

**Part 2A of Form ADV:  
Firm Brochure  
Silk Invest Limited  
March 28, 2020**

Silk Invest Limited  
68 Lombard Street  
London, EC3V 9LJ, United Kingdom  
Phone: 0044 208 088 1040  
US Phone: 001 914 924 8341  
Contact email: [compliance@silkinvest.com](mailto:compliance@silkinvest.com)

This brochure provides information about the qualifications and business practices of Silk Invest Limited. If you have any questions about the contents of this brochure, please contact us at [compliance@silkinvest.com](mailto:compliance@silkinvest.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Silk Invest Limited is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This document serves as our Brochure and is dated March 28, 2020. Since our last annual brochure, dated March 28, 2019, the material changes are as follows:

- The Fund eliminated the service class of shares which is reflected in the updated prospectus from October 2019. The Institutional Class Shares (FSNHX) is the fund's sole share class.
- The fund's annual Fund Operating Expenses After Fee Waiver was reduced from 1.75% to 1.74%.
- Hifza Zia was appointed the Lead Portfolio Manager for the fund in April 2019. A brochure supplement was filed at that time to reflect this management change.

In the future, this document will discuss only specific material changes that are made to the brochure and provide clients with a summary of such changes. We will also reference the date of the last annual update of our brochure.

Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of the business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

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## **Item 4 – Advisory Business**

Silk Invest Limited (the “Firm” or “Silk”) is a limited liability private company organized under the laws of England and Wales and was formed in May 2008. Silk is an investment advisory firm authorized and regulated in the United Kingdom by the Financial Conduct Authority (“FCA”) and by the U.S. Securities and Exchange Commission (“SEC”) as an investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”) since August 2012.

Key members of Silk Invest have worked together since 2008 and founded a specialist investment management firm focusing on frontier markets. The management team founded the company with their own financial resources rather than relying on external funds from established institutions. Silk Investment Management Ltd is the principal owner of Silk Invest Ltd and the Board and staff are also typically investors. Mr. Zin Bakkali retains a controlling interest in Silk Investment Management Ltd.

Silk Invest provides discretionary and non-discretionary investment advisory services, typically fund management advice, to investment funds and collective investment schemes, such as UCITS Funds, which are regulated by the Luxembourg CSSF (collectively referred to as the “Funds”). In addition, Silk may also provide advisory services to management firms and US registered investment companies by acting as an adviser or sub-adviser (“Sub-Advisory Client”). The Funds and (Sub-) Advisory Clients are collectively referred to in this Brochure as “Clients.” Persons or entities that invest in the Funds or (Sub-)Advisory Clients are referred to in this Brochure as “investors.” With respect to the Clients, Silk Invest provides investment advice and other services directly to the Clients and not individually to the investors in such Funds or Sub-Advisory Clients.

Silk Invest is an investment specialist firm managing funds dedicated mainly to Frontier Markets, encompassing among others many African, Middle Eastern and Asian capital markets.

Silk provides investment advice primarily aiming to maximize capital growth by investing in Frontier Market securities. The Firm aims to achieve long term capital appreciation mainly by investing in frontier markets in Africa, the Middle East and Asia. Silk’s investment capabilities cover various asset classes and include, but are not limited to, equities, fixed income and private equity.

As of December 31, 2019, Silk had discretion over assets under management of approximately \$75 million.

## **Item 5 – Fees and Compensation**

Silk Invest generally receives management fees for its investment advisory services which may vary and in some cases may be negotiable. The rate of Silk Invest's management fees may vary depending upon factors such as, among others, the type of account, the asset classes being managed, the amount of assets being managed, the investment horizon or time period associated with the assets being managed and the investment strategies being employed by Silk Invest. Silk Invest's management fees are generally asset-based and calculated at an annual rate as a percentage of the value of the assets managed by Silk Invest and will usually be prorated for periods of less than a full billing period. Management fees are typically paid by deducting the amount of the fee from the applicable account.

With respect to certain Clients, including, for example, those for which Silk Invest may act as sub-adviser, Silk Invest may enter into fee-sharing or other similar arrangements with the other adviser or other parties.

Silk Invest's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the Client. The Client may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees. Such charges, fees and commissions are exclusive of and in addition to Silk Invest's fee, and Silk Invest shall not receive any portion of these commissions, fees, and costs.

Additionally, certain organizational and offering expenses, placement fees and similar expenses, expenses related to short sales, clearing and settlement charges, interest expenses, servicing and syndication fees, costs of joint ventures or other entities (including operating platforms), costs of third-party compliance products and services, costs and expenses incurred in connection with any indebtedness, including, without limitation, the costs of establishing such indebtedness and other fees and compensation, investment-related travel expenses, professional fees relating to investments and other related costs and expenses may be incurred by Clients.

Silk Invest and its affiliates may earn ancillary fees, such as fee and related income from services provided in relation to the investments of the Client or in connection with prospective investments of the Client, such fees as for example: advisory fees, due diligence fees, structuring fees, servicing fees, administrative fees, collateral agent fees, success fees, director's fees, break-up fees or other fees not listed above. Generally, any ancillary fees paid to or related income earned by Silk Invest or its affiliates will not reduce the Client management fees or the performance compensation.

### **US Registered Funds**

With respect to U.S. Registered Funds, each U.S. Registered Fund's prospectus sets forth the applicable fees and expenses.

The Silk Invest New Horizons Frontier Fund has an annual management fee of 1.35% of the average daily net assets of the Fund.

### **Non-US Mutual Fund/UCITS Funds Fees**

All fees paid to Silk Invest for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or UCITS Funds (“Funds”) to their shareholders. These fees and expenses are described in each Fund’s prospectus/offering documents. These fees will generally include a management fee, other Fund expenses, and a possible distribution fee. UCITS fees for comparable strategies are as follows:

Retail Share Class: 1.8% plus 15% performance fee with a 4% semi-annual hurdle rate

Institutional Share Class: 1.4% plus 15% performance fee with a 4% semi-annual hurdle rate

Silk Invest does not require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

### **Termination of the Advisory Relationship**

A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination, fees on accounts managed for periods of less than a full quarter will be prorated based on the actual number of days managed, and any prepaid, unearned fees will be promptly refunded.

### **Side Letters**

From time to time Silk Invest may enter into side letter agreements with certain investors in the Investment Funds which provide for various terms of investment that differ from those described in the offering documents. All side letter agreements are approved by Outside Counsel, the CIO and the portfolio manager. The Firm will maintain a spreadsheet for each Investment Fund which shows the various types of side letter agreements in place and each investor for which there is such a side letter.

Terms of investment that may differ include, but are not limited to, the following:

- “Most Favored Nation” status;
- Immediate notification of certain material events;
- More transparency; and,
- More frequent reporting.

Item 12 further describes the factors that Silk Invest considers in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of their compensation (e.g., commissions).

Investors should refer to the Client’s offering memorandum, subscription agreements, investment management agreements and/or other offering documents for addition/supplementary information regarding the Client as well as the fees and expenses paid by the Client.

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

Silk Invest, or an affiliate of Silk Invest, is typically paid performance-based compensation in addition to management fees by some Clients. Such performance-based compensation (including incentive allocations, incentive fees, carried interest or other fees, as the case may be) may be calculated in several different ways depending on the nature of the Client’s strategy, any applicable lock-up periods,

performance benchmarks and performance hurdles, and may be assessed on unrealized appreciation. Performance-based compensation is typically up to 20% of the realized and unrealized net profits above a pre-determined hurdle rate and allocated to each Client's (or investor's) account for a fiscal year and payable annually in arrears or upon redemption. The rate of the performance-based compensation may vary and, in some cases, may be negotiable, and may be payable more or less frequently depending on the Client or the arrangement.

Performance-based compensation generally is subject to loss recovery provisions, sometimes referred to as a "high water mark" but may, in certain situations, not be subject to a high water mark. Performance-based compensation is typically paid directly to Silk Invest or an affiliate of Silk Invest from the applicable Client (or investor). To the extent that Silk Invest charges performance-based compensation to its US based Clients, such performance-based compensation will comply with the requirements of Section 205 and Rule 205-3 under the Advisers Act and such other provisions as are applicable, including but not limited to the 1940 Act.

Performance-based fees create certain inherent conflicts of interest with respect to Silk's management of assets. Specifically, our entitlement to a performance-based fee in managing one or more Client accounts may create an incentive for us to take risks in managing assets that we would not otherwise take in the absence of such arrangements. Additionally, even though performance-based fees reward us for strong performance in accounts which are subject to such fees, we do treat all accounts the same and all trades are fairly allocated, securities are bought across all accounts (after taking into account any guidelines restrictions) and there is no deviations in favoring any account because of performance fees.

Silk Invest has policies and procedures to address these conflicts, as described further below in this section.

In addition, our investment professionals simultaneously manage various types of Client accounts (including European collective investment schemes (UCITS), and private investment pools) according to the same or a similar investment strategy (i.e., side-by-side management). The simultaneous management of these different investment products creates certain conflicts of interest, as the fees for the management of certain types of products are higher than others. When managing the assets of such Clients' accounts, Silk Invest has an affirmative duty to treat all such Client accounts fairly and equitably over time and maintains controls in furtherance of this goal, as described below.

As noted, performance fees and side-by-side management of various types of Client accounts raise the possibility of preferential treatment of a Client account. Silk Invest manages all Client accounts with the same strategy in line with a model portfolio for that strategy, which will generally prevent such preferential treatment, although there may be differences in accounts following the same strategy for various reasons, described in more detail below.

Nonetheless, Client accounts within a strategy will not necessarily be managed the same at all times, and there is no requirement that Silk Invest uses the same investment practices consistently across all Client accounts. In general, investment decisions for each Client account will be made with specific reference to the individual needs and objectives of each Client account.

In fact, the holdings and trades of Client accounts with the same or similar investment strategies may differ for a variety of reasons, including different Client guidelines, differences within similar investment strategies, and a Client's inability to meet eligibility requirements for a particular transaction. In addition, Silk Invest will not necessarily purchase or sell the same securities at the same time or in the same

proportionate amounts for all eligible Client accounts, particularly if different accounts have materially different amounts of capital under management by Silk Invest or different amounts of investable cash available. As a result, although Silk Invest manages various Client accounts with similar or identical investment objectives, or may manage Client accounts with different objectives that trade in the same securities, the portfolio decisions relating to these Client accounts, and the performance resulting from such decisions, may differ from Client to Client.

Investors should refer to the Client's respective offering memorandum, subscription agreements and other offering documents for addition/supplementary information regarding the Client as well as the fees and expenses paid by the Client.

## **Item 7- Types of Clients**

As described in Item 4, Silk Invest furnishes discretionary and non-discretionary investment advisory and other services, directly and indirectly, to Funds and (Sub-)advisory Clients (as previously noted, collectively referred to in this Brochure as "Clients"). With respect to the Funds and (Sub-)advisory Clients, investment advice and other services are provided directly to the Funds and Sub-advisory Clients, as adviser or sub-adviser, and not individually to any of the investors in the Funds or Sub-advisory Clients.

Persons and entities that invest in the Funds or (Sub-)Advisory Clients are referred to herein as "investors", as previously noted. Investors may include, but not limited to, individuals, pension and profit-sharing plans, funds-of-funds, sovereign wealth funds, insurance and financial institutions, family offices, union plans, trusts, endowments, foundations, charitable organizations and other types of entities.

The minimum investment for a Client or an investor generally will be determined by Silk Invest, or the general partner, managing member and/or Board of Directors, as applicable, of the Client and will generally be set out in the offering documents and/or investment management or other agreements. Such minimum investment amounts may be waived by Silk Invest, the general partner, managing member, or board of directors, as applicable, if permissible under relevant law. Minimum investment amounts generally are negotiated on a case-by-case basis with a Client or an investor.

Mutual Funds. We provide advisory services to certain Undertakings for Collective Investments in Transferable Securities ("UCITS") funds domiciled in Luxembourg and may provide certain ancillary services to the UCITS Funds and to the Silk Invest New Horizon Fund

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

Silk Invest combines a bottom-up based approach that starts with input from locally based research investment managers and a committed investment team overseen from London with a Chief Investment Officer that steers the investment decision process from the top down. This allows the firm to get deep local insights on companies while maintaining a centralized oversight on the portfolio level.

The Firm's investment philosophy combines fundamental in-depth research and a conservative valuation approach with a diversification strategy designed to limit downside risk. The research team is the cornerstone of all investment activities.



Investment ideas are usually generated internally, through research and analysis, and are based primarily upon the research and analytical experience and expertise of each of the investment and other professionals that supervise and review the applicable accounts.

Silk Invest's security analysis methods include quantitative and fundamental analysis. Quantitative analysis looks at specific variables based on their numerical values. The initial screens are quantitative, looking for certain metrics to define the country universe and the liquidity of the investments. Fundamental analysis is a method of evaluating a security in which Silk Invest attempts to determine the intrinsic value of a security by examining certain economic, financial, and other qualitative and quantitative factors, including both macroeconomic factors, such as the overall economy and industry conditions, and company-specific factors, such as management.

Investing involves substantial risks, including the risk of total loss of capital. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

### **Regional Market Exposure**

Clients may have a substantial percentage of their portfolio exposure in key international regions (including Africa, the Middle East and Asia).

### **Emerging and Frontier Markets**

A Client may invest its assets in emerging or frontier markets. Investing in emerging or frontier markets involves additional risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include:

(i) increased risk of nationalization or expropriation of assets or confiscatory taxation, (ii) greater social, economic and political uncertainty, including war, (iii) higher dependence on exports and the corresponding importance of international trade, (iv) greater volatility, less liquidity and smaller capitalization of securities markets, (v) greater volatility in currency exchange rates, (vi) greater risk of inflation, (vii) greater controls on foreign investment and limitations on repatriation of invested capital and on the ability to exchange local currencies for U.S. dollars, (viii) increased likelihood of governmental involvement in and control over the economies, (ix) governmental decisions to cease support of economic reform programs or to impose central planning on economies, (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers, (xi) less extensive regulation of the securities markets, (xii) longer settlement periods for investment transactions and less reliable clearance and custody arrangements and (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and protection of investors.

### **Equity Securities**

A number of the strategies are based on attempting to predict the future price level of different equity or equity-related securities. Numerous inter-related and difficult-to-quantify economic factors, as well as market sentiment, subjective and extraneous political, climate-related and terrorism-related factors, influence the cost of equities and equity-related securities; there can be no assurance that Silk or its affiliates will be able to predict future price levels correctly or at all. Directional equity and equity-related positions may be leveraged, and even comparatively minor adverse market movements can result in substantial losses.

## **High Yield Securities**

A Client may invest in “high yield” bonds in emerging or frontier markets, the Sovereigns of which are rated in the lower rating categories by virtue of political risk as measured by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominately speculative with respect to the issuer’s capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. Additionally, adverse publicity and/or investor perceptions of lower-rated securities may be a contributing factor to a decrease in the value and liquidity of such lower-rated securities, whether based on fundamental analysis or not.

## **Small and Medium Capitalization Companies**

Typically, company market capitalizations are smaller in frontier markets than in more developed markets. A Client may invest a portion of its assets in the securities of companies with small to medium-sized market capitalizations. While the Firm believes such securities often provide significant potential for appreciation, the securities of certain companies, particularly smaller-capitalization companies, involve higher risks in some respects than do investments in securities of larger companies. For example, prices of small capitalization and even medium-capitalization securities are often more volatile than prices of large capitalization securities and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, “blue-chip” companies. In addition, due to thin trading in the securities of some small-capitalization companies, an investment in those companies may be illiquid.

## **Large-Capitalization**

Large, more established companies may be unable to respond quickly to new competitive challenges such as technology and consumer tastes. Many larger companies also may not be able to attain the high growth rate of successful smaller companies, especially during periods of extended expansion.

## **Currency risk**

“Local” market securities: Foreign currency exposure will naturally arise from investment in overseas assets. Exchange rates between a client’s base currency and that of any local market currency may fluctuate for reasons unrelated to the particular securities a portfolio holds. Such changes can have a negative impact on the returns from those investments.

## **Volatility risk**

Higher volatility may result in dramatic changes in security values.

## **Special Situations**

A Client may be invested by Silk Invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security, the value of which will be less than the purchase price of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Client may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which a Client may invest, there is a potential risk of loss by the Client of its entire investment in such companies. In connection with such transactions (or otherwise), a Client may purchase investments on a when-issued basis, which means that delivery and payment take place sometime after the date of the commitment to purchase and is often conditioned upon the occurrence of a subsequent event, such as approval and consummation of a merger, reorganization or debt restructuring. The purchase price or interest rate receivable with respect to a when-issued investment can be fixed when a Client enters into the commitment. Such investments are subject to changes in market value prior to their delivery.

### **Structured Finance Securities**

A Client may invest in structured finance securities such as, for example, Swaps or P notes issued by investment banks to gain access to certain frontier markets. In addition, collateralized mortgage obligations, collateralized bond obligations, collateralized loan obligations or similar instruments may be used from time to time. Structured finance securities may present risks similar to those of the other types of investments in which a Client may invest and, in fact, such risks may be of greater significance in the case of structured finance securities. Moreover, investing in structured finance securities may entail a variety of unique risks. Among other risks, structured finance securities may be subject to prepayment risk. In addition, the performance of a structured finance security will be affected by a variety of factors, including its priority in the capital structure of the issuer thereof, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets.

### **Investments in Undervalued Instruments**

The identification of investment opportunities in undervalued instruments is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued instruments offer the opportunity for above-average capital appreciation, these investments may involve a high degree of financial risk and can result in substantial losses. Returns generated from a Client's investments may not adequately compensate for the business and financial risks assumed.

### **Non-U.S. Investments**

Investments outside the United States pose risks that could include, depending on the country involved, expropriation, confiscatory taxation, political or social instability, illiquidity, price volatility and market manipulation. This is particularly the case in emerging and frontier markets. In addition, less information may be available regarding non-U.S. issuers who in turns may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. based issuers. Transaction costs of investing outside the United States are generally higher than in the United States.

There is generally less government supervision and regulation of exchanges, brokers and issuers than there is in the United States. A Client might have greater difficulty taking appropriate legal action in non U.S. jurisdictions or courts. Non-U.S. markets also have different clearance and settlement procedures that in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect a Client's performance.

### **Non-U.S. Currency Transactions**

A Client may invest in securities and instruments denominated in non-U.S. dollar currencies. Such investments are subject to the risk that the value of a particular currency will change in relation to the U.S. dollar. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. A Client may seek to hedge these risks by investing directly in non-U.S. currencies and buying and selling options, futures or forward contracts thereon. There can be no assurance, however, that those strategies, if implemented, will be effective.

### **Foreign Exchange**

A Client may engage in foreign exchange transactions in the spot and forward markets to hedge or amplify their equity or fixed-income currency denominated positions in non-U.S. dollar currencies, if any. A forward currency exchange contract involves an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days from the date of the contract as agreed by the parties, at a price that is fixed at the time the contract is entered into. In addition, a Client may maintain short positions in forward currency exchange transactions, in which the Client agrees to exchange a specified amount of a currency it does not currently own for another currency at a future date in anticipation of a decline in the value of the currency sold relative to the value of the currency the Client agreed to purchase. A forward currency exchange contract, being an over-the-counter instrument, offers less protection against defaults by the counterparty to the contract than is the case with exchange-traded currency futures contracts. Forward currency exchange contracts are also highly leveraged, in some cases requiring little or no original margin deposit. Forward currency exchange contracts could have a specific margin calls schedule as those are typically the result of an agreement between the contracting parties. A Client may also purchase and sell put and call options on currencies and currency futures contracts and options on currency futures contracts.

### **Derivative Instruments**

Derivative instruments, or "derivatives," include instruments and contracts which are derived from and are valued in relation to one or more underlying investments, financial benchmarks or indices. Derivatives typically allow an investor to hedge or speculate upon the price movements of a particular investment, financial benchmark or index at a fraction of the cost of acquiring, borrowing or selling short the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many, if not all, of the risks applicable to trading the underlying asset are also applicable to trading in derivatives. However, there are a number of additional risks associated with trading in derivatives. Transactions in certain derivatives are subject to clearance on a U.S. national exchange and to regulatory oversight, while other derivatives are subject to risks of trading in the over-the-counter markets or on non- U.S. exchanges

## **Private Equity Investments**

The private equity investment vehicles or strategies in which certain Clients may invest will be subject to significant legal or contractual restrictions on transferability or other special considerations (such as the lack of a liquid market) that restrict or limit the ability of the Client to dispose of such investments without impairing their value. A Client's participation in such investments may significantly restrict the ability of an investor to make withdrawals. An investor may be required to continue to participate in such investments irrespective of whether such investor has withdrawn the balance of its capital accounts available for withdrawal, and the client may be required to hold such investments indefinitely, even if such investments become completely illiquid or unprofitable.

## **Accounting Standards**

Clients may invest in countries where generally accepted accounting standards and practices differ significantly from those practiced in the United States. The evaluation of potential investments and the ability to perform due diligence may be affected. The financial information appearing on the financial statements of a company operating in one or more countries outside the United States may not reflect its financial position or results of operations in the way that they would be reflected if the financial statements had been prepared in accordance with U.S. Generally Accepted Accounting Principles.

## **Exit Strategies**

A number of factors may complicate exit strategies pursued by a Client. Aggregate trading volumes on non-U.S. investments markets are substantially lower than trading volumes in the United States. Investments of many non-U.S. companies in which a Client may invest will be less liquid and more volatile than investments of comparable U.S. companies.

## **Cyber Security Risk**

With the increased use of technologies such as the Internet to conduct business, a portfolio is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events and are not limited to, gaining unauthorized access to digital systems, and misappropriating assets or sensitive information, corrupting data, or causing operational disruption, including the denial-of-service attacks on websites. Cyber security failures or breaches by a third party service provider and the issuers of securities in which the portfolio invests, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs, including the cost to prevent cyber incidents.

Silk Invest has taken steps that attempt to mitigate cybersecurity risks, but cannot guarantee that such steps will block those risks. Investors should refer to the Client's offering memorandum, subscription agreements and other offering documents for addition/supplementary information regarding the Client as well as the investment strategies and cyber security risks involved.

## **Item 9 – Disciplinary Information**

Silk Invest has not had any legal or disciplinary events that would be material to one's evaluation of its business or the integrity of its management.

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

Silk is not registered and does not have an application pending as a securities broker-dealer, futures commission merchant, commodity pool operator or commodity trading adviser. In the United Kingdom, Silk is authorized and regulated by the Financial Conduct Authority with Part IV permission under the Financial Services and Markets Act 2000.

### **Affiliate Relationships with Limited Partnerships and Limited Liability Companies**

As described above, we serve as the investment manager of certain commingled investment vehicles, including limited partnerships and limited liability companies, for which we or our affiliates serve as general partner or managing member.

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

Silk Invest has a Code of Conduct (the "Code") which it refers to as its compliance manual. This is designed to address, among other things, actual or potential conflicts which might arise in the context of personal dealings and other activities by Silk's employees. The Code includes provisions relating to personal dealings, confidentiality of Client information and data protection and gifts and inducements. Consistent with the Code, Silk Invest's employees may from time to time purchase, sell or hold, directly or indirectly, positions for their personal accounts in the same securities or securities or assets that also may be held, or have been or will be purchased or sold for the accounts of Clients. Our employees are required to report any violation of the code of ethics promptly to our chief compliance officer.

### **Personal Securities Trading Standards**

We maintain personal securities trading standards that govern the trading activities of our employees as well as their household members and dependents. Subject to certain limited exceptions, employees are required by the standards to:

- report personal securities transactions to our corporate compliance unit;
- pre-clear personal securities transactions (for employees considered to be "access persons" under SEC rules);
- maintain brokerage accounts only with certain approved brokers that report transaction information to our corporate compliance unit; and
- quarterly report securities holdings to our corporate compliance unit.

Our access persons and investment personnel are subject to additional restrictions under the policy, including the following:

- investment personnel are prohibited from purchasing securities in initial public offerings;
- access persons may not trade any security on the same day that we trade such security (or an equivalent security) for client accounts;
- investment personnel are prohibited from trading any security within seven days (7) before or after we trade such security (or an equivalent security) for client accounts;
- investment personnel who invest in proprietary and certain non-proprietary UCITS funds must hold such investments for a period of at least 60 days;
- investment personnel must disgorge any profits from the purchase and sale (in whatever order) of the same security within 60 days; and
- access persons may not write naked call options or buy naked put options on a security held in a client account.

We compare personal trading activity versus firm trading and restricted list content, and any matches are investigated by our compliance unit. An ethics committee meets regularly to consider possible violations and take disciplinary action where appropriate.

All employees receive annual training regarding our personal securities trading and information barrier standards. In addition, employees must annually confirm that they have read and understand our code of ethics, including the personal securities trading and information barrier standards.

### **Gift & Entertainment Policy**

Our employees may occasionally give or receive gifts, meals or entertainment of moderate value, subject to compliance with applicable laws and regulations. Silk has adopted a policy to address the conflicts of interest related to gifts and entertainment, such as the appearance of having given or received something of value that influenced our business decisions or the business decisions of our clients. The policy requires the reporting and preclearance of gifts, meals and entertainment given or received which exceed certain thresholds. In addition, our employees are prohibited from soliciting the receipt of gifts, meals or entertainment. Senior management periodically reviews summaries of gifts and entertainment activity to detect trends of abuse, conflicts of interest, or possible violations of the policy. Staffs are aware that the cap on gifts to personnel is \$200 per year (or its Pounds and Euro equivalent) from any party or persons outside the company.

Upon written request investors in the Client may obtain a copy of Silk's Code by contacting [compliance@silkinvest.com](mailto:compliance@silkinvest.com)

Silk Invest is a signatory of the United Nations-backed Principles for Responsible Investment (UN PRI) and is committed to incorporating these principles across its investment products.

## Item 12 – Brokerage Practices

Silk Invest has the authority to determine, without specific Client consent, the securities or instruments to be bought and sold and the broker-dealer or counterparty, as well as the time, price, manner and amount. Generally, there are no restrictions or limitations on Silk Invest's authority.

In the course of selecting such, brokers, dealers, banks and financial intermediaries to effect transactions for and with Clients, Silk may agree to such commissions, fees and other charges on behalf of its Clients as it shall deem reasonable under the circumstances taking into consideration all such factors as the Firm and its personnel deem relevant, including, among other things, the quality of research services (even if such research services are not for the exclusive benefit of the relevant Client(s)). There is no assurance that the costs of such services will represent the lowest costs available.

Commercial banks and dealers act as principals to affect fixed income trades (including bank debt) and earn a mark- up, technically not a commission, on such trades. Certain fixed income securities such as bank debt or trade claims can be subject to settlement periods/closings in excess of the securities standard of trade date plus three days. Settlements/closings can range from ten to sixty days, or longer in the case of distressed, non-US transactions and special situation trades.

Silk Invest generally seeks to obtain, among other things, best execution of securities transactions for its Clients. Silk considers relevant factors such as: the ability to achieve prompt and reliable executions; the efficiency with which transactions are effected; the financial strength, integrity and stability of the broker; service as a Prime Broker or capital introduction capabilities; the quality, comprehensiveness and frequency of available research services considered to be of value; and the competitiveness of transaction costs. Thus even when a range of brokers and dealers is available, transaction cost is not the sole factor used by Silk to evaluate execution. Research services provided by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services, as well as discussions with research personnel. The Firm may have an incentive to select or recommend dealers based on an interest in receiving research or other products or services rather than Clients' interest in receiving favorable execution. Firm employees may receive gifts and gratuities from broker-dealers or persons with whom the Firm does business. This may include tickets to sporting events, meals and other entertainment, transportation, attendance at seminars or other educational training or informational events, logo items and other items of small value, gifts associated with life events such as birthdays or weddings, and gifts of substantial value. It is the Firm's policy that gifts or entertainment (in excess of \$200 or its Pounds or Euro equivalent) given and received of substantial value must be pre- approved.

The Firm has no directed brokerage arrangements. Such arrangements are almost always at the request of a Client. If the firm were to engage in such arrangements, there is no assurance that best execution could be achieved.

Orders are allocated among eligible Clients in a manner which Silk believes is fair and equitable and this is done both pre-trade and post-trade. Pro rata allocation is not always feasible and allocations are driven by a number of factors including, among others, investment guidelines and the portfolio manager's overall view of the portfolio, including the nature and size of target positions and existing positions, available cash, cash needs, as well as market conditions and performance. Accordingly, Silk Invest's allocation decisions will affect performance and certain Clients may not



participate in gains or losses that were realized by other Clients with similar investment objectives. Likewise, certain allocations to Clients which provide for performance compensation could result in an increased economic benefit to Silk Invest.

Although not a common practice Silk Invest has the ability to engage in cross trade transactions. A cross trade transaction occurs when Silk sells a security from one Client account and directly purchases the security in another Client account. It is a policy that Silk Invest does not execute cross trades with respect to the Silk Invest New Horizon Fund, if executed, cross trades are executed between UCITS.

Silk does not engage in principal trade transactions.

From time to time, during the course of trading for Clients, errors can occur. It is the policy of Silk Invest to resolve an error in a manner which will put the Client in such a position as if the error had not occurred. Subject to applicable documentation, Silk Invest is responsible for its own errors and not the errors of other, such as the errors of other persons, including third party broker-dealers and custodians. In cases when an error is attributable to a broker-dealer or other third party, the Firm takes reasonable steps to recover the amount of losses resulting from a third party trading error.

## **Item 13- Review of Accounts**

Silk Invest constantly monitors Clients' portfolios and certain risks associated with such portfolios and another thorough review are carried out quarterly. Each Client portfolio is maintained, supervised and reviewed on a regular basis by the Client's respective portfolio manager and its investment team (the "Investment Professionals") and also benefits from the resources of the Firm, including risk, compliance, finance, operations, technology, legal and marketing resources. Investment Professionals and other professionals (e.g., risk management professionals) participate in reviews.

In addition to regular monitoring, factors that may trigger a special review include, but are not limited to: changes in market, economic, or legal or regulatory conditions, changes in information or other factors regarding a particular investment, purchase and sales of investments, and other similar developments and events. General reviews usually involve consideration of investments held, the percentage of assets in various types of asset classes, industry or sector concentrations and the relative and absolute performance of each Client.

Generally, with respect to Client Funds, audited financial statements are delivered in order to comply with the requirements of applicable law.

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

Silk Invest does not receive any economic benefit from non-clients in connection with giving advice to Clients. Currently, neither Silk Invest nor any related person directly or indirectly compensates any person who is not a supervised person, including placement agents, for client referrals.

## **Item 15 – Custody**

Because it is authorized to periodically bill and collect its fees from Client accounts, Silk Invest may be deemed to have custody of Client assets pursuant to Rule 206(4)-2 promulgated under the Advisers Act. It does not have custody of client securities for any other purpose. Silk Invest seeks to satisfy the requirements of Rule 206(4)-2 with respect to the Funds by delivering the audited financial statements directly to investors in such Fund(s) within 120 days of the Funds' fiscal year end.

## **Item 16 – Investment Discretion**

Silk Invest usually receives discretionary authority from Clients at the outset of an advisory relationship to select the identity and amount of investments to be bought or sold. Such authority is provided in Silk Invest's advisory agreement with each Client. Such discretion generally is exercised in a manner consistent with the stated investment objectives for the particular Client account. When selecting investments and determining amounts, Silk Invest seeks to observe the investment policies, limitations and restrictions of the Clients for which it provides advice.

Advisory services may be provided by Silk Invest on a discretionary or non-discretionary basis. Silk Invest may have discretionary authority to invest, reinvest or manage Client assets, including the authority to (i) direct transactions, (ii) provide instructions to exercise or abstain a right or privilege and (iii) negotiate contracts and agreements on behalf of the Client. A Client may provide Silk Invest with certain allocation ranges for specific asset classes as well as place limitations in the form of investment restrictions and guidelines, such as in connection with risk tolerances, leverage limitations, liquidity considerations and diversification requirements. A Client also may restrict investments of certain types.

## **Item 17 – Voting Client Securities**

Silk Invest's authority to vote proxies or corporate action for portfolio securities is set forth in the limited partnership agreements or its investment management agreements. Generally, Silk Invest votes proxies or participates in corporate actions based on what it considers to be in the best financial interest of the Clients. Clients that wish to direct votes may contact Silk Invest. We will use our best efforts to implement any written client voting instructions with respect to a specific solicitation. Silk Invest will vote proxies in what it believes to be the best financial interests of each particular Client, which may result in different voting results for proxies for the same issuer. Silk Invest believes that voting proxies in accordance with the following guidelines is generally in the best interests of its Clients.

- Generally, Silk Invest will vote in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors, and increases in or reclassification of common stock.
- Generally, the Adviser will vote against proposals that make it more difficult to replace members of the issuer's board of directors, including proposals to stagger the board, cause management to be overrepresented on the board, introduce cumulative voting, introduce unequal voting rights, and create supermajority voting.

For other proposals, the Adviser shall determine whether a proposal is in the best economic interests of its Clients and may take into account the following factors, among others:

- whether the proposal was recommended by management and the Adviser's opinion of management;
- whether the proposal acts to entrench existing management; and
- whether the proposal fairly compensates management for past and future performance.

Occasionally, a conflict of interest may arise in connection with proxy voting. For example, the issuer of the securities being voted may also be a client of ours. When we identify an actual or potential conflict of interest between our firm and our clients with respect to proxy voting, the matter is presented to senior management who will resolve such issue in consultation with the compliance and legal departments

## **Item 18- Financial Information**

Silk Invest is required in this item to provide you with certain financial information or disclosures about its financial condition. Silk Invest has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to its Client, and has not been the subject of a bankruptcy proceeding in the past ten years.