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**Gulf International Bank (UK) Limited**

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**This brochure provides information about the qualifications and business practices of Gulf International Bank (UK) Limited. If you have any questions about the contents of this brochure, please contact us at +44 (0) 207259 3456. 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.**

**Gulf International Bank (UK) Limited is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information to enable you to determine whether to hire or retain an adviser.**

**Additional information about Gulf International Bank (UK) Limited is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**March 30<sup>th</sup>, 2020**

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## **ITEM 2 – MATERIAL CHANGES**

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As per the last report from Gulf International Bank (UK) Limited dated March 29<sup>th</sup>, 2019, we are still no longer managing any portfolios of US, or US related persons. It has been decided that we shall continue to keep our SEC registration for any future business done in this area.

During January 2020, the Head of Compliance role was made redundant and the Chief Risk Officer Sophie Dupre-Echeverria assumed responsibilities for Compliance and became the Chief Risk & Compliance Officer at Gulf International Bank (UK) Limited. In August 2019 Gulf International Bank (UK) Limited registered a new trading name of GIB Asset Management and is now actively using this name.

Our brochure may be requested by contacting Sophie Dupre-Echeverria, Chief Risk & Compliance Officer, at +44 207259 3169 or [Sophie.Dupre-Echeverria@gibuk.com](mailto:Sophie.Dupre-Echeverria@gibuk.com). You may also contact Gregga Baxter, Head of our New York branch on 212 922 2302 or [Gregga.Baxter@gibuk.com](mailto:Gregga.Baxter@gibuk.com)

Additional information about Gulf International Bank (UK) Limited is available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with Gulf International Bank (UK) Limited who are registered, or are required to be registered, as investment adviser representatives of Gulf International Bank (UK) Limited.

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## **ITEM 4 – ADVISORY BUSINESS**

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### **Advisory Business**

Gulf International Bank (UK) Limited (“GIB (UK)”), a company incorporated with limited liability in England on 22 August 1975, is an investment manager that provides discretionary investment management services to institutional clients. GIB (UK) is 100% owned by Gulf International Bank B.S.C.

GIB (UK)’s primary place of business is in the United Kingdom (“UK”). In the UK GIB (UK) is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

GIB (UK) maintains a branch office in the United States (“US”) at 330 Madison Avenue, New York NY 10017-5050. It is anticipated that this branch office will serve as a relationship management base for GIB (UK)’s US clients and to facilitate marketing of GIB (UK)’s advisory services. GIB (UK) will not engage in any investment management activities at this office.

GIB (UK) established GIB (UK) Alternative Investment Management Limited (“GIB AIM”) to manage hedge funds for GIB (UK) under the EU Alternative Investment Client Managers Directive. It was authorized by the Financial Conduct Authority on 22 July 2014. GIB (UK) and GIB AIM share personnel and facilities pursuant to a services agreement dated 22 July 2014.

### **Assets Under Management**

As of end of December 2018, GIB (UK) managed \$11,702,900,024 of client assets, all on a discretionary basis. Of this figure of assets under management, none of these assets are attributable to US clients.

As part of its overall advisory business, GIB (UK) seek to provide investment advisory services for separately managed accounts (“Separate Accounts”) of institutions and pensions plans (collectively referred to as “Clients”) on a fully discretionary basis.

GIB manages each Client’s account in accordance with its stated investment objectives, risk profile and financial situation. Clients can impose certain restrictions or limitations on how GIB (UK) manages the Separate Accounts as part of the investment management agreement and/or the Client’s investment guidelines. Those restrictions will generally vary among Clients. These restrictions may include, among other things, limitations regarding the use of leverage or certain security types or restrictions regarding investment in certain companies and/or countries.

GIB (UK)’s investment activities generally focus on investments in various kinds of assets and securities in the global developed markets and the emerging markets.

## **ITEM 5 – FEES AND COMPENSATION**

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### **GIB (UK)'s Management and Performance Fees**

GIB (UK)'s management fees and compensation are charged as a percentage of assets under management and as agreed with the Client in advance. Fee arrangements may also be subject to review over time, during the course of a given client relationship. The specific manner in which fees are charged by GIB (UK) is established in a written agreement between GIB (UK) and the Client. Generally, and pursuant to the agreement, fees will be based upon a percentage of the total assets in the segregated account and will be charged monthly, quarterly, semi-annually or annually in arrears, as agreed upon with each Client in its respective investment management agreement. GIB (UK) receives a management fee equal to an amount between 0.5bps to 75bps on an annual basis.

The performance fee for a Separate Account, if any, will be based upon a percentage, of between 0.01% to 20%, of excess returns over benchmark returns for the year, which may also include an initial hurdle rate, and will be charged annually in arrears, as agreed upon with each Client in its respective investment management agreement.

GIB (UK)'s actual fees, minimum fees, and minimum account sizes may be negotiated and may vary from the fees described above. A Client may pay more or less fees than similar clients depending on the particular circumstances of the Client such as, size, liquidity terms, early investment, additional or differing levels of servicing or as otherwise agreed with specific Clients. Clients that negotiate fees, including a flat fee, may end up paying a higher fee than that set forth in the fee terms above as a direct result of an increase in the Client's assets under management and account performance, as the fee is agreed on the basis of value of assets under management.

### **Other Fees and Expenses**

In addition to investment management fees and performance-based fees (described above) charged to Clients by GIB (UK), Clients will bear any other costs charged to the Separate Accounts. Such costs will vary and typically include, though are not limited to, accounting, legal, custody, administration fees and other related costs. Furthermore, GIB (UK)'s fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by each Client. Clients may incur certain charges imposed by custodians, brokers, third-party investment and other third parties such as custodial fees, deferred sales charges, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees and commissions are in addition to GIB (UK)'s advisory fees, and GIB (UK) does not receive any portion of these commissions, fees, and costs. Clients who have assets invested in mutual funds will also pay their proportionate share of the funds' management fees, administrative fees, and sales charge. These expenses vary by fund and are described in further detail in each fund's prospectus.

### **Calculation and Deduction of Fees**

GIB (UK) will bill its advisory fees on a monthly, quarterly or semi-annual basis in arrears, depending on the agreement between GIB (UK) and the Client. GIB (UK) bills the Clients directly for management fees. Unless specifically authorized, GIB (UK) does not withdraw management or performance fees directly from the Clients' accounts. Management fees shall be prorated each time additional money is contributed to the Separate Account or money is withdrawn from the Separate

Account during the relevant calendar quarter or calendar month, as applicable. Clients whose mandates are initiated or terminated during a calendar quarter or month (as applicable) will be charged a prorated fee.

Upon termination of any investment management agreement, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Please refer to item 12 in this brochure for additional information regarding GIB (UK)'s brokerage practices. Neither GIB (UK) nor any of its supervised persons accepts compensation for the sale of securities or any other investment products. Further information on these matters is included in item 10 below.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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As described above in Item 5, GIB (UK) may enter into performance fee arrangements with certain Separate Accounts that qualify as qualified clients under the Investment Advisers Act of 1940 ("Advisers Act"). GIB manages such accounts alongside accounts that pay asset-based fees. The amount and calculation of the performance fee is described in the investment management agreement that GIB (UK) has with the relevant Client.

Performance-based fee arrangements may create an incentive for GIB (UK) to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements may also create an incentive to favour higher fee-paying accounts over other accounts in the allocation of investment opportunities. As explained below, GIB (UK) has implemented procedures that are designed to ensure that opportunities are fairly allocated.

GIB (UK) will allocate investment opportunities between each Client on a fair and equitable basis, subject to applicable law and Client guidelines. Under the rules of the Financial Conduct Authority of the United Kingdom, GIB (UK) is required to have an Order Allocation Policy to ensure the fair allocation of aggregated orders between Clients. GIB (UK) is committed to allocating investment opportunities on a fair and equitable basis and in a manner that is consistent with the investment objectives of each Client. To that end, with respect to any particular trade, such trade will be allocated across the relevant accounts, taking into consideration account size, diversification, cash availability, and other factors, including, but not limited to, tax considerations like unrelated business taxable income, withholding taxes, margin, need to withhold cash for future commitments, ERISA requirements etc.

## **ITEM 7 – TYPES OF CLIENTS**

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As part of its overall advisory business, GIB (UK) seeks to provide portfolio management services to Separate Accounts of institutions and pension plans. GIB (UK) currently has no requirements in respect of opening or maintaining a Separate Account for a Client, although it should be noted that GIB (UK) will not market its services to, or enter into, agreements with retail clients in the US. GIB (UK) will generally seek to provide advisory services to financially sophisticated clients where it is permitted to do so under applicable law.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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Asset allocation within a particular Separate Account focuses on the investment objectives and risk tolerances specific to the Client in question. In allocating Client assets, GIB (UK) may employ a number of strategies, including active and passive strategies that focus on equities, fixed income and trade finance markets in different jurisdictions such as in Europe and other developed markets, as well as various emerging market economies. GIB (UK) may invest Client assets on both long and short-term bases, and it may also engage in currency management for Separate Accounts. The particular mix of strategies used may vary over time, depending upon market conditions, Client preferences, and other relevant factors. Each investment policy and strategy used by GIB (UK) may be customized to the needs of a particular Client, and so they may vary according to the investment guidelines agreed with the Client and, if so, will be set out in that Client's investment management agreement. Prospective clients should be aware that investing in securities and other investment products involves risk of loss that they should be prepared to bear.

### **Material Risks for Significant Investment Strategies**

While it is the intention of GIB (UK) to implement strategies that are designed to minimize potential losses suffered by Clients, there can be no assurance that such strategies will be successful. It is possible that a Client may lose a substantial proportion or all of its assets in connection with the investment decisions made by GIB (UK). The following is a discussion of material risks for GIB (UK)'s investment strategies, but it does not purport to be a complete explanation of all the risks involved in GIB (UK)'s investment strategies. Clients should also refer to the prospectus or other disclosure documents provided for a particular fund or strategy implemented for its account.

#### ***Equity Market Risk***

The values of securities held in a Client's portfolio may go up or down, sometimes rapidly or unpredictably, due to general market conditions, such as real or perceived adverse economic, political, or regulatory conditions, inflation, changes in interest or currency rates, lack of liquidity in the equity markets or adverse investor sentiment. The global financial crisis that began in 2008 has caused a significant decline in the value and liquidity of many securities and unprecedented volatility in the markets. In response to the crisis, the US government and the Federal Reserve, as well as certain foreign governments and their central banks have taken steps to support financial markets, including by keeping interest rates at historically low levels. Reduction or withdrawal of this support, failure of efforts in response to the crisis, or investor perception that these efforts are not succeeding could negatively affect financial markets generally, as well as result in higher interest rates, increase market volatility and reduce the value and liquidity of certain securities. Whether or not the Client's portfolio invests in securities of issuers located in or with significant exposure to countries experiencing economic and financial difficulties, the value and liquidity of its investments may be negatively affected. In addition, policy and legislative changes in the US and in other countries are affecting many aspects of financial regulation. The impact of these changes on the markets, and the practical implications for market participants, may not be fully known for some time. A Client's portfolio may experience a substantial or complete loss on any individual security.

## ***Investing in Emerging Markets***

Part of GIB (UK)'s investment strategy may also involve selecting and recommending fixed income, equity securities and trade finance opportunities of emerging markets' countries ("Emerging Markets"). The following discussion sets forth some of the risks associated with investing in the securities of such markets:

General Economic and Market Conditions. The success of GIB (UK)'s activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls and national and international political circumstances. These factors may affect the level and volatility of securities' prices and the liquidity of the Client's portfolio. Volatility or illiquidity could impair the profitability of, or result in losses for, a Client's portfolio.

The Emerging Markets economies may differ favorably or unfavorably from the US or other economies in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, the Emerging Markets economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which it trades.

Where assets in a Client's portfolio are invested in narrowly-defined markets or sectors of a given economy, risk is increased by the inability to broadly diversify investments and by potentially adverse developments within those markets or sectors.

Volatility. Emerging Markets are more likely than more developed markets to experience periods of high volatility. Such volatility could result in substantial losses for the Client's portfolio.

Risk of Errors and Omissions in Information. There may be less publicly available information about companies in Emerging Markets than about companies in more developed countries. Furthermore, the quality and reliability of official data published by the government or securities exchanges in Emerging Markets countries may not accurately reflect the statistics being reported.

Operational Considerations. Although the Emerging Markets have grown rapidly over the last few years, the clearing, settlement and registration systems available to effect trades on such markets are significantly less developed than those in more mature world markets, which can result in delays and other material difficulties in settling trades and in registering transfers of securities.

## ***Non-US Securities***

GIB (UK)'s strategy includes investing in non-US securities. Investing in securities and bonds of non-US governments and companies, which are generally denominated in non-US currencies, involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the US Government or US companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of non-US taxes, less liquid markets and less available information than is generally the case in the US, higher transaction costs, foreign government restrictions, less

government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

### ***Currency Risks***

Also known as exchange rate risk, currency risk is the probability that the value of an investment that is denominated in the currency of another country will rise or fall as the result of changes in the exchange rate. This can have a positive or negative effect on the value of the investment in comparison to the base currency of the Client's Separate Account. Where required as part of a Client's investment guidelines, GIB (UK) attempts to manage this risk through currency hedging, including through the use of forwards, and futures.

### ***Short Selling***

GIB (UK) may engage in short-selling. Short positions are inherently more risky than long positions because the Client's portfolio does not own the security being sold and must borrow the security in order to complete the sale. Therefore, a Client's risk of loss is not limited to the original price paid for the security, plus transaction costs. A short sale results in a gain if the price of the securities sold short declines between the date of the short sale and the date on which securities are purchased to replace those borrowed. A short sale results in a loss if the price of the securities sold short increases. Any gain is decreased, and any loss is increased, by the amount of any payment, dividend or interest that the client's portfolio may be required to pay with respect to the borrowed securities, offset (wholly or partly) by short interest credits.

In addition, short-selling is subject to extensive regulatory limitations that may prevent GIB (UK) from selling a security short at a price or time that would be advantageous to the Client. Further, in less liquid markets it may be difficult for GIB (UK) to borrow the securities that it needs in order to cover a short position.

### ***Securities Lending***

GIB (UK) may enter into securities lending transactions on behalf of its Clients if specified within the investment management agreement. The main risk when lending securities is that the borrower might become insolvent or refuse to honor its obligations to return the securities. In this event, GIB (UK) could experience delays in recovering its securities and such Client's portfolio may possibly incur a capital loss and decline in value.

### ***Use of derivatives***

GIB (UK)'s investment strategy may cause a Client to be exposed to derivatives including instruments and contracts the value of which is linked to one or more underlying securities, financial benchmarks or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular underlying asset, financial benchmark, index, currency or interest rate at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives trading. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can result not only in the loss of the entire

investment, but may also expose a client to the possibility of a loss exceeding the original amount invested. Some derivatives have the potential for unlimited loss, regardless of the size of the initial investment. Recent legislation calls for new regulation of the derivatives markets. The extent and impact of the regulation are not yet fully known and may not be for some time. New regulation of derivatives may make them more costly, may limit their availability or may otherwise adversely affect their value or performance.

GIB (UK) may use derivatives for a number of reasons; the principal aim is to hedge away market risk in the currency and equities markets. GIB (UK) may also use derivatives as an alternative, more efficient means of obtaining exposure to a market or to a specific security.

### ***Portfolio investments may be volatile***

The value of the securities in which GIB (UK) will invest may be volatile or the issuers of such securities may become insolvent. There can be no assurance that portfolio companies will ultimately be successful. Furthermore, a Client will be subject to the risk that inflation, economic recession, changes in the general level of interest rates or other market conditions over which GIB (UK) will have no control may adversely affect the operating results of the Client.

### ***Repurchase agreements***

GIB (UK) may enter into repurchase agreements with respect to securities issued by governments and institutions. Repurchase agreements involve credit risk to the extent that a Client's counterparties may avoid such obligations in bankruptcy or insolvency proceedings, thereby exposing the Client to unanticipated losses. The amount of credit risk incurred by a Client with respect to a particular repurchase agreement will depend, in part, on the extent to which the obligation of the Client counterparty is secured by sufficient collateral.

### ***Securities borrowing***

GIB (UK) may borrow securities for the account of its Clients on terms that such securities may be recalled by the lender at short notice. If the securities are recalled, GIB (UK) may be required to unwind a strategy early, which may result in losses. GIB (UK) will endeavor to borrow non-recallable stock where possible.

### ***Liquidity of investment portfolio***

The market for some securities in which GIB (UK) may invest may be relatively illiquid. Liquidity relates to the ability of GIB (UK) to sell an investment in a timely manner at a given price. The market for relatively illiquid securities tends to be more volatile than the market for more liquid securities. Investment of a Client's assets in relatively illiquid securities and loans may restrict the ability of GIB (UK) to dispose of its investments at a price level and time that it wishes to do so. The risk of illiquidity also arises in the case of over-the-counter transactions. There is no regulated market in such contracts and the bid and offer prices will be established solely by dealers in these contracts.

### ***Foreign currency markets***

GIB (UK)'s investment strategy may cause a Client to be exposed to fluctuations in currency

exchange rates where it invests directly or indirectly in securities denominated in currencies other than US dollars. GIB (UK) may, in part, seek to offset the risks associated with such exposure through foreign exchange transactions. The markets in which foreign exchange transactions are effected are highly volatile, highly specialized and highly technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time, often within minutes. Foreign exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment, or particular transactions in foreign currency.

### ***Economic and political risks***

The economies of individual countries in which GIB (UK) may invest may differ favorably or unfavorably from the economies of more developed countries in such respects as growth of gross domestic product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency, fiscal position and balance of payments position. With respect to any emerging country, there is the possibility of transferability risk, nationalization, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic developments (including war) that could adversely affect the economies of such countries or the value of a client's investments in such countries. In addition, it may be difficult to obtain and enforce a judgment in a court in an emerging country.

The economic and political risks described above may also adversely impact the value of derivative instruments and securities that are linked to the performance of emerging markets.

### ***Settlement risks***

GIB (UK)'s investment strategy will expose a Client to credit risk on parties with whom GIB (UK) trades and will also bear the risk of settlement default. Market practices in the Emerging Markets in relation to the settlement of securities transactions and custody of assets will provide increased risk. Problems of settlement in these markets may affect the net asset value and liquidity of a Client's portfolio.

### ***Trade Finance Risks***

GIB (UK)'s investment strategy includes investing Clients' assets in funded risk participations in trade related finance provided by banks and non-banks. A Client may therefore acquire interests in bank and non-bank loans indirectly by way of participation.

Holders of participations are subject to additional risks not applicable to a holder of a direct interest in a loan. These obligations are subject to special risks, including, without limitation: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called "lender liability" claims by the issuer of the obligations; (iii) adverse consequences resulting from participating in such instruments with other institutions with lower credit quality; (iv) limitations on the ability of the Client to directly enforce its rights with respect to participations; (v) counterparty risk; and (vi) obligor risk. Further, the Client may bear successful claims by third parties arising from these and other risks.

Participation in a loan typically results in a contractual relationship only with the selling institution, not with the borrower. In the case of a participation, the Client will generally have the right to receive payments of principal, interest and any fees to which it is entitled only from the institution

selling the participation and only upon receipt by such selling institution of such payments from the borrower. By holding a participation in a loan, the Client generally will have neither any right to enforce compliance by the borrower with the terms of the loan agreement nor any rights of set off against the borrower, and the Client may not directly benefit from the collateral supporting the loan in which it has purchased the participation. As a result, it will assume the credit risk of both the borrower and the institution selling the participation, which will remain the legal owner of record of the applicable loan.

In the event of the insolvency of the selling institution, the Client by owning a participation interest, may be treated as a general unsecured creditor of the selling institution and may not benefit from any set off between the selling institution and the borrower. When the Client holds a participation interest in a loan, it may not have the right to vote under the applicable loan agreement with respect to every matter that arises thereunder, and it is expected that each selling institution will reserve the right to administer the loan sold by such selling institution as it sees fit and to amend the documentation evidencing such loan in all respects. Selling institutions voting in connection with such matters may have interests different from those of the Client and may fail to consider the interests of the Client in connection with their votes.

The purchaser of an assignment of an interest in a loan typically succeeds to all the rights and obligations of the assigning selling institution and becomes a lender under the loan agreement with respect to that loan. As a purchaser of an assignment, the Client generally will have the same voting rights as other lenders under the applicable loan agreement, including the right to vote to waive enforcement of breaches of covenants or to enforce compliance by the borrower with the terms of the loan agreement, and the right to set off claims against the borrower and to have recourse to collateral supporting the loan. Assignments are, however, arranged through private negotiations between assignees and assignors, and in certain cases the rights and obligations acquired by the purchaser of an assignment may differ from, and be more limited than, those held by the assigning selling institution.

Assignments and participations are sold strictly without recourse to the selling institutions, and the selling institutions will generally make no representations or warranties about the underlying loan, the borrowers, the documentation of such loans or any collateral securing such loans. In addition, the Client will be bound by provisions of the underlying loan agreements, if any, that require the preservation of the confidentiality of information provided by the borrower. Because of certain factors including confidentiality provisions, the unique and customised nature of the loan agreement, and the private syndication of such loan, such loans are not purchased or sold as easily as are publicly listed securities.

In terms of liquidity with respect to such investments, there can be no assurance that levels of supply and demand in loan trading will provide an adequate degree of liquidity for a Client's investments therein.

Commodity Risk in Trade Finance. GIB (UK)'s activities may include commodity trade finance transactions. Hence, economic, market or other changes or circumstances that affect the commodity prices or unexpected price movements in commodity prices, could affect the performance. In general, the Client will not take direct commodity price risk with most of the transactions they finance being presold to an identified buyer at a fixed price.

In the event that the Client takes on the commodity price risk, this risk would typically be mitigated by having the counterparty or underlying obligor appropriately hedge the risk and the Client may, but is not obliged to, take an assignment of the futures contract.

Financial Obligations. It is expected that all or a majority of the exposures to financial obligations will be unrated by a recognised credit-rating agency and therefore are subject to greater risk of loss of principal and interest than higher-rated investments. The Client may acquire exposure to financial obligations which are not protected by financial covenants or limitations on additional indebtedness. The Client will therefore be subject to credit, liquidity and interest rate risks. Also, the market for financial obligations is often inefficient and illiquid, making it difficult to accurately value such financial obligations (including, without limitation, trade finance assets).

Loans. In relation to trading in loans either directly or through participations, the ability of the Client to acquire or dispose of positions may be restricted, delayed or prevented to the extent that any conditions to transfer are required to be satisfied. Such conditions may include, without limitation, obligations on the transferee, to provide satisfactory confidentiality undertakings to the borrower, grantor of a participation or transferor to procure the same from any onward transferee. The underlying documents governing the holding of a loan position may contain restrictions on the ability to transfer its loan position, including that the consent of the grantor of any participation may be required. There may also be restrictions on transfer in the underlying loan documents. In addition, illiquidity in the market for trading loan positions may affect the Client's ability to dispose of, and realise value in respect of, its loan positions.

Equitable Subordination. Under common law principles that in some cases form the basis for lender liability claims, if a lender (a) intentionally takes an action that results in the undercapitalisation of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors, or (d) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called "equitable subordination"). The Client may be subject to claims from creditors of an obligor that its debt obligations should be equitably subordinated.

Exposure to Underlying Borrower Fraud through Debt Securities. Investing in debt securities involves the possibility of a Client's investments being subject to potential losses arising from material misrepresentation or omission on the part of borrowers whose loans are held within the relevant instruments. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the debt securities that are held within the portfolio or may adversely affect the ability of the relevant investment to perfect or effectuate a lien on the collateral securing the loan. Accordingly, a Client is subject to the risk that the systems used by the originators of loans and other parties to control for such accuracy are defective.

Administration of Loan Participations. Where GIB (UK) invests in loan participations administered by a third-party bank or other counterparty, there is the additional risk of the potential failure of the bank/other counterparty acting for such loan pool, the risk of incorrect valuations, and the risk of error, fraud and inadequate accounting and reporting standards.

The different insolvency regimes applicable in the different jurisdictions result in a corresponding variability of recovery rates for loans entered into by borrowers in such jurisdictions. Limited reliable historical data is available in the European market for default and recovery rates.

Transportation and Warehousing Risk. Due to the transaction structuring involved, certain investments may be backed by commodities or other trade finance goods in transit or held in warehouses or physical assets such as plant or land. Negligence and fraud are always risks in

transactions involving the financing of such assets. GIB (UK) may seek to minimise such risks but no assurance can be given that any such efforts will be successful.

Trade Finance and Commercial Finance Instruments. Investments and other related instruments such as loans issued to support international trade obligations or for other purposes may not be of investment grade and that there is a risk of the loss of all or part of the Client's investments through default on repayment of the investments. Risks related to underlying obligors may result in financial loss to the Client. Investment in trade finance and commercial finance instruments may involve a greater risk than investment in securities. Among other things, investment in trade finance or commercial finance instruments may carry the risks of less publicly available information, more volatile markets, unregulated markets, less favourable tax provisions and non-standardised procedures.

Unusual Yield Characteristics. One of the potential benefits of investment in trade-backed instruments is that the market is somewhat inefficient in pricing such instruments, because the yield characteristics may be significantly different from more traditional debt securities. These differences, such as monthly interest payments, as applicable, and principal prepayments, may at the time present issues for the Client in maintaining full investments, therefore no assurance can be given that such inefficient pricing will not materially adversely affect the Client's portfolios.

### **Material Risks for Particular Types of Securities**

GIB (UK) does not recommend a particular type of security. The actual types of investments will depend on the Client's objectives and strategies described in their investment management agreement. The material risks involved in GIB (UK)'s general investment strategies are described above.

## **ITEM 9 – DISCIPLINARY INFORMATION**

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GIB (UK) has not been subject to any criminal or civil disciplinary action or any formal administrative finding (including regulatory) in any jurisdiction in the reporting period. Likewise, no person involved in the management of GIB (UK) has been subject to such action.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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### **Broker-Dealer Registration**

GIB (UK) and GIB (UK)'s management persons are not registered with the Securities and Exchange Commission ("SEC") as a broker-dealer or registered representatives, respectively.

### **Commodity Pool Operator, Commodity Trading Springs Capital Hong Kong, Futures Commission Merchant Registration**

Neither GIB (UK) nor GIB AIM is currently registered with the Commodity Futures Trading Commission ("CFTC") as a futures commission merchant ("FCM"), a commodity pool operator ("CPO") or a commodity trading advisor ("CTA").

## **Other Financial Industry Activities or Affiliations**

GIB (UK) does not recommend or select other investment advisers for its Clients. In addition, GIB (UK) does not receive compensation directly or indirectly from other investment advisers and does not have other business relationships with other investment advisers.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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### **Code of Ethics and Personal Trading Policies**

GIB (UK) has adopted a “code of ethics” (“Code”) that permits employees to invest in securities on a limited basis. The Code governs the investment in securities by employees of GIB (UK). The purpose of the Code is to ensure that personal transactions do not conflict with Client transactions and that in any situation where the potential for conflict exists, Client interests take precedence.

In addition to the Code, GIB (UK)’s Compliance Manual includes formal insider trading and personal securities transactions policies and procedures. Specifically, the Compliance Manual requires, among other things, that all employees are strictly prohibited from trading listed securities and corporate bonds, including options or derivatives, either personally or on behalf of others (or encouraging others to do so), while in possession of material, nonpublic (insider) information regarding the companies to which these instruments relate. The policy applies to all qualifying accounts where an employee or close family member exercises discretion, including self-select saving and pension schemes, but does not apply where an investment professional has been appointed to manage such accounts with discretion. All employees must obtain pre-approval from the Compliance department for trading listed securities and corporate bonds, including options and derivatives based on them, and any funds that are managed by GIB (UK) and GIB AIM. Permission may be withheld if the security or bond in question is being traded, or about to be traded, by GIB (UK) or GIB AIM in respect of one or more Clients. Front running of Client trade orders is strictly forbidden. Pre-approval is not required for personal trades in government securities, independent mutual funds, exchange traded indices, contracts based on foreign exchange currency movements or exercise of rights issues on securities that would, otherwise, require pre-approval. A copy contract note must be provided to the Compliance department for each trade that is executed, including those for which pre-approval is not required. Senior management and anyone with a trading mandate may be required to make an annual certification of all their personal trades to the Compliance department. The Chief Risk & Compliance Officer retains the right to request this annual certification from any other employee, where considered appropriate. Employees are reminded, however, that they are not to undertake personal trading or other non-work related activity if it would adversely affect performance of their defined responsibilities within GIB (UK).

Please see Item 10 above for further discussion of conflicts and potential conflicts of interest relating to the recommendation of securities in which the related persons of GIB (UK) have a material financial interest.

A copy of GIB (UK)’s Code is available to Clients and prospective Clients upon request.

GIB (UK) conducts foreign exchange trading for its own account, and does not anticipate that this activity will conflict with the interests of any US Clients it may onboard in the future.

GIB (UK) employees may either directly, or through affiliates or trusts, buy or sell for their own account securities that are also recommended to Clients. These transactions must be pre-cleared by the Compliance department which manages any potential conflicts of interest. The Compliance department has absolute discretion to reject any transaction approval request if it considers a conflict may arise.

## **ITEM 12 – BROKERAGE PRACTICES**

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### **Broker-Dealer Selection**

GIB (UK)'s ability to determine the securities bought and sold as well as the amount bought and sold is limited by the investment objectives of the Client and the diversification and other requirements of the mandate agreed with the Client and documented in the investment management agreement with the Client.

GIB (UK) has full discretion to select brokers or dealers, as well as the commission rates at which the transactions for clients are effected, and will do so in accordance with its duty to seek best execution. GIB (UK) will, in arranging for the purchase and sale of portfolio securities, take numerous factors into consideration. These include any legal restrictions, such as those imposed under the securities laws, and any Client imposed restrictions. Within these constraints, GIB (UK) will employ or deal with members of the securities exchanges and other brokers and dealers to, in its judgment, implement the policy of obtaining best execution (i.e., prompt and reliable execution at the most favorable prices obtainable under the prevailing market conditions) of portfolio transactions.

In determining the abilities of a broker or dealer to obtain best execution for portfolio transactions, GIB (UK) will consider all relevant factors, including cost, price, the execution capabilities required by the transactions; the ability and willingness of the broker or dealer to facilitate the portfolio transactions by participating therein for its own account; the importance to the account of speed, efficiency and confidentiality; the broker or dealer's apparent familiarity with sources from or to whom particular securities might be purchased or sold; the reputation and perceived soundness of the broker or dealer; and other matters relevant to the selection of a broker or dealer for portfolio transactions for any account. GIB (UK) will not adhere to any rigid formula in making the selection of the applicable broker or dealer for portfolio transactions, but will weigh a combination of the preceding factors.

GIB (UK) will have no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular portfolio transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to minimize the expense incurred for effecting portfolio transactions to the extent consistent with the interests and policies of the Clients. Although GIB (UK) will generally seek competitive commission rates, this may not necessarily result in the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker or dealer involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

When allocating trades to clients, GIB (UK) must ensure that, over time, each Client is treated fairly

and equitably in the execution of transactions. Therefore, trading personnel must ensure that, over time:

- Clients are treated fairly as to the securities purchased or sold for their accounts;
- Clients are treated fairly with respect to the priority of execution of orders;
- Clients are treated fairly in the allocation of trades;
- Allocation of trades is done on a timely basis; and
- All accounts participating in an aggregated order receive average price and share transaction costs pro rata.

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

GIB (UK) selects broker-dealers on the basis of their execution capabilities. As a general policy, GIB (UK) does not receive free research or other products or services other than execution from a broker-dealer in connection with Clients' securities transactions. We now pay for investment research from selected providers in accordance with new regulations in the European Union laid down under MiFID II.

### **Brokerage for Client Referrals**

GIB (UK) does not consider, in selecting broker-dealers, whether GIB (UK) or a related person receives client referrals from a broker-dealer or third party. Client

### **Directed Brokerage**

GIB (UK) has the discretionary authority to determine and direct execution of portfolio transactions within the client's specified investment objectives without prior consultation with the Client on a transaction-by-transaction basis. GIB (UK) does not currently accept requests from its Clients for directed brokerage arrangements.

### **Aggregation of Trades**

GIB (UK) has the fiduciary duty to execute orders for its clients fairly and equitably. GIB (UK) follows written procedures pursuant to which it may, for Clients who permit it, and to the extent consistent with best execution, combine purchase or sale orders for the same security for multiple clients (sometimes called "bunching") so that they can be executed at the same time. The procedures followed by GIB (UK) may differ depending on the particular strategy or type of investment. Generally speaking, orders for the same security entered on behalf of more than one Client will usually be aggregated (i.e. blocked or bunched) subject to the aggregation being in the best interests of all participating Clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders; filled orders shall be allocated separately from subsequent orders. All Clients participating in each aggregated order shall receive the average price and subject to minimum ticket charges, pay a pro-rata portion of commissions. GIB (UK) is not required to bunch or aggregate orders if (1) portfolio management decisions for different accounts are made separately; or (2) GIB (UK) determines that bunching or aggregating is not practicable or in the interests of its Clients. GIB (UK) may be able to negotiate a better price and lower commission rate on aggregated trades than on trades for accounts that are not aggregated. Where transactions for a client's account are not aggregated with other orders, it may not benefit

from the better price and lower commission rate.

## **ITEM 13 – REVIEW OF ACCOUNTS**

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### **Review of Accounts**

Client portfolios are reviewed on a continuous basis by the investment management team. These reviews are designed to monitor and analyze the transactions, positions, and investment levels. Particular attention is given to changes in company fundamentals, industry outlook, market outlook, and price levels.

### **Client Reports**

GIB (UK) will provide each Client with written regular reports regarding the investments held in the Client's account, as well as the performance of the Client's investments. Additional reports may be provided to Clients if circumstances so warrant.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

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### **Other Compensation**

Neither GIB (UK) nor any related person receives an economic benefit from third parties for providing investment advice or other advisory services to a GIB (UK) Client.

### **Compensation for Client Referrals**

Neither GIB (UK) nor any related person directly or indirectly compensates any person (other than GIB (UK) personnel) for client referrals.

## **ITEM 15 – CUSTODY**

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GIB (UK) operates its US advisory business in such a manner that GIB (UK) will not be deemed to have custody of Client assets. In the unlikely event GIB (UK) were deemed to have custody with respect to a Separate Account of a US Client, it would seek to make prompt arrangements to ensure that all requirements of the Advisers Act Custody Rule would be satisfied with respect to that Separate Account. GIB (UK) would also update its Form ADV accordingly to reflect this change in its advisory business. Finally, GIB (UK) notes that as GIB (UK) is an investment adviser located outside the US, the Advisers Act Custody Rule does not apply with respect to those relationships.

## **ITEM 16 – INVESTMENT DISCRETION**

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GIB (UK) accepts discretionary authority to manage a Client's account(s). This authority can be found in the investment management agreement and may be limited by investment guidelines and/or

the prospectus and offering document of the Client. In all cases, however, the mandate will be exercised in a manner consistent with the investment policy and objectives of the Client.

When managing a Client's account, GIB (UK) observes the investment policies, limitations and restrictions set out in the aforementioned documents. These documents cover various matters including:

- the portfolio investment policy and objective;
- the investment limitations and restrictions; and
- the degree of risk permissible.

#### **ITEM 17 – VOTING CLIENT SECURITIES**

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In relation to the investments made on behalf of Clients, GIB (UK) may have the authority to vote proxies. GIB (UK) has adopted and implemented written policies and procedures reasonably designed to ensure that it votes proxies for Client securities in the best interest of Clients and address material conflicts that may arise between its interests and those of its Clients relating to proxy voting. Proxy voting decisions are the responsibility of the portfolio manager and are made in accordance with GIB (UK)'s proxy voting policies and procedures. GIB (UK) reserves the right to act differently on proxies or to deviate from established positions on certain issues when it believes that doing so would be in the best interests of a Client.

All employees are under a duty to report to the Compliance department any potential conflicts of interest of which they become aware of regarding voting proxies for Client accounts. In such a situation, GIB (UK) will defer voting any affected proxies until the Compliance department determines how the conflict or potential conflict is to be resolved. Compliance will consider all potential conflicts relating to proxy voting brought to its attention to determine whether any could be considered material. A conflict of interest will be considered material if it has the potential to influence GIB (UK)'s voting.

GIB (UK)'s proxy voting policies and procedures and information on how specific proxies were voted is available to Clients upon request. GIB (UK)'s Clients do not currently have the ability to instruct GIB (UK) on how to vote proxies in particular solicitations.

#### **ITEM 18 – FINANCIAL INFORMATION**

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GIB (UK) has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.