. Non-Voting Depository Receipts ("**NVDRs**") are depository receipts issued by the Thai NVDR Company Limited, a subsidiary wholly owned by The Stock Exchange of Thailand ("**SET**"). The main purpose of such receipts is not only to stimulate trading activities in the Thai stock market, but also to help eliminate foreign investment barriers, such as certain foreign investment limits. NVDR holders will normally receive all financial benefits, i.e. dividends, right issues or warrants, as if they had invested directly in a company's ordinary shares. However, unlike ordinary shareholders, NVDR holders cannot be involved in company decision-making.

Velanne may invest in Depository Receipts through "sponsored" or "unsponsored" facilities if issues of such Depository Receipts are available and are consistent with a Fund's investment objective. A sponsored facility is established jointly by the issuer of the underlying security and a depository, whereas a depository may establish an unsponsored facility without participation by the issuer of the deposited security. Holders of unsponsored Depository Receipts 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 receipts in respect of the deposited securities. In addition, local practices in foreign markets (such as a requirement to be physically present in order to vote, a need for foreign language translation of voting materials or complex share registration procedures) may make exercising voting rights more difficult for holders of Depository Receipts.

Investments in non-US issuers through Depository Receipts and similar instruments may involve certain risks not applicable to investing in US issuers, including changes in currency rates, application of local tax laws, changes in governmental administration or economic or monetary policy, changed circumstances in dealings between nations, or expropriation or nationalization of assets.

- *Foreign Ownership Restriction Risk.* Certain governments impose restrictions on foreign investment in companies incorporated in their jurisdiction to address concerns such as those relating to loss of national sovereignty. In the event that Velanne purchases securities which later become subject to foreign ownership restrictions, there may be a delay in Velanne becoming aware of such restriction. This may result in the compulsory sale or other disposition of the securities in circumstances where Velanne might otherwise prefer to retain the securities, thereby causing a loss to a Fund.
- *Tax Risks.* Velanne's investment decisions are based primarily upon economic considerations and not tax considerations, and could result, from time to time, in adverse tax consequences. Certain markets may assess capital gains taxes in the event a Client holds more than a given

percentage of a company's shares in issue and sells these shares at a gain in a given period. In other markets, local tax authorities may assess a capital gains tax on gains that are realized from selling shares issued by so-called "land rich" companies. "Land rich" companies are generally viewed as companies the majority of whose balance sheet consists of land, buildings, leasehold improvements, mining, mineral and oil concessions and leases or other similar issues. In other cases, capital gains taxes may be assessed on gains if the shares were not held for more than a given period of time (typically 12 months). In certain cases, the amount of capital gains taxes can be reduced under availing double taxation treaties to the extent Velanne can prove that each underlying investor in the US Fund is resident in the US for income tax purposes. This is normally done by providing the foreign tax authority with an IRS Form 6166 (Certificate of Residency) and/or a copy of an individual IRS Form 6166 or IRS Determination Letter. In the event that Velanne is unable to obtain these forms on a timely basis or is unable to provide these forms to the foreign tax authorities within their established deadlines, the Fund may be required to pay additional capital gains taxes. In other cases, the Fund may be unable to reduce the amount of capital gains taxes either because there is no double taxation treaty in place between the country and the U.S. or that the Fund's acquisition of the shares did not meet the specific requirements of the double taxation treaty.

- *Investment in Initial Public Offerings, Secondary Offerings and New Issues.* Velanne may purchase the securities of issuers during an initial public or secondary offering of securities as well as new issues. Companies involved in initial public or secondary offerings of securities typically have short operating and trading histories and generally are less established. The prices of securities issued as part of initial public or secondary offerings traditionally have been quite volatile. Velanne also may be required to agree to certain transferability restrictions as a precondition for participating in these types of security offerings. In the event that these restrictions include a requirement for a Fund to be a "qualified institutional buyer", the Fund will not be able to subscribe to the initial public offering, secondary offering or new issue until such time as it has a net asset value greater than US\$100 million.

Financial Industry Regulatory Authority ("FINRA") rules prohibit securities firms from selling "new issues" (i.e., initial public offerings of equity securities) to investment funds if restricted persons hold beneficial interests in the investment fund in excess of ten percent (10%) in the aggregate or if covered persons hold beneficial interests in the investment fund in excess of twenty-five percent (25%) in the aggregate. As a consequence of these FINRA rules, if restricted persons or covered persons own units in the US Fund and the 10% and/or 25% thresholds are exceeded, a Fund may be unable to invest in new issues until such time as compliance is restored. It is possible that the Clients will invest in securities of foreign issuers which are offered and sold in the US as part of a new issue. The offering of securities and ADRs that have a pre-existing market outside of the US are excluded from the definition of a "new issue". Unitholders must notify Velanne in writing if they are considered to be a restricted person or a covered person under FINRA rules.

- *Eurozone and "Brexit" Risks.* One or more countries may abandon the Euro and/or withdraw from the EU. The impact of these actions, especially if they occur in a disorderly fashion, is not clear but could be significant and far reaching. Whether or not Velanne invests in securities or issuers located in the EU or with significant exposure to EU issuers or countries, these events count negatively affect the value and liquidity of the Fund's investments. If the Euro is dissolved, the legal and contractual consequences for holders of Euro denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the units.

Item 9. Disciplinary Information

There have been no material criminal, civil, regulatory, business, or administrative proceedings against Velanne and/or any of its employees, members, principals, or associated entities related to investment matters or to Velanne's investment business.

Item 10. Other Financial Industry Activities and Affiliations

Velanne is not affiliated with any banks, broker-dealers or custodians. Velanne is an independent asset management firm that is owned and controlled by current Velanne employees. SP Ltd is a supportive minority shareholder. It is intended that on or around April 1, 2018, Velanne will have one wholly owned subsidiary, Velanne Asset Management, Inc. ("**VAM Inc.**"), which will provide marketing and client service support to clients and consultants. VAM Inc. will also act as registered service agent for service of process for the US Fund.

SP Ltd owns 49.9% of Velanne's equity in the form of Class A shares (representing 9.9% of the voting rights). 50.1% of Velanne's issued share capital is owned by Velanne's directors and employees in the form of Class B shares (representing 90.1% of the voting rights). Under Velanne's articles, the Class B shareholders have the right in perpetuity to elect a majority of Velanne's directors, appoint its Chairman and to run the business and its investment program on a day to day basis. The Class A shareholders must offer consent to certain material business items (such as the sale of the business) but are otherwise not involved in Velanne's day to day activities. To help secure the financial stability of Velanne, SP Ltd has agreed to make annual compensating payments to Velanne of approximately £1.25m for up to the first five financial years (or a total of £6.25m), paid monthly in advance, with an additional £625,000 available to be called upon at any time over that period to cover unforeseen expenses or additional remuneration. However, the annual compensating payment will be linearly reduced from this amount to zero in proportion to Velanne's assets under management that are not affiliated with SP Ltd once these exceed US\$250 million and up to US\$500 million, with the calculation performed on a monthly basis before the next month's advance payment is made.

Silchester International Investors LLP ("**Silchester**" or "**SII LLP**") is a related party to SP Ltd and is a UK based investment manager registered with the SEC as an investment adviser (SEC File Number: 801-49530). SP Ltd and SII LLP have agreed to provide certain back office, compliance, legal, finance, administration, personnel and office support to Velanne pursuant to an Operational Services Agreement until March 31, 2023, unless Velanne reaches certain asset thresholds (US\$350 million of unaffiliated assets under management) at which time Velanne must give one quarter's notice of its intention to fully assume responsibility for completing these functions. Termination of the services agreement will not be normally required before March 31, 2021.

SP Ltd is a minority owner of Velanne and will be entitled to receive dividends on a periodic basis from Velanne pursuant to the terms of Velanne's articles of association. Timothy Linehan, Silchester's Chief Compliance Officer, sits on the Board of Velanne in the capacity of Non-Executive Director, having done so since inception with limited influence in the day to day management of Velanne's operations and business. Silchester employees and partners, SP Ltd and its shareholders and former employees and their related parties have and may, from time to time in the future, invest assets in the Funds.

Privacy Considerations

The following represents the privacy policy for the Clients. A separate privacy policy would be detailed in any separate account investment management agreement for which Velanne is appointed as discretionary investment manager.

Velanne is committed to maintaining the confidentiality, integrity and security of personal information provided by Unitholders. Personal information may be obtained in a number of ways, such as during the application process for units or ongoing communications between Velanne and Unitholders. All information obtained about Unitholders will be treated as confidential unless the Unitholder has otherwise made the information public, such as its relationship with Velanne or investment in a commingled fund. Velanne generally exercises the same care dealing with personal information obtained from Unitholders that Velanne uses in dealing with its own internal confidential information.

Velanne protects personal information provided by Unitholders in a number of ways. All staff are subject to policies reasonably designed to protect client confidentiality. Subject to applicable record retention requirements Velanne takes reasonable measures to dispose of personal information to protect against unintended access and use. Velanne has adopted various procedures to implement its policy and to monitor and ensure the policy is observed, implemented properly and amended or updated as appropriate. Velanne attempts to ensure that its systems are secure and aims to apply password protections, firewalls, encryption technologies, and other mechanisms to guard confidential Unitholder information that are believed by Velanne to be suitable and sufficient based on the size and nature of its business. Select physical and procedural safeguards have been established to guard Unitholder information. Former staff are prohibited from disclosing non-public personal information.

Subject to applicable restrictions Velanne may use data obtained from Unitholders for the purpose of communicating information about its investment products. Velanne may also provide information concerning Unitholders to firms that assist Velanne in servicing the Funds and its Unitholders. This helps to ensure that all Unitholders are given an appropriate level of service. Information concerning Unitholders also may be passed to regulatory authorities or law enforcement officials who have jurisdiction over Velanne, or Northern Trust, or if reasonably required to prevent fraud and unauthorized transactions or as otherwise required by applicable law or regulations. Under certain limited circumstances, Velanne may provide Unitholders with information concerning the investment products of its business partners if Velanne believes this information may be of interest to Unitholders. Unitholders that do not wish to receive this information may contact Velanne and request to be removed from these distribution lists.

On at least an annual basis, Velanne provides copies of its privacy policy to Unitholders. Unitholders may request a copy at any time by contacting Velanne's Chief Compliance Officer.

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

Velanne has adopted a Code of Ethics to effectuate the purposes and objectives of Rule 204A-1 of the Investment Advisers Act of 1940. The Code of Ethics sets forth Velanne's business conduct in its capacity as a fiduciary for its Clients and establishes standards of conduct for its supervised personnel. Among the topics covered in the Code of Ethics are: prohibitions on insider trading, resolving conflicts of interest, personal securities transactions and confidentiality of Client

information. Velanne will provide a copy of its Code of Ethics to any Client, Unitholder or prospective investor upon request and without charge. To obtain a copy of Velanne's Code of Ethics, please contact Velanne's Chief Compliance Officer whose contact details are shown on the opening page of this document.

Participation or Interest in Client and Fund Transactions

Velanne established each of its Funds and Velanne directly pays for the ongoing costs of operating these Funds, including custody and fund administration fees, and routine legal, tax accounting, annual audit and reporting fees. These costs are not paid for by the Funds. Velanne derives fees from each Unitholder based upon the market value of each Unitholder's units in the Funds. Velanne employees, shareholders and their related parties may invest in the Funds.

Personal Account Trading Policies

Under Velanne's Code of Ethics, employees and their connected parties may not ordinarily trade any publicly traded equity securities for their own accounts. In the event an employee becomes the owner of shares (such as through an inheritance or gift), or becomes linked to a connected party (i.e., because of marriage or by becoming a civil partner or co-habitant with a person that owns shares), or joins Velanne having already owned securities, the employee and the connected party will have two years to dispose of the shares. Further information is available in the Code of Ethics. Velanne's procedures prohibit Velanne from favouring accounts in which it, its associated entities, or its/their employees, members, principals, or directors have a direct or indirect financial interest over the accounts of Velanne's Clients. Certain agents and other independent contractors (including individuals that may provide research to Velanne on a contractual basis) may be subject to differing restricted trading procedures. Employees and members of Velanne are generally prohibited from acting as the directors of any publicly traded companies that may form part of Client portfolios.

Determination of Type, Number and Timing of Transactions

Other than as specified by a Client's investment guidelines or pursuant to the terms of a separate account investment management agreement, Velanne has sole authority to determine, without obtaining specific consent, the amount and specific securities to be bought and sold for each account.

Item 12. Brokerage Practices

Brokerage Selection and Commission Issues

Velanne may select brokers to be used in purchasing or selling securities and for executing trades in its sole discretion. Velanne is not affiliated with any broker. Velanne selects brokers to execute all transactions although, as permitted by applicable law and described in more detail below, Velanne may from time to time direct the purchase or sale of equity securities or currencies as part of transactions not requiring the use of a broker.

Under SEC and FCA rules, Velanne is obligated to seek "best execution" on all security transactions. In selecting brokers, Velanne seeks the best combination of price and quality of execution services, after considering factors that may impact the transaction.

Commission cost factors include, but are not limited to, the particular expertise of the broker with respect to the size or type of transaction, the commission rates charged, the nature and character of the relevant markets on which the transactions will be executed, and the broker's execution experience, integrity, credit-worthiness, financial responsibility and operational efficiency. Velanne may determine to pay broker commissions or mark-ups in excess of that which another broker might have charged for effecting the same transaction in recognition of the execution services provided by the broker. Commission rates generally are subject to periodic reappraisal.

To facilitate subscriptions and redemptions and to minimize liquidity risks, Velanne may utilize program or block trades. Program and block trades involve directing a broker to trade a large number of securities at a specific point in the day (for example, at market open or close) or over the course of part or all of the trading day. The broker may also be asked to guarantee that a specific price can be obtained for the security purchases or sales (for example, the volume weighted average price of each security during the trading day, the opening price or the closing price of the security). Additional brokerage charges or increased spreads may be payable to facilitate these program or block trades.

Subject to the Employee Retirement Income Security Act (“**ERISA**”) or other applicable laws, to reduce transaction costs, rebalance investment portfolios or for other reasons, Velanne may cause an account to enter into cross transactions directly with any other accounts for which Velanne acts as a discretionary investment manager. This might occur where inflows into one account coincide with outflows from another account for which Velanne also acts as a discretionary investment manager. In the event Velanne causes one account to purchase securities from or sell securities to other accounts, Velanne will use its best efforts to mitigate potential conflicts of interest by causing such transactions to ordinarily occur at the then prevailing market price of the applicable securities and by considering the interests of all accounts. Velanne may use brokers to facilitate these cross transactions. Velanne will provide details of the crossing activities on a quarterly basis on written request.

Velanne does not participate in commission recapture or directed brokerage arrangements and Unitholders are not permitted to direct Velanne to use or allocate commissions from any broker. Velanne does not share, directly or indirectly, in any of the revenues generated by brokerage transactions.

Velanne has executed an agreement with Northern Trust whereby spot foreign exchange transactions are normally executed (i) for certain highly liquid non-restricted currencies using a foreign exchange trading algorithm developed by Northern Trust pursuant to which the algorithm will look at spot rates offered by a panel consisting of some of the largest foreign exchange dealers, exchanges and liquidity providers in the world and will execute subject to depth of liquidity, validity of quotes and anti-gaming constraints foreign exchanges trades on a “best bid, best offer” basis; (ii) for non-restricted currencies through direct negotiations between Velanne and Northern Trust's foreign exchange desk at market prevailing rates; and (iii) for restricted currencies, by Northern Trust or a sub custodian pursuant to standing instructions. Northern Trust, or in some cases a sub custodian, receives an agreed upon spread from the Clients in exchange for facilitating these transactions. Northern Trust is not included in the panel of foreign exchange counterparties and is not ordinarily an eligible foreign exchange counterparty for the trades (except with respect to certain residual order balances and *di minimus* transactions). Northern Trust receives an agreed upon mark up on all foreign exchange transactions in exchange for Northern Trust developing, maintaining, monitoring and enhancing the foreign exchange algorithm, operating the foreign exchange panel, providing balance sheet support, bearing the

counterparty risks of trading with panel participants, providing TCA reporting and facilitating restricted currency trading activity.

Soft Dollar Considerations

Velanne does not pay “soft dollar” commissions and/or receive “soft-dollar” benefits from brokers. These services are paid for by Velanne out of its own financial resources.

Allocation of Investment Opportunities

Velanne endeavours to act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities. Other than as set forth in its fund legal documents, separate account investment management agreements and its Code of Ethics, Velanne is under no specific obligation or requirements concerning the allocation of time, effort or investment opportunities or any restrictions on the nature or timing of investments. Subject to ERISA and other applicable laws, to reduce transaction costs, rebalance portfolio(s) or for other reasons, Velanne may cause an account to enter into cross transactions with other accounts for which Velanne also acts as a discretionary investment manager. This normally occurs where inflows into one account coincide with outflows from other accounts. In the event that Velanne causes an account to purchase securities from or sell securities to other accounts, Velanne will use its best efforts to mitigate potential conflicts of interest by causing such transaction to ordinarily occur at the then prevailing market price of the applicable security and by considering the interests of all accounts.

If Velanne determines that it would be appropriate for more than one account to participate in an investment opportunity, Velanne will seek to execute orders on an equitable basis. If Velanne has determined to invest at the same time for more than one account, Velanne may place combined orders for all such accounts simultaneously and, if any order is not filled at the same price, Velanne will average the prices paid. Similarly, if an order is to take place on behalf of more than one account and the order cannot be fully executed under prevailing market conditions, Velanne may allocate the instruments traded on a basis which Velanne considers equitable. This is normally achieved by pro-rating actual trade executions in accordance with the total number of shares outstanding on each respective order and rounding such executions to reflect minimum trading sizes, minimum allocations necessary to avoid undue costs being realized (such as transaction and foreign exchange costs resulting from smaller allocations) and efficiencies inherent in trade reporting. Where Velanne elects to participate in initial public or secondary offerings, governmental privatizations or other similar events, all allocations are done on a strict pro rata basis taking into account minimum trading sizes and other regulatory restrictions. Situations may occur where an account could be disadvantaged because of the investment activities conducted by Velanne for other accounts.

Velanne anticipates that the substantial majority of its trade executions will be allocated in a pro-rata manner. In circumstances where Velanne determines that this pro rata allocation methodology may not be in an account’s best interest, Velanne may, in its reasonable discretion, make an adjustment to the pro-rata allocation. Amongst other situations, this may occur when there is insufficient cash on hand to settle an allocated order or satisfy certain future commitments. This may also occur if an overdraft occurs as a result of accepting a commitment to purchase the allocated securities or unnecessary costs or charges related to trading or settlement will be suffered. In these situations, Velanne will use its reasonable judgment to determine an allocation methodology. In other situations, a larger allocation of shares may be made if, for example, an additional allocation is required to clear negative cash balances or to raise funds to satisfy future commitments.

Item 13. Review of Accounts

Reviews and Reviewers

All accounts are kept under daily review both for price and changes in fundamentals affecting the securities. All portfolios are reviewed weekly by a member of the portfolio implementation group. All reviewers are equally responsible for ensuring that accounts are maintained in line with Velanne's policies and are equally responsible for all accounts.

Frequency of Regular Reports to Clients

Segregated accounts (these are ordinarily used to facilitate investments in and/or withdrawals from one of the Funds) receive written reports in the form of a monthly valuation and a schedule of transactions for their portfolios. Unitholders receive written reports in the form of a monthly participation report showing selected information about their investments in the Funds directly from the Funds' fund administrator, as well as, audited financial statements for the Funds on an annual basis. On a periodic basis (normally quarterly), Velanne provides a written review of the Velanne Global Equity Program that may describe the economic and financial background, the strategy adopted, the results achieved and Velanne's outlook for the future, together with certain analytical information describing portfolio holdings, amongst other items.

Item 14. Client Referrals and Other Compensation

Velanne does not receive any compensation or other economic benefit from any persons or firms for providing investment management services beyond the investment management fee described above. Velanne does not compensate any persons for referrals.

Item 15. Custody

Northern Trust acts as the custodian, fund administrator and custodial trustee (where required) for the Funds. Unlike most privately offered collective investment funds which generally are organised as limited partnerships or limited liability companies, the US Fund is organised as a Delaware statutory trust. This type of fund calls for a specific custodial trustee and Delaware trustee to be appointed. Northern Trust is the appointed custodial trustee and an indirect wholly owned subsidiary of Northern Trust is the appointed Delaware trustee.

Velanne will not act as custodian for or hold any Client moneys or assets. Northern Trust is solely responsible for the custody and safekeeping of the Funds' assets, performs certain administrative functions for the Funds at the direction of Velanne in accordance with the Funds' governing documents and provides certain recordkeeping and accounting services to the Funds, including the calculation of the net asset value of the Funds and their units on a monthly (or more frequent) basis and the distribution of valuation statements directly to the Unitholders. Velanne pays Northern Trust's fees related to the services Northern Trust performs on behalf of the Funds and the Unitholders. Northern Trust acts as the principal counterparty to the majority of the Funds' spot and forward currency contracts and provides certain foreign exchange trade services in accordance with various agreements with Velanne. Where Northern Trust is unable to act as the Funds' principal counterparty for foreign exchange transactions due to foreign regulatory rules, Northern Trust will appoint a local sub-custodian to fulfil this role.

Valuation of the Funds

Northern Trust acts as the custodian and fund administrator for the Funds. In its capacity as fund administrator, Northern Trust is responsible for independently valuing the Funds' asset value in accordance with US GAAP. Equity securities are valued using the closing price reported by their primary stock exchange and translated into USD using exchange rates provided by WM/Reuters. These are the same prices and exchange rates used by major market indices such as MSCI for valuing (among others) the MSCI World Index. In certain cases, foreign premium may be applied. Forward currency contracts are valued using WM/Reuters exchange rates and adjusted to reflect the settlement period for the forward currency contract. Dividend, withholding tax and capital gains tax accruals are valued at fair market value.

The net asset value of a Fund equals the aggregate value of the assets of the Fund, less its accrued liabilities (irrespective of whether such liabilities may in fact ever be paid) determined by Northern Trust in good faith in its sole discretion in accordance with each Fund's valuation rules and such other procedures as Northern Trust may establish from time to time with Velanne's consent. The net asset value of a Fund is determined under the accrual method of accounting in accordance with US GAAP. The net asset value of any units held by a Unitholder as of a valuation date are equal to the net asset value of the Fund as of a given date multiplied by the number of units held by such Unitholder, divided by the total number of units outstanding as of the Valuation date.

Securities which are listed or traded on any generally recognized securities exchange are valued at their closing price as is customarily ascertained by the respective primary exchange on which such security is traded and disseminated by quotation services such as WM/Reuters or Bloomberg or published in recognized newspapers such as The Wall Street Journal and the Financial Times. If no sale has been reported for that day or if the exchange or market herein designated for the valuation of any given asset was not open on that day, the last published sale price or the last recorded bid price, whichever is more recent, shall be used, unless in the opinion of Northern Trust the value thus obtained does not fairly indicate the actual market value, in which case Northern Trust may rely on the value obtained from a reputable broker, or investment banker as of the valuation date. Other valuation methods may also be used. Securities traded only in the over-the-counter market are valued at the mid-point between the closing representative bid and asked prices therefore as reported by such securities' reporting system and for other over-the-counter securities at the mid-point between the last current bid and asked prices therefore determined in accordance with quotations obtained from a reputable broker or investment banker as of the valuation date. Notwithstanding the foregoing, Northern Trust may use any other method of valuation which is or which becomes generally accepted practice for valuation of assets of group trusts or similar collective investment vehicles or which is or becomes permitted by the Codification of Financial Reporting Policies promulgated by the SEC.

For purposes of determining the value of a Fund's securities, Northern Trust may rely upon reports printed in any newspaper of general circulation or in any other newspaper Northern Trust deems appropriate, or in any financial periodical or industry-recognized quotation service, or in the records of any securities exchange, as sufficient evidence of sale, bid and asked prices, and over-the-counter quotations. Other securities or assets which cannot be valued under the preceding provisions are valued on the basis of data obtained from the best available sources, including employees of Northern Trust, brokers or dealers who deal in or are familiar with the type of investment involved or other qualified appraisers including Velanne, or by reference to the market value of similar investments for which a market value is readily ascertainable.

Notwithstanding the foregoing, if the securities to be valued constitute a block that, in the judgment of Velanne, could not be liquidated in a reasonable time without depressing or inflating the market, or restrictions upon marketability exist with respect to such securities, Velanne may direct Northern Trust to assign securities a different value than that calculated according to the process above; provided that such block shall not be valued at a unit value in excess of the quoted market price of such securities.

The foregoing valuations also may be modified by Velanne if and to the extent Velanne determined that the modifications are advisable to reflect other factors affecting the value of assets. In these circumstances Velanne and Northern Trust would seek to establish the price from one or more of the sources of information described above. This may result in a discrepancy between Northern Trust's price and the price established by Velanne and Velanne may challenge Northern Trust using the procedure described below.

Under the challenge procedure, Velanne must provide evidence in writing of the discrepancy and support for its market price and/or exchange rate. Northern Trust will consider the challenge over the subsequent twenty-four hour period and compare the proposed price and/or exchange rate to other independent pricing sources and its own internal valuations. If Northern Trust determines that the proposed price and/or exchange rate is more appropriate than the original price or exchange rate, Northern Trust will change the market price/exchange rate used in the valuation of the Funds' net asset value. If the proposed price and/or exchange rate are not determined to be more appropriate than the original price or exchange rate the original market price and/or exchange rate used in the valuation will stand unless, and with respect to the US Fund only, Velanne formally directs Northern Trust to use a different price or exchange rate. Velanne will notify Unitholders in the US Fund within ten (10) Business Days of any such overrides or directions. This notification is normally provided in Velanne's periodic client newsletters or fact sheets.

Net asset value determinations reflect the deduction of all accrued debts and liabilities of the Funds, as the case may be, including any contingencies for which reserves are determined to be required by Velanne in its sole discretion.

Unitholders should be aware that situations involving uncertainties as to the valuation of portfolio positions could have an adverse effect on the Funds' net asset value if Northern Trust's or Velanne's judgments regarding appropriate valuations should prove incorrect. Northern Trust may request that Velanne certify the value of any securities or other property held by the Funds. Any such certification shall be regarded as a direction with regard to such valuation and shall be conclusive with respect to the valuation of the assets involved.

When approved, Northern Trust is responsible for preparing a Unitholders statement. As with the Funds' valuations, Velanne reviews the reports prior to their transmittal to Unitholders. Once approved, the reports are sent directly by Northern Trust to the Unitholder. Velanne does not have any opportunity to alter or adjust Unitholder valuations. Unitholder statements for the Fund are issued monthly, with statements for separately managed accounts usually issued monthly also. The unitholder is advised to carefully review any statements received.

From time to time, Velanne may receive notice of class action from Northern Trust. Where Velanne believes that it is cost effective, Velanne will work with Northern Trust to pursue the claim. Velanne does not actively participate in class actions and would not normally expect to engage counsel to pursue class action claims.

Item 16. Investment Discretion

Velanne accepts discretionary authority to manage securities accounts, as provided in the advisory agreements it enters into with clients. Other than as specified by the Clients' investment guidelines or pursuant to the terms of a separate account investment management agreement, Velanne has sole authority to determine, without obtaining specific consent, the amount of and specific securities to be bought and sold.

Error Correction Considerations

On rare occasions, an error may be made with respect to a transaction. For example, a security or other financial instrument (such as a spot or forward currency contract) may be erroneously purchased or sold, an investment guideline may be inadvertently breached or a security may be tendered in error as part of a corporate action. When it bears legal responsibility for correcting the error, Velanne generally seeks to place an account in a substantially similar position as it would have been in had the error not occurred. In certain circumstances, Velanne may be required to obtain the consent of its insurers, regulators (which may include, but are not limited to the FCA, the SEC, and the US Department of Labour), an independent fiduciary and/or its insurers before resolving an error. Obtaining these consents or correcting the error may result in, among other items, delays in placing an account in a substantially similar position as it would have been in had the error not occurred, or the payment of compensatory amounts (these payments may be paid over a period of years if Velanne has insufficient funds available for reimbursement).

Item 17. Voting Client Securities

Unitholders cannot direct the votes for Client securities. Velanne considers it to be of paramount importance when assessing proxy voting responsibilities to recognize the fiduciary responsibility it assumes as investment manager. Velanne recognizes the need to exercise its proxy voting obligations with a view to enhancing long term investment values. Velanne believes that both are generally compatible with good corporate governance as they provide the best operating environment for each underlying portfolio company to cope with competitive commercial pressures. It is Velanne's policy, subject to the considerations described below, to use its best efforts to vote proxies arising on all shares.

Standard issues typically arise at Annual General Meetings ("AGMs") or Ordinary General Meetings ("OGMs"). Standard issues may include items of a routine nature such as the presentation of financial statements to shareholders, approval of routine executive compensation or incentive plans, approval of financial statements by shareholders, election of directors and approval of director's fees, election of auditors and approval of audit fees and declaration of dividends.

Material issues may arise at Extraordinary General Meetings ("EGMs"), Special General Meetings ("SGMs"), OGMs or AGMs. Material issues may include items that relate to corporate governance matters; changes in a company's country of incorporation; mergers and other corporate restructurings; anti-takeover provisions such as staggered boards, poison pills, or supermajority provisions; changes to capital structures including increases and decreases of capital and preferred stock issuance; material stock option, management compensation, or incentive plan issues; and social and corporate responsibility considerations. Velanne also considers standard issues to be material issues when it has knowledge that a potential conflict of interest with management is present. These situations can arise where a portfolio company's US retirement plan assets are otherwise managed by Velanne, a portfolio company or one of its

affiliated entities is also a brokerage or other counterparty to Velanne's security or foreign currency transactions or where the person responsible for overseeing investments is also a director or officer of a portfolio company that would materially benefit from any executive compensation or incentive scheme subject to shareholder vote. Velanne may not be aware of the roles performed by authorised signatories for current and/or potential portfolio companies. Velanne asks to be notified of any known affiliations with publicly traded companies that could fall within Velanne's investment universe as part of the subscription process for the Clients as well as in separate account investment management agreements. As part of this, Velanne asks to be notified of any active involvement in the financial services industry or affiliated or employed by an investment bank, broker, custodian or asset management firm.

Northern Trust acts as custodian for the Funds. Northern Trust has outsourced certain of its proxy processing responsibilities to Broadridge, a leading provider of proxy voting services. Broadridge provides Velanne with meeting notification and ballot delivery services, agenda summaries, detailed agenda content including original source documents, translation services, power of attorney maintenance, recordkeeping and custom reports, and vote instruction processing services. Meeting notifications are provided according to an established service level agreement in place between Northern Trust and Broadridge and one in place between Northern Trust and Velanne. Velanne does not outsource any part of its proxy voting decision making process to Broadridge or Northern Trust.

Following receipt of proxy voting materials from Broadridge, Velanne's administration group prepares a "**Proxy Voting Summary Form**". The form includes the details of the number of shares held and a deadline for the response. If only standard issues are included on the proxy, one authorised person will decide on how to vote the proxy and sign the proxy voting summary form. If material issues are included, enhanced procedures apply. The issue will be discussed with two or more authorised personnel and they will assess the potential impact that the issues may have on the portfolio company, and decide on how to vote the proxy in question. The proxy voting summary form will then be approved, and the proxy vote processed.

In certain circumstances, Velanne may be unable to vote a specific proxy including, but not limited to, when Northern Trust or Broadridge does not provide a voting service in a given market, because Northern Trust or Broadridge does not process a proxy or provide sufficient notice of a vote, or because an error is committed by any party involved in the proxy voting or registration process. Velanne may also refrain from voting if, for example, it is considering liquidating a position (as shares may be blocked when proxies are submitted), where the costs of voting a specific proxy outweigh the economic benefit that Velanne believes would be derived, where a specific class of shares does not carry voting rights with respect to a given issue subject to shareholder vote, or where re-registration of the shares into a Fund's (rather than Northern Trust's nominee) name may (or may reasonably be expected to) result in a violation of local privacy laws or adversely impact the Fund's economic interests.

When voting proxies in certain markets, Velanne may be constrained by certain country or portfolio company specific issues. For example, some companies in the portfolio impose voting caps on the maximum number of proxy votes that any single outside shareholder may control. Others require all board issues to be resolved by a show of hands, rather than a poll. As all shares may be held by one nominee, these restrictions have the effect of substantially limiting the impact of any proxies cast. Furthermore, some companies in the portfolio may restrict Velanne from voting proxies where disclosures of holdings or securities under Velanne's control have not been made on a timely basis or in a format required under their articles of incorporation.

Additional information on Velanne's proxy voting and corporate governance policies can be found in the Stewardship Code Statement on Velanne's website. Velanne will provide quarterly summary of proxies voted or not voted and issues raised at meetings held by portfolio companies as required by the terms of its separate account investment management agreements and commingled fund governing documents.

Item 18. Financial information

This item is not applicable.

Velanne Asset Management Limited

SEC Registration Number: Applied For
SEC CRD Number: 291249

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London,
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Tel: 44 207 518 7110
www.velanneam.com

13 December 2017

Form ADV Part 2B Brochure Supplement

This brochure supplement provides information on Velanne's personnel listed below and supplements Velanne's Form ADV Part 2A brochure. You should have received a copy of that brochure. Please contact Velanne's Chief Compliance Officer, Kieran McDonagh, by calling +44 20 7518 7110 or by emailing kmcdonagh@velanneam.com if you did not receive the brochure or if there are any questions about the contents of this brochure supplement.

A summary of the education and a minimum of five years of the business background of various Velanne Members and other members of senior management are set out below. Additional information is available , on the SEC's website at www.adviserinfo@sec.gov.

Board

Anne E. Gudefin
Kieran M. McDonagh
Timothy J. Linehan

Investment Personnel

Anne E. Gudefin
Jake M. Thomson
Mark K. Burrows

To contact any member of the Board, please contact clientservice@velanneam.com and/or kmcdonagh@velanneam.com, or alternatively phone (212) 377-3711.

All personnel listed above will resign as Silchester International Investors LLP ("Silchester") employees and become employed by Velanne Asset Management Limited on or around 1st June 2018.

Name: **Anne E. Gudefin**

Year of Birth: 1966

Education and degree: (1) Columbia University
Master of Business Administration

(2) Paris Institute of Political Studies (Sciences Po)
Degree in Economics and Finance

Business Background: Velanne Asset Management Limited; 2017 to present
Chair, Chief Executive Officer, Chief Investment Officer and Director

Silchester International Investors LLP; May 2017 to present.
Chief Investment Officer – Velanne Global Equity Program

PIMCO; 2010 to 2015
Portfolio Manager

Franklin Templeton Investments; 2000 to 2009
Portfolio Manager

Disciplinary Information: No disciplinary information to disclose.

Other Business Activities: None

Additional Compensation: No additional economic benefit received from third parties for providing advisory services.

Supervision: Supervised by Velanne’s Board of Directors.

Name: **Kieran M. McDonagh**

Year of Birth: 1978

Education and Degree: (1) Dublin City University
MA in International Relations

(2) University College Cork
Graduate Diploma in Business Economics

(3) Maynooth University
BA in Economics & Sociology

Business Background: Velanne Asset Management Limited; 2017 to present
Chief Operating Officer, Chief Compliance Officer and Director

Silchester International Investors LLP; 2017 to present
Employee

Aberdeen Asset Management; 2011 to 2017
Operational Due Analyst &

Head of Hedge Fund Accounting

Citco Fund Services (Canada); 2010 to 2010
Supervisor (Hedge Fund Administration)

Schroders NewFinance Capital; 2007 to 2010
Head of Operations

Disciplinary Information: No disciplinary information to disclose.

Other Business Activities: None

Additional Compensation: No additional economic benefit received from third parties for providing advisory services.

Supervision: Supervised by Velanne's Board of Directors.

Name: **Timothy J. Linehan**

Year of Birth: 1970

Education and Degree: University of Notre Dame
BA in Accounting

Business Background: Silchester International Investors LLP; 2010 to present
Member of Supervisory Group
Chief Compliance Officer and Head of Operations
Member of Silchester International Investors LLP

Silchester Capital Limited; 2016 to present
Director; 2016 to present

Silchester Partners Limited; 2003 to present
Chief Compliance Officer and Head of Operations; 2003 to 2010
Director; 2011 to present

Highclere International Investors LLP; 2011 to present
Non-Executive Member of Supervisory Group

Highclere Investment Management Limited; 2006 to present
Non-Executive Director

Heronbridge Investment Management LLP; 2006 to 2014
Non-Executive Member of Supervisory Group

Heronbridge Limited; 2006 to 2014
Non-Executive Director

Sanderson Asset Management LLP; 2013 to present
Non-Executive Member of Supervisory Group

Sanderson Partners Limited; 2006 to present
Non-Executive Director

Edgbaston Investment Partners LLP; 2016 to present
Non-Executive Member of Supervisory Group

Edgbaston Partners Limited; 2008 to present
Non-Executive Director

Kiltearn Partners LLP; 2011 to present
Non-Executive Member of Supervisory Group

Kiltearn Limited; 2011 to present
Non-Executive Director

Cape Ann Asset Management Limited; 2015 to present
Non-Executive Director

Velanne Asset Management Limited; 2017 to present
Non-Executive Director

Disciplinary Information: No disciplinary information to disclose.

Other Business Activities: None

Additional Compensation: No additional economic benefit received from third parties for providing advisory services.

Supervision: Supervised by Velanne's Board of Directors.

Name: **Jake M. Thomson**

Year of Birth: 1983

Education and degree: Edinburgh University
MA in Spanish and Portuguese

Business Background: Velanne Asset Management Limited; 2017 to present
Investment Analyst

Silchester International Investors LLP; 2017 to present
Investment Analyst – Velanne Global Equity Program

Odey Asset Management; 2013 to 2016
Analyst

Morgan Stanley Investment Management; 2007 to 2012
Investment Analyst

Globalvest Asset Management; 2006 to 2006
Research Analyst

Disciplinary Information: No disciplinary information to disclose.

Other Business Activities: None

Additional Compensation: No additional economic benefit received from third parties for providing advisory services.

Supervision: Supervised by Velanne's Board of Directors.

Name: **Mark K. Burrows**

Year of Birth: 1989

Education and degree: Loughborough University
BA in Politics and English

Business Background: Velanne Asset Management Limited; 2017 to present
Investment Analyst

Silchester International Investors LLP; 2017 to present
Investment Analyst – Velanne Global Equity Program

AllianceBernstein L.P.; 2015 to 2017
Equity Research Associate

RBC Capital Markets; 2014 to 2015
Equity Research Associate

Deloitte; 2010 to 2014
Assistant Manager, Corporate Finance &
Assistant Manager, Banking & Capital Markets

Disciplinary Information: No disciplinary information to disclose.

Other Business Activities: None

Additional Compensation: No additional economic benefit received from third parties for providing advisory services.

Supervision: Supervised by Velanne's Board of Directors.
