

# Sompo Asset Management Co., Ltd.

## Part 2A of Form ADV: The Brochure

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April 2020

This brochure provides information about the qualifications and business practices of Sompo Asset Management Co., Ltd. (“SAM” or the “Company”). If you have any questions about the contents of this brochure, please contact us at 81-3-5290-3400. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

## **Item 2 - Material Changes**

Our most recent update to Part 2A of Form ADV was made in June 2019. This update includes an update to our business name. On April 1, 2020, we changed our name to Sompo Asset Management Co., Ltd from Sompo Japan Nipponkoa Asset Management Co., Ltd.

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## **Item 4 - Advisory Business**

Sompo Asset Management Co., Ltd. (“SAM”) was established in February of 1986 as an asset manager with its principal office and place of business in Tokyo, Japan. SAM is a wholly owned subsidiary of SOMPO Holdings, Inc. (“SOMPO”). SOMPO is a publicly traded company listed on the Tokyo Stock Exchange.

SAM first registered as a registered investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”) in May 2017. Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

SAM’s investment philosophy is:

- All securities have an intrinsic value and that the market price tends towards the intrinsic value over time, although interim discrepancies occur;
- Intrinsic value is defined, for us, by asset's future cash flows; and
- Market behavior provides exploitable discrepancies between market price and intrinsic value.

As of March 31, 2019, SAM provides discretionary investment management services to non-U.S. separately managed accounts with approximately USD20,084 million in assets under management and non-discretionary investment management services to non-U.S. separately managed accounts with approximately USD7,182 million in assets under management. SAM provides discretionary investment management services to U.S. accounts on a discretionary basis with approximately USD465 million in assets under management and non-discretionary investment management services to U.S. accounts with approximately USD445 million in assets under management.

## **Item 5 - Fees and Compensation**

For U.S. based clients, SAM receives an asset based management fee based on a percentage of assets under management. SAM does not have a standardized fee schedule. Each fee is agreed upon between the Client and SAM and is documented in each advisory agreement. SAM only charges fees in arrears that are based on a percentage of assets under management. Management fees are generally calculated and paid quarterly in arrears.

SAM invoices each client who pays SAM directly. SAM does not have the authority to debit fees for services provided. Clients are either provided an invoice or calculate their own fee and pay SAM via a wire or check.

The management fee may be waived, reduced or calculated differently with respect to SAM’s affiliates, members or employees or any particular affiliated or unaffiliated client at SAM’s discretion.

## Non-Discretionary Programs

SAM may provide non-discretionary investment advisory services, such as through the provision of model portfolios (“Non-Discretionary Client”). SAM amends and updates the model portfolios from time to time and provides updated information to the client. Assets from these non-discretionary programs are not included in the assets shown previously in Item 4. In such programs, the Non-Discretionary Client typically pays a fee to SAM as compensation for the investment advisory services that it renders to the client.

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

SAM does not charge any performance fees to U.S. clients. Some investment advisers experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to us.

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

SAM provides investment advisory services on a discretionary basis to primarily institutional clients, which includes, but is not limited to, pension funds, financial institutions, multi-manager funds, family offices, high net worth individuals, and private banks.

We have a negotiable minimum client relationship. Normally, our minimum for entering into a client advisory account is \$50 million in U.S. dollars.

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

### Overall Investment Strategy and Methods of Analysis

On behalf of our clients, we primarily focus on Japanese equity and bond related strategies. In an attempt to achieve the investment goals of a client, we may engage in investment strategies that include derivatives and foreign-exchange contracts. Since our inception, we have adhered to a disciplined investment process that includes fundamental research, return analysis and portfolio construction.

SAM performs detailed, bottom-up analysis and financial modeling on an individual company basis to understand their earnings. SAM seeks to develop proprietary and unique information via its fundamental research. This fundamental analysis may cover: annual reports, financial statements, earnings releases, press statements, regulatory filings of companies of interest; communication with and assessment of company management; company visits; industry research and analysis; competitor, supplier and customer contact and analysis; discussions with sell-side and buy-side analysts; discussions with industry experts and consultants.

## Material Risks

Investing involves substantial risks, including the risk of total loss of capital, and may not be suitable for all clients. No guarantee or representation is made that SAM's investment strategy will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred. Past results of investments made by the investment professionals of SAM are not necessarily indicative of a client's future performance.

The following are certain principal risks associated with the investment activities of SAM:

**Equity Securities** – The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short term as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Clients also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering or otherwise qualifying restricted securities for public resale.

**Investments in Corporate Debt and other Fixed Income Securities** – These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk). A major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

**Investments in Preferred Shares** – Client's portfolios may invest in the preferred shares of certain companies. Preferred shares may pay dividends at a specific rate and generally have preference over common stock in the payment of dividends in a liquidation of assets but rank after debt securities. Unlike interest payments on debt securities, dividends on preferred shares are generally payable at the discretion of the board of directors of the issuer. The market prices of preferred shares are subject to changes in interest rates and are more sensitive to changes in the issuer's creditworthiness than are the prices of debt securities.

**REIT Securities Risk** – A Real Estate Investment Trust ("REIT") is an entity, typically a trust or corporation that accepts investments from a number of investors, pools the money, and then uses that money to invest in real estate through either actual property purchases or mortgage loans. While there are some benefits to owning REITs, which include potential tax benefits, income and the relatively low barrier to invest in real estate as compared to directly investing in real estate, REITs

also have some increased risks as compared to more traditional investments such as stocks, bonds, and mutual funds. First, real estate investing can be highly volatile. Second, the specific REIT chosen may have a focus such as commercial real estate or real estate in a given location. Such investment focus can be beneficial if the properties are successful, but lose significant principal if the properties are not successful. REITs may also employ significant leverage for the purpose of purchasing more investments with fewer investment dollars, which can enhance returns but also enhances the risk of loss. The success of a REIT is highly dependent upon the manager of the REIT.

**Investments in Restricted Investments** – Client portfolios may invest its assets in restricted securities or securities that are subject to certain liquidity restrictions, including, without limitation, lock-up periods. These securities may be subject to legal or contractual restrictions on resale and transfer and, therefore, may be illiquid and subject to wide fluctuations in value. Such securities may be held by Clients until the occurrence of certain events or for an extended period, as determined by SAM’s investment personnel. The resale of restricted and illiquid securities may be difficult to value and oftentimes may have higher brokerage charges.

**Lack of Diversification** – Client’s portfolios generally will not be diversified among a wide range of types of securities or issuers. Further, the client’s portfolio may not be diversified among a wide range of industry, geographic or sector areas. In fact, client accounts may be highly concentrated. Further, the portfolio overall may represent only a few investment themes. This concentration of risk may increase the losses suffered by clients or reduce its ability to hedge its exposure and to dispose of depreciating assets. Accordingly, the investment portfolios of clients may be subject to concentration risks and more rapid change in value than would be the case if clients were required to maintain a broader diversification among types of securities, issues, investment themes, industry, geographic or sector areas. Limited diversity could expose client accounts to losses disproportionate to those incurred by the market in general if the areas in which client investments are concentrated are disproportionately adversely affected by price movements in those financial instruments or assets.

**Non-U.S. Investments** – Investing in securities of non-U.S. companies, which are generally denominated in non-U.S. currencies, involves certain considerations comprising both risks and opportunities not typically associated with investing in U.S. companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of non-U.S. taxes, less liquid markets and less available and lower quality information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, greater difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

**Currency Risks** – Client investments that are denominated in currencies other than the U.S. dollar are subject to the risk that the value of the particular currency will change in relation to one or more other currencies. As a result, clients could realize a net loss on an investment, even if there were a gain on the underlying investment before currency losses were taken into account. 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.

**Counterparty Risk** – Counterparty risk arises from each party with whom our Clients contract for the purpose of making derivative investments off-exchange, over any foreign exchange or in over-the-counter transactions (the “Counterparty”). In the event of the Counterparty’s default or bankruptcy, our Clients will typically only rank as unsecured creditors and risk the loss of all or a portion of the amounts they are contractually entitled to receive.

**Lack of Liquidity** – Client assets may, at any given time, include securities and other financial instruments or obligations which are thinly-traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. Dispositions of investments may be subject to contractual or other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof. The sale of any such investments may be possible only at substantial discounts and it may be difficult to accurately value any such investments.

**Leverage** – Subject to applicable regulations, Clients may leverage their capital if it is believed that the use of leverage may enable the achievement of a higher rate of return. Accordingly, clients may pledge their securities to borrow additional funds for investment purposes. The amount of borrowings which clients may have outstanding at any time may be substantial in relation to their capital. Performance will likely be more volatile with the use of leverage.

**Importance of Key Employees of SAM** – The authority to make decisions and to exercise business discretion on behalf of clients is delegated to SAM. The success of clients is expected to depend on the expertise of certain of SAM key employees. Therefore, the death incapacity or withdrawal of such employees could materially affect clients.

**Accuracy of Public Information** – SAM selects investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to SAM by the issuers or through sources other than the issuers. SAM evaluates all such information and data and ordinarily seeks independent corroboration when SAM considers it appropriate and when it is reasonably available. SAM is not in a position to confirm the completeness, genuineness or accuracy of all such information and data, and in some cases, complete and accurate information is not available.

**Risk Management Failures** – Although SAM attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Moreover, many risk management techniques, including those employed by SAM, are based on historical market behavior, but future market behavior may be entirely different and, accordingly, the risk management techniques employed on behalf of clients may be incomplete or altogether ineffective. Similarly, SAM may be ineffective in implementing or applying risk management techniques. Any inadequacy or failure in risk management efforts could result in material losses to clients.

**Systems and Operational Risk** – SAM relies on certain financial, accounting, data processing and other operational systems and services that are employed by SAM and/or by third party service providers, including brokers, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, SAM and its clients could be exposed to



errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the clients' operations.

**Cybersecurity Risks** – SAM and/or one or more of their respective service providers may be prone to operational, information security and related risks resulting from failures of or breaches in cybersecurity.

A failure of or breach in cybersecurity (“cyber incidents”) refers to both intentional and unintentional events that may cause the relevant party to lose proprietary information, suffer data corruption, or lose operational capacity. In general, cyber incidents can result from deliberate attacks (“cyber-attacks”) or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). The issuers of securities and/or counterparties to other financial instruments in which clients may invest may also be prone to cyber incidents.

Cyber incidents may cause disruption and impact business operations, potentially resulting in financial losses, such as interference with the ability to calculate an account's net asset value, impediments to trading, the inability of clients to make contributions or withdrawals from an account, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs.

While SAM and their respective affiliates have established business continuity plans in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cyber incidents, there are inherent limitations in such plans, strategies, systems, policies and procedures including the possibility that certain risks have not been identified. Furthermore, SAM and their respective affiliates cannot control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers to client accounts and/or the issuers in which SAM recommends investing.

## **Item 9 - Disciplinary Information**

SAM and its employees is not aware of any legal or disciplinary events that are material to a client's or prospective client's evaluation of SAM's advisory business or the integrity of SAM's management.

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

As noted above in Item 4, SAM is owned 100% by SOMPO which a publicly traded company listed on the Tokyo Stock Exchange.

SOMPO also wholly owns Sompo Japan Insurance Inc., Sompo Risk Management Inc., and Sompo Japan DC Securities Inc.

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

### **Code of Ethics**

SAM has adopted a code of ethics (“Code”) pursuant to Rule 204A-1 under the Advisers Act that is predicated on the principle that SAM owes certain fiduciary duties to its clients. The Code is intended to detect and prevent conflicts of interest and activities prohibited by US federal securities laws in connection with personal trading and other regulatory matters. Accordingly, SAM employees must avoid activities, interests and relationships that run contrary to the best interest of clients. SAM endeavors to maintain current and accurate records of all personal securities accounts of SAM employees covered by these policies and procedures and the Code (note that not all SAM employees are required to be so covered) in an effort to monitor all such activity. Generally, employees may not purchase or sell securities that are also recommended to clients. SAM’s US’s Code is available for review and will be provided to any clients upon request.

### **Recommending, Buying, or Selling Securities in which we or a Related Person Have a Material Financial Interest; Conflicts of Interests**

Conflicts of interest may occur when we, our affiliates, or our employees, invest in the same securities, trade in the same securities at or about the same time, or have a material financial interest in the same securities that we recommend to our clients. For example, our employees may own securities in their personal accounts that we also have recommended to or are owned by our clients. Our Code and the policies and procedures set forth therein have been designed to limit these conflicts of interest.

### **Personal Trading**

Employees must obtain written pre-clearance for certain personal securities transactions, including IPOs and private placements, before completing the transactions. SAM may deny any proposed transaction, particularly if the transaction poses a conflict of interest. Employees are also required to provide quarterly reports regarding transactions and holdings in “Reportable Securities” as defined in the Advisers Act. Employees must disclose all personal trading accounts initially upon commencement of employment and annually thereafter.

## **Item 12 - Brokerage Practices**

### **Selection of Brokers and Dealers**

SAM has complete discretion in deciding which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid.

In selecting brokers to effect portfolio transactions for clients, SAM considers such factors as the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the firm's risk in positioning a block of securities; the quality, comprehensiveness and frequency of related services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying SAM's selection criteria. Accordingly, if SAM determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, clients may pay commissions to such broker in an amount greater than the amount another broker might charge for effecting the same transaction.

### **Soft Dollar Arrangements**

From time to time and consistent with applicable law and regulatory guidance, SAM will select brokers that provide it and its clients or their affiliates or personnel, directly or through third-party or correspondent relationships, with research or brokerage services that provide, in SAM's view, lawful and appropriate assistance in the investment decision-making or trade execution processes (including such processes with respect to futures, fixed-price offerings, and over-the counter transactions). SAM might endeavor, subject to the duty to seek best execution, to execute trades with such brokers in order to obtain research or brokerage services or in order to help ensure the continued receipt of such research or brokerage services. Research or brokerage services that can be acquired by SAM with its trade commission include, without limitation and to the extent permitted by applicable law: (i) research reports on companies, industries and securities; (ii) economic, market and financial data; (iii) quantitative analytical software and algorithms; (iv) electronic trading and algorithmic facilities; and (v) market data related software and services. SAM could pay, or be deemed to have paid, commission rates higher than it could have otherwise paid in order to obtain such research or brokerage services. With respect to its U.S. clients, such higher commissions would be paid in accordance with Section 28(e) of the Securities Exchange Act of 1934 as interpreted by the SEC and its staff, which requires SAM to determine in good faith that the trade commissions paid, are reasonable in relation to the value of the research or brokerage services received. SAM believes that using commission payments to obtain the type of research or brokerage services mentioned above enhances its investment research and trading processes. To the extent that SAM uses client commission payments to obtain research or brokerage services, it will not have to pay for those products and services itself.

### **Trade Errors**

SAM has established trade processes and procedures designed to reduce the likelihood of trade errors and, in its sole discretion, will determine what constitutes a trade error. SAM's general policy is to seek to identify and correct any trade errors promptly and in a way that mitigates any losses. In an event that a trade error occurs, SAM will ensure that a Client account is "made whole." Thus, trades are adjusted as needed in order to put the Client in such a position as if the error had never occurred and at no cost to the Client. Gains associated with any trade error shall be retained by the Client.

SAM will use reasonable methods to calculate the reimbursement due to the client, if any. SAM's process to correct trade errors may involve procedures required by applicable law, which may be complex and require coordination with multiple parties, and therefore SAM's ability to correct trade errors promptly will be based on the specific circumstances of the error.

### **Brokerage for Client Referrals**

In selecting or recommending broker-dealers, we do not consider whether we, or any of our affiliates, receive client referrals from a broker-dealer or other third party.

### **Directed Brokerage**

We do not engage in any directed brokerage at this time.

### **Aggregating Orders for Various Client Accounts**

We have adopted Trade Aggregation Procedures to ensure that our clients are afforded fair and equitable treatment when aggregating and allocating client trade orders. For a more detailed discussion of the allocation portions of our Trade Aggregation Procedures, please see Item 6, "Performance-Based Fees and Side-by-Side Management."

As a general principle, we will only aggregate transactions when we believe that such an aggregation is lawful and consistent with our duty to seek best execution for our clients, and is consistent with the pertinent clients' advisory agreement or any other obligation we may have undertaken with respect to each client for which trades are being aggregated. In such cases, individual investment advice and treatment will be accorded to each client, and we will not receive any additional compensation or remuneration of any kind as a result of the proposed aggregation.

### **Foreign Currency Transactions**

In accordance with clients' investment guidelines, SAM engages in foreign currency transactions (FX), including forward currency contracts when seeking to: manage exposure to or profit from changes in interest or exchange rates; and protect the value of portfolio securities. It is the policy of SAM to seek out and trade with those broker-dealers that we believe will provide best execution on behalf of all of our clients. In limited instances, SAM may establish standing instructions with the custodian selected by the client for the auto-repatriation of income and certain corporate action fees and expenses.

### **Non-Discretionary Accounts**

If a client has retained SAM to provide non-discretionary investment advisory services, such as through the provision of model portfolios Non-Discretionary Client, there is the potential for the Non-Discretionary Client to be disadvantaged. Because SAM will not be involved in the execution of trades on behalf of Non-Discretionary Clients, such Clients will not always benefit from SAM's aggregated orders or there may be delays in execution of their orders, and as a result Non-Discretionary accounts may receive a price that potentially is less favorable than that obtained for

SAM's discretionary accounts. In addition, because of time zone and market operating time differences, SAM may have already commenced and in some cases finished trading before the Non-Discretionary Client has received or had the opportunity to evaluate or act on SAM's model portfolios. In this circumstance, trades ultimately placed by or on behalf of the Non-Discretionary Client may be subject to price movements, particularly with large orders or where the securities are thinly traded, that may result in the Non-Discretionary Clients receiving prices that are less favorable than the prices obtained by SAM for its discretionary client accounts. In addition, when SAM provides model portfolios to Non-Discretionary Clients such model portfolios generally are not expected to reflect or take into account any portfolio re-balancing which SAM conducts as part of its process for discretionary client accounts; such active re-balancing takes into account SAM's executions and/or settlements and such other factors it deems relevant. SAM's such model portfolios for Non-Discretionary Clients typically only are constructed using recent market closing prices. On the other hand, Non-Discretionary Clients may initiate or complete trading based on SAM's model portfolios before or at the same time SAM is also trading for its discretionary client accounts, whether with respect to re-balancing or otherwise. Particularly with large orders or where the securities are thinly traded, this could result in SAM's discretionary clients receiving prices that are less favorable than prices that might otherwise have been obtained absent the Non-Discretionary Client's trading activity. SAM takes reasonable steps to attempt to minimize the market impact of the recommendations provided to Non-Discretionary Clients on accounts for which SAM exercises full investment discretion, including when it is implementing its active portfolio re-balancing processes. However, because SAM does not control Non-Discretionary Client execution of transactions, SAM cannot affect the market impact of such transactions to the same extent that it is able to for its discretionary client accounts.

As a result of these and other factors, the performance of SAM's Non-Discretionary Client accounts can differ from (and be better or worse than) the performance of SAM's discretionary accounts following the same or similar investment strategy, and the trades and executions by Non-Discretionary Clients may differ from those SAM effects or achieves using its model portfolios and active re-balancing processes for its discretionary clients.

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

Client accounts are reviewed on a continuous basis. SAM's investment personnel hold investment meetings to discuss investment ideas, investment strategies, economic developments, current events, and other issues related to current portfolio holdings and potential investment opportunities. SAM's Portfolio construction meeting reviews the portfolios it manages on a regular basis.

Written monthly or quarterly reports reflecting portfolio transactions and holdings are made accessible to clients from the custodian(s). SAM makes other written reporting available to clients upon request. SAM will provide each client with reports in accordance with the terms of the applicable client agreement.

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

SAM does not receive any economic benefits from non-clients in connection with the provision of investment advice to any of its U.S. based clients, nor does SAM compensate any person for making referrals for clients based in the U.S.

## **Item 15 - Custody**

SAM does not hold client assets and all client assets are held in custody by unaffiliated broker/dealers or banks or other qualified custodians appointed by clients. SAM does not play a role in fee billing or otherwise have access to client accounts other than in limited circumstances where it has authority to make investment decisions and submit trades for execution as sub-investment manager. Further, SAM conducts all business operations such that it will not physically hold any funds or securities belonging to clients. Finally, SAM sends account statements to clients after SAM reconciles the data received from the independent custodian.

## **Item 16 - Investment Discretion**

For accounts that SAM has investment discretion we have the authority to determine the securities to be bought and sold without obtaining client consent to specific transactions subject to any reasonable restrictions placed by the client. Clients grant SAM trading discretion through the execution of a limited power of attorney included in SAM's advisory contract.

As noted in Item 5 SAM may provide investment advisory services to clients on a non-discretionary basis, which include the provision of a model portfolio. SAM will not have any trading discretion for clients under such agreement.

## **Item 17 - Voting of Client Securities**

As a matter of policy, we disclaim any responsibility for voting client securities. Clients may contact us for advice or information about a particular proxy vote but we do not exercise proxy voting authority over client securities and should not be designated by custodians as the party to receive information on voting client proxies. The obligation to vote client proxies rests with the client.

With regard to all matters for which shareholder action is required or solicited with respect to securities beneficially held by a Client's account, such as (i) all matters relating to class actions, including without limitation, matters relating to opting in or opting out of a class and approval of class settlements; and (ii) bankruptcies or reorganizations, SAM affirmatively disclaims responsibility for voting (by proxies or otherwise) on such matters and will not take any action with regard to such matters.

## **Item 18 - Financial Information**

SAM has never filed for bankruptcy and is not aware of any financial condition that would affect its ability to manage client accounts.