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This brochure provides information about the qualifications and business practices of ANDA Asset Management Co., Ltd. If you have any questions about the contents of this brochure, please contact our Head of Legal & Compliance at (822) 2156-2800 or by email at nwcho@andaasset.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about ANDA Asset Management Co., Ltd. is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2– MATERIAL CHANGES

David Daejoong Kim who served as a vice president and also a portfolio manager left ANDA Asset Management Co., Ltd. (“ANDA”) on December 31, 2018.

Eui Hyun Park joined ANDA as a portfolio manager within our active strategy on July 2, 2018.

In accordance with the joiners and leavers of the company, share transactions were executed as below on July 13, 2018.

ANDA repurchased 3.15% of the firm’s outstanding shares from David Daejoong Kim and he directly sold additional 1.10% of the firm’s outstanding shares to Eui Hyun Park.

Eui Hyun Park acquired 0.4% of the firm’s outstanding shares directly from Hong Bum Kim, a former analyst/portfolio manager, following his departure from the firm on June 26, 2018 in accordance with the firm’s policy on stock ownership.

Eui Hyun Park acquired 38,920 shares and became a 1.5% shareholder of the company.

Minkook Lee, the co-CEO and also a senior portfolio manager within the Multi- Strategy left ANDA as of 31 March 2019. Hyung Soon Park, a senior portfolio manager within Multi-Strategy was appointed as co-CEO and will take over the role of Minkook Lee.

Mark Lee, the co-CEO, also left ANDA as of 15 April 2019. He was responsible for overseeing corporate, fund, administration, business and legal matters. Daniel Warren Perez was appointed as co-CEO and will take over Mark Lee’s role.

The above information only provides material changes from April 1, 2018 to March 31, 2019. The figures are updated as of March 31, 2019 and personnel changes are updated as of April 2019 due to organizational changes in April 2019.

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ITEM 4 – ADVISORY BUSINESS

A. Firm Description

ANDA Asset Management Co., Ltd. (“**ANDA**”) is a corporation incorporated in South Korea (“Korea”) on August 18, 2011. ANDA Investment Partners Co., Ltd. (“**ANDA Partners**”), a corporation incorporated in Korea, owns 30.83% of ANDA’s outstanding common shares, and 41.62% of ANDA’s outstanding common shares is owned directly by Kwon Uk Choi, who, together with his family members, owns 100% of the issued and outstanding common shares of ANDA Partners. 11 individuals own 23.2% of ANDA’s outstanding shares. ANDA owns the remaining 4.35% of its own shares.

ANDA commenced its investment advisory business when it became registered with the Financial Services Commission of Korea (“**FSC**”) on November 22, 2011. ANDA was licensed by the FSC to manage private funds open only to qualified investors on February 5, 2014 and renewed such license on October 26, 2015.

B. Types of Advisory Services Offered

ANDA provides investment advisory services on Korean equities on a discretionary basis. Also, ANDA manages or advises various onshore or offshore privately placed pooled investment vehicles (“Private Funds”) and separately managed accounts (“Managed Accounts”).

C. Tailoring Investment Advisory Services

Private Funds: ANDA advises the Private Funds in accordance with each Private Fund’s investment objective, strategy and guidelines as set out in the private placement memorandum (“PPM”) of each Private Fund. The investment objective, strategy and guidelines for each Private Fund are unique to each Fund, and are not tailored to the individual needs of any particular investor. All Private Fund investors are reminded to consider whether an Private Fund meets their own individual investment objectives and risk tolerance.

Managed Accounts: ANDA tailors its investment advisory services to the individual needs of Managed Account clients through customizing the investment objective, strategy and guidelines of each client mandate. Clients may impose certain restrictions on investing in certain securities or types of securities. The mandate of each Managed Account is documented in the respective investment advisory agreements / sub-investment management agreements.

D. Wrap Fee Programs

ANDA does not participate in any wrap fee programs.

E. Assets Under Management

As at the end of March 2019, ANDA had assets under management of approximately USD 939 million, all of which are on a discretionary basis.

ITEM 5 – FEES AND COMPENSATION

A. Basic Fee Schedule

Management fees are generally up to 1.5% per annum of the net asset value of the relevant Private Funds. For certain Private Funds, performance fees are generally up to 20% of the appreciation in the net asset value per unit above the high watermark, payable annually. The fees paid to ANDA by Private Funds are set out in the respective PPM and investment management/advisory and/or sub-advisory agreement.

For Private Funds, there may be subscription and/or redemption charges that are separate payments due at the time of subscription and/or redemption, details of which are set out in each Fund's respective PPM. All redemption charges are retained by the relevant Private Fund for the benefit of the remaining Private Fund investors.

For Managed Accounts, management fees are agreed with the client based on the size of the account, the complexity of the mandate, the extent of reporting requirements and other factors. The fees paid to ANDA are set out in the respective investment advisory / sub-investment management agreement. Performance fees will only be charged to Managed Accounts owned by U.S. clients who would meet the definition of a "Qualified Client" as provided by Rule 205-3 of the Investment Advisers Act and upon agreement with the client.

B. Calculation and Deduction of Fees

Management fees are paid on a monthly or quarterly basis in arrears as instructed by the relevant administrator of the Private Funds, as specified in each Fund's respective PPM.

For Managed Accounts, management fees are typically deducted from the clients' assets quarterly at the instruction of the clients. Managed Account clients may instead choose to pay management fees directly at the end of each quarter.

C. Other Fees or Expenses Payable by the Clients

In addition to management fees and performance fees (mentioned above and in Item 6 below), investors in the Private Funds will indirectly bear any other costs charged to the Private Funds. Such costs will vary and typically include, but are not limited to, accounting, legal, fund administration fees, custodian fees, audit fees, directors' fees and other related costs. Further, the Private Funds will incur brokerage commissions, transaction fees, and other related costs and expenses including, but not limited to, charges imposed by custodians, administrators, brokers, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Managed Account clients will need to bear custodian fees, brokerage commissions, transaction fees, issue and transfer taxes, administration fees, bank service fees, and other related costs and expenses.

Such charges, fees and commissions are exclusive of and in addition to the fees charged by ANDA and ANDA does not receive any portion of those commissions, fees and costs.

D. Advance Fees Payable by the Clients

Fees charged to clients (other than ANDA's clients who are residents of Korea) are not payable in advance. Fees are charged in arrears as described in Item 5A. above.

ITEM 6 – PERFORMANCE-BASED FEES

Performance-Based Compensation

Certain Private Funds that ANDA advises are charged performance fees at the fund level as described in Item 5. The calculation of the performance fee (if applicable) is described in each Private Fund's PPM.

ANDA may also enter into performance fee arrangements with Managed Account clients in which fees are based on capital appreciation of the assets of a client, with or without a benchmark or a hurdle rate. These performance based-fees are negotiated on a client-by-client basis. All Managed Account clients who are U.S. persons are Qualified Purchasers.

Conflicts of Interest

Performance-based compensation may create an incentive for ANDA to make riskier or more speculative investments than it would otherwise in the absence of such performance-based compensation arrangements. Conflicts of interest may also arise when an investment adviser manages multiple client portfolios. Such fee arrangements may also create an incentive to favor higher fee-paying accounts over other accounts in the allocation in investment opportunities.

Different fee arrangements may create an incentive for ANDA to favor one client over another in allocation of investment opportunities or when effecting transactions on behalf of multiple clients. The potential conflicts of interest arising from these fee arrangements and management of multiple client portfolios are addressed by ANDA's internal policies and procedures. ANDA has adopted policies and procedures and maintains a compliance program designed to help manage such potential conflicts, including trade allocation policies. These trade allocation policies and procedures seek to ensure that ANDA is not favoring one client over another and that trading for all client accounts is conducted in a fair and equitable manner.

ANDA has procedures in place that require valuation of net asset value of Private Funds and Managed Accounts to be performed by administrators/custodians who are independent financial institutions.

For certain mandates, ANDA or its affiliates may invest alongside in order to align their interest with the clients.

ITEM 7 – TYPES OF CLIENTS

ANDA's clients include pooled private investment vehicles and separately managed accounts set up by institutional investors, individuals and corporations. Minimum investment requirement of KRW 100 million, approximately USD 88,028, is generally imposed on each client that wants to invest in pooled private investment vehicles advised by ANDA.

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

Methods of Analysis

The investment strategies and styles differ across ANDA's Managed Accounts, but as a value oriented investor, ANDA believes investing involves narrowing the valuation gap between a company's intrinsic value and market price. Unless a market is grossly inefficient, share prices should eventually reflect fundamentals. ANDA concentrates its investment expertise on securities traded in the Korean market and its approach stresses bottom-up analysis of economics and fundamentals in order to compare values and catalysts for what is happening versus what is priced in the market. The key is to avoid value-traps through original research and fundamental analysis.

ANDA's local research capabilities and substantial expertise in the Korean markets are an advantage in both performing "top-down" analysis of the markets as well as "bottom-up" analysis of particular companies within its investment universe. Although, ANDA utilizes information, reports and data from various external sources, its investment decision-making with respect to the Managed Accounts and non-discretionary clients it advises is based primarily upon its internal research and analytical capabilities, including the research and analytical experiences and expertise of its investment staff.

ANDA provides investment management and advisory services in the following strategies:

Korea Value Strategy: ANDA aims to achieve long-term capital appreciation from undervalued stocks listed or registered in Korea. Emphasis is placed upon stock selection, with sector or industry selection a secondary consideration. The strategy offers flexibility to invest across the entire market capitalization spectrum with ANDA opportunistically tilting the portfolio toward the most promising segments. The strategy is long biased due to the tailwind of structural growth in Asia. The risk profile of this strategy should be considered to be similar to direct participation in the Korean equity market with an emphasis on the small- and mid-cap segment. The strategy is intended for investors with longer investment horizons.

In selecting securities for this strategy, ANDA adopts a disciplined investment process in order to evaluate companies' long-term appreciation potential. The investment process combines fundamental analysis of the Korean economy, industrial sectors and in-depth analysis of companies' fundamentals and risks with broad-based quantitative research and risk management. ANDA may invest in a relatively small number of companies, as it plans to invest only with high conviction and where a substantial value gap exists. Hence, the portfolio may differ significantly from those funds in which investments are based on market indices.

There is no limitation on the type of companies ANDA can invest in, nor limitation on their market capitalizations. However, it is expected that ANDA will pay more attention to small capitalized and lesser-known companies and stocks whose valuations are low in relation to their growth prospects, including stocks with less liquidity. Nonetheless, ANDA will not invest in growth companies without clear value backing. In managing the strategy, ANDA will not be limited by constraints such as index weightings, cash level, or market exposure.

The portfolio comprises primarily listed or registered Korean equity securities. ANDA may also invest in financial instruments including forward contracts and derivatives, including futures, options and over-the counter derivative instruments. ANDA does not intend to make significant use of derivative instruments. However, from time to time, it may utilize index futures on major Korean indices traded on Korean futures exchanges and individual shorts for defensive purposes to adjust market exposure of the strategy.

There can be no assurance that this investment objective can be achieved.

Material risks involved:

Risk of fundamental investing - it is possible that the markets that the strategy operates in could encounter a prolonged period where securities valuation fails to reflect, or runs counter to, fundamentals of the companies listed therein. Under such an environment, the strategy may generate very poor returns or suffer significant losses.

Liquidity risk - securities held within the portfolio may be thinly traded and relatively illiquid. In the event of extreme market activity, ANDA may not be able to liquidate its investments promptly should the need to do so arise. In such event, the amount of any gain or loss which may be realized could be materially adversely affected.

Correlation to markets - despite the possible employment of index futures for hedging and portfolio management purposes, the strategy is expected to be “long-biased” and the correlation to markets can be significant.

Other risks – other risks include government intervention, concentration of investments, relations with North Korea, currency exposure, Avian Flu, SARs and the outbreak of other significant infectious diseases, counter-party risk, derivatives risk, market disruptions, short sales, regulatory risk, taxation risk and performance fee risk.

Korea Active Return Strategy: ANDA aims to achieve long-term absolute returns through a concentrated portfolio of equity and equity-linked securities (including warrants and options) listed or registered in Korea. Emphasis is placed upon stock selection, with sector or industry selection a secondary consideration. The strategy is not limited or restricted by constraints such as investment style, index weightings, cash levels or market exposure and invests in the Korean market on an absolute return multi-cap basis. The strategy is long biased due to the tailwind of structural growth in Asia. The risk profile of this strategy should be considered to be similar to direct participation in the Korean equity market.

In selecting securities for this strategy, ANDA adopts a disciplined investment process in order to evaluate companies’ long-term appreciation potential. The investment process combines fundamental analysis of the Korean economy, industrial sectors and in-depth analysis of companies’ fundamentals and risks with broad-based quantitative research and risk management. ANDA may invest in a relatively small number of companies, as it plans to invest only with high conviction. Hence, the portfolio may differ significantly from those funds in which investments are based on market indices.

There is no limitation on the type of investee companies in which ANDA may invest and there is no limitation or criteria with regard to their market capitalizations. Nevertheless, ANDA will, as much as possible, control the overall liquidity of the portfolio such that duly notified redemption requests will be met with minimal impact on the net asset value of the portfolio.

The portfolio comprises primarily listed or registered Korean equity securities. ANDA may also invest in financial instruments including forward contracts and derivatives, including futures, options and over-the counter derivative instruments. ANDA does not intend to make significant use of derivative instruments. However, from time to time, it may utilize index futures on major Korean indices traded on Korean futures exchanges for defensive purposes to reduce or adjust the market exposure of the portfolio.

There can be no assurance that this investment objective can be achieved.

Material risks involved:

Risk of fundamental investing – it is possible that the markets in which the strategy operates could encounter a prolonged period where securities valuation fails to reflect, or runs counter to, fundamentals of the companies listed therein. Under such an environment, the strategy may generate very poor returns or suffer significant losses.

Other risks – other risks include government intervention, concentration of investments, relations with North Korea, currency exposure, Avian Flu, SARs and the outbreak of other significant infectious diseases, counter-party risk, derivatives risk, market disruptions, short sales, regulatory risk, taxation risk and performance fee risk.

Multi-Strategy: ANDA seeks to generate consistently superior risk-adjusted returns with relatively low volatility. This multi-strategy focus is expressed through three core strategies: event-driven/special situations, equity and convertibles. Capital allocation is dynamic and is determined by evaluating what we believe are the best market opportunities consistent with the fund's goal of producing stable compounded returns with less directional exposure to equity markets.

There can be no assurance that this investment objective can be achieved.

Material risks involved:

Risk of fundamental investing – it is possible that the markets in which the strategy operates could encounter a prolonged period where securities valuation fails to reflect, or runs counter to, fundamentals of the companies listed therein. Under such an environment, the strategy may generate very poor returns or suffer significant losses.

Liquidity risk - securities held within the portfolio may be thinly traded and relatively illiquid. In the event of extreme market activity, ANDA may not be able to liquidate its investments promptly should the need to do so arise. In such event, the amount of any gain or loss which may be realized could be materially adversely affected.

Valuation risk – the portfolio may include unlisted securities which will be valued at their acquisition costs unless otherwise determined.

Other risks – other risks include government intervention, concentration of investments, relations with North Korea, currency exposure, Avian Flu, SARs and the outbreak of other significant infectious diseases, counter-party risk, derivatives risk, market disruptions, short sales, regulatory risk, taxation risk and performance fee risk.

ITEM 9 – DISCIPLINARY INFORMATION

The Korean Financial Supervisory Service (“FSS”), during the course of a routine exam, identified three separate technical rule violation matters for ANDA. Subsequently, ANDA has been assessed penalties by the FSS relating to these technical rule violations as outlined in more detail below.

- i. ANDA was fined for the establishment of an entity, ANDA Global, in March 2015, and the exercising of voting rights for this entity, without obtaining prior approval from the FSC due to an inadvertent administrative oversight. ANDA Global was an onshore company wholly-owned by ANDA and was established exclusively for the purpose of holding ANDA’s proprietary stake in offshore real estate. ANDA Global was liquidated in January 2020. Since ANDA Global was established in violation of the Act on the Structural Improvement of the Financial Industry (“ASIFT”), the FSS imposed an administrative fine on ANDA in the amount of KRW 16 million (USD 13,000), taking into account the prompt and immediate remedy actions taken by ANDA once ANDA realized the inadvertent mistake. The proposed fine is the minimum monetary penalty that the FSS could apply under the FSCMA guidelines.
- ii. ANDA provided loans to its officers and employees to purchase shares in ANDA, as part of an employee ownership program, however the loans were in excess of the legal limit of KRW 100 million, violating the Financial Investment Services and Capital Markets Act (“FSCMA”). The FSS proposes to impose a monetary fine in the amount of KRW 56 million (USD 47,000) and issue a warning to ANDA’s former representative director.
- iii. In May 2019, ANDA did not value a convertible bond held in three portfolios it managed in a manner consistent with the FSCMA. The valuation error occurred as a result of ANDA waiting until the court accepted the convertible bond issuer’s bankruptcy filing. Under the FSCMA, ANDA should have wrote off the debt at the time the issuer filed for bankruptcy, one week earlier. ANDA reimbursed all investors who suffered a financial loss as a result of the error, while any investors that benefited from the error were permitted to keep their gains. The FSS proposes to issue warnings upon ANDA’s officers and employees who were in charge of the valuation. There was no monetary fine associated with this breach

Under Korean regulations, the FSS proposed penalties are finalized after a final review is conducted by the FSC. The FSC is expected to render its final decision on April 1, 2020. We expect the FSC decision will not be significantly different than the penalties proposed by the FSS. Once the FSC renders its decision, the FSS will issue ANDA an official notification of the results of their examination.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer

ANDA and ANDA's management persons are not registered, nor do they have an application pending to register, as a broker-dealer or registered representatives, respectively.

B. Commodity Pool Operator, Commodity Trading Advisor, Futures Commission Merchant Registration

ANDA is not registered, nor does it have an application pending to register, as a Commodity Pool Operator or a Commodity Trading Advisor.

C. Material Relationship or Arrangements with Related Industry Participants

ANDA is affiliated through common ownership with ANDA Partners, which is a holding company not engaged in the business of providing investment advisory services.

ANDA Global Asset Manager Limited, formerly known as CK Strategic Manager Limited, is a Participating Affiliate of ANDA, and their personnel who develop investment advice for, communicate investment advice to, or otherwise have access to such advice before it is implemented for ANDA's U.S. investment advisory clients are subject to all compliance policies of ANDA.

ANDA Asset Management (Hong Kong) Limited is an investment advisor owned by ANDA that relies on the Foreign Private Adviser Exemption.

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

A. Code of Ethics

ANDA has incorporated in its compliance manual a code of ethics (the “**Code**”) that is applicable to all employees and access persons of ANDA. The Code contains provisions reasonably designed to deter misconduct and conflict of interests and to detect violations of applicable laws and regulations. The Code includes the following provisions:

Standard of Conduct: sets out the minimum standard expected of all staff and includes honesty and fairness, skill, care and diligence, and fiduciary duty towards clients.

Personal Trading: sets out procedures to be followed by ANDA employees and access persons for trading their own accounts or the accounts of their spouse or immediate family members living in the same household. The procedures include, but are not limited to, initial and annual disclosure of holdings in their own accounts and those of their spouse and immediate family members living in the same household; prior approval from compliance team for securities transactions or opening of broker accounts; submission of trade confirmation and brokerage account statements from their brokers; and a minimum holding period of 60 days for securities. In general, no employee may own a listed security in his or her personal account if the listed security is within the Company’s research universe which is updated from time to time, whether or not the listed security is included in our clients’ actual portfolios.

Receipt or Provision of Benefits: sets out procedures for receiving or offering gifts and benefits in connection with the affairs or business of a client.

Any person not in compliance with the Code may be subject to disciplinary actions including summary dismissal. ANDA will provide a copy of the compliance manual including the Code to any client or prospective client upon request.

B. Participation or Interest in Client Transactions

ANDA does not ordinarily take direct proprietary positions in listed equity securities, futures or derivatives, or carry out any principal transactions with clients or non-clients on such financial instruments.

C. Provision of Investment Management/Advisory of Similar Service to Multiple Private Funds/Managed Accounts

ANDA is a sub-investment manager or investment adviser to a number of different Managed Accounts, and may in the future advise Private privately placed pooled investment vehicles (“**Private Funds**”), that may have similar or different investment objectives and policies. ANDA or its licensed staff may give advice and take action with respect to any Private Fund or Managed Account it advises that may differ from action taken by ANDA on behalf of other Private Funds or Managed Accounts. ANDA is not obligated to recommend, buy or sell or to refrain from recommending, buying or selling any security that ANDA or staff may buy or sell for its or their own accounts or for other Private Funds or Managed Accounts advised by ANDA. Additionally, ANDA’s personnel and affiliates may invest, directly or indirectly, in Funds, which in turn, may invest in securities held in other Private Funds and Managed Accounts advised by ANDA. From time to time, ANDA’s officers and employees may have interest in securities owned or sold by or recommended to the Private Funds and Managed Accounts.

These situations present a potential conflict of interest for ANDA in relation to its Private Fund and Managed Account clients. To address this potential conflict of interest, ANDA has adopted policies and procedures and maintains a compliance program designed to help manage such potential conflicts, including trade allocation policies. These trade allocation policies and procedures seek to ensure that ANDA is not favoring one client over another and that trading for all client accounts is conducted in a fair and equitable manner. ANDA also has in place procedures relating to personal securities transactions and insider trading and other market misconduct designed to reasonably detect and prevent actual conflicts of interests.

Some of the Private Funds and Managed Accounts that ANDA advises are subject to performance-based fee arrangements; others are not. Different fee arrangements may create an incentive for ANDA to favor higher fee-paying accounts over other accounts in the allocation in investment opportunities.

To mitigate these potential conflicts of interest, ANDA has adopted policies and procedures to ensure fair allocation of investment opportunities among multiple Private Funds and Managed Accounts. In allocating investment opportunities, among other things, ANDA will take into consideration the investment objectives and mandate of each Private Fund and Managed Account, the stock weighting with each Fund and Managed Account, the size of each Fund and Managed Account, the sector weighting and excess cash available.

D. Other Potential Conflicts of Interest

The following is a list of some other potential conflicts of interest that can arise in the course of normal investment management and advisory activities of ANDA:

Related Party Transactions: ANDA and its directors, employees, affiliates and its service providers may contract or enter into financial, banking or other transactions with one another or with any client of a Private Fund or Managed Account advised by ANDA. There is a risk that such transactions may not be at arm's length, causing a conflict of interest to arise. To mitigate this conflict, ANDA has policies in place that require all such transactions to be at arm's length and are subject to prior approval from the Compliance Officer.

Co-investment in Private Funds Advised by ANDA and its Affiliates: If in the future ANDA or its affiliates advise private funds, ANDA's directors/officers may also be allowed to invest in the private funds advised by ANDA and its affiliates and hold, dispose or otherwise deal with them with the same rights as other investors. This may create a conflict of interest. To mitigate this conflict, no preferential treatment is granted in the subscription process to these related parties.

ITEM 12 – BROKERAGE PRACTICES

ANDA recommends brokers but has no discretionary authority to appoint brokers on behalf of its clients. Once brokers are selected, allocation of transactions to brokers is at ANDA's discretion unless the client instructs otherwise, and such allocation is largely based on ANDA's Quarterly Brokerage Review and other factors as described below. ANDA allocates portfolio transactions to brokers while seeking best execution with respect to the Managed Accounts' portfolio transactions. The best net results giving effect to transaction costs (including brokerage commissions and spreads which may not be the lowest available but which ordinarily will not be higher than the generally prevailing rate) is normally an important factor in this decision, but a number of other factors are considered, including the different execution capabilities of various broker-dealers with respect to different types of securities and transactions. Other factors include the following:

- pricing of the trades (*e.g.*, transaction costs, including commission rates);
- investment-related services such as: 1) quality of research and other information provided by broker, introduction to potential investee companies, providing access to investment opportunities and initial public offerings, and placements and access to primary markets; and 2) service standard (*e.g.*, technological capabilities, back office and reporting capabilities, and accommodation of client's needs);
- execution quality (*e.g.*, timing of trades, price and speed, and certainty of execution); and
- security (*e.g.*, the broker's ability to provide confidentiality and the quality of systems used by broker).

In order to obtain better value from brokers and provide clients with more transparency on allocation of trading commissions, ANDA instituted a Quarterly Broker Review. Internal polling of research, traders and operations staff is analyzed and votes are linked with commission dollars. ANDA's tier brokerage rankings place greater emphasis on research, sales and execution but also take into account other services as well as back office and operation functions. Feedback is provided to brokers on how the firm wants to be serviced, what the brokers are good at and areas which require improvement.

ANDA has a three tier-ranking format and uses the scoring information from these evaluations as a guide in determining to which broker it allocates securities orders. However, in limited circumstances and subject to periodic review by the compliance team, brokers that have not been categorized using the scoring system may receive orders if they provide research in relation to a specific investment or access to an investment opportunity. Total commissions paid are calculated monthly and monitored by the compliance team on a quarterly basis.

ANDA may purchase or sell the same securities for several clients at approximately the same time. The process is referred to as aggregating orders, batch trading or block trading as is used by the company when believed to be advantageous to clients. The process of aggregation of orders is done in order to achieve better execution and favorable commission rate. Allocation of securities among client accounts is done on a fair and equitable basis in accordance with pre-allocation.

Research and Other Soft Dollar Benefits

The brokerage allocation policy permits ANDA to cause a Managed Account or a Private Fund to pay commission rates in excess of those of another broker would have charged for effecting the same transaction if ANDA believes in good faith that the commission is reasonable in relation to the value of the brokerage and research services provided. The determination may be made in terms of either a particular transaction or the overall responsibilities of ANDA with respect to the Managed Accounts and Private Funds over which it exercises investment discretion. Research services provided by brokers are supplemental to ANDA's own research efforts and, when utilized, are scrutinized thoroughly by its

in-house analysts before being incorporated into the investment process. Research so received will be shared in the management of the Managed accounts and Private Funds but may not benefit all clients paying such commissions equally.

To the extent that ANDA has relationships with brokerage firms that provide it with soft dollar benefits, such relationships may influence ANDA's judgement in allocating brokerage business and create a conflict of interest in recommending brokers to execute securities transactions, because ANDA receives a benefit from not having to produce or pay for research products or services.

ANDA's practices with regard to soft dollar benefits are intended to comply with regulations of Korea. These practices and regulations are generally consistent with Section 28(e) of the U.S. Securities Exchange Act of 1934. Under Section 28(e), use of a client's commission dollars to acquire research products and services is not a breach of fiduciary duty to the client—even if the brokerage commissions paid are higher than the lowest available—as long as ANDA determines that the commissions are reasonable compensation to both the brokerage services and the research required. ANDA has never received any soft dollar benefits nor has it ever put in place any soft dollar or commission sharing arrangements.

Specified Brokerage

Where a Private Fund client or a Managed Account client has directed ANDA to use a specified broker/dealer, ANDA may not always be able to comply with the best execution standard for clients. In addition, occasionally clients may not be able to participate in some investment opportunities which are available to other Private Funds and Managed Account clients managed by ANDA.

Trade Errors

A trade error is defined as

- 1) an error in the investment decision making process (e.g., a violation of a portfolio's guideline, purchases made with unavailable cash, or sales made with unavailable securities); or
- 2) an administrative error made prior to, or during the trade's execution (e.g., a trader executes an order for the wrong security, or for an incorrect amount or number of shares).

ANDA utilizes its best efforts to correct a trade error as soon as possible following discovery of a trade error, in accordance with the policies and procedures as outlined in ANDA's Compliance Manual. A trade error may not in any circumstance be resolved by reallocating the trade to another client. Generally, any gain due to a trade error will be credited to the client, however any loss due to a trade error will be compensated by ANDA to make the client whole as if there had been no trade error.

ITEM 13 – REVIEW OF ACCOUNTS

A. Periodic Review of Client Accounts

All Private Funds and Managed Accounts advised by ANDA are monitored on an ongoing basis by senior management and the Chief Compliance Officer. The Head of Risk Management, the Head of Portfolio Management, the Head of Legal & Compliance and the Chief Compliance Officer review all Private Funds and Managed Accounts in detail with the relevant members of the investment team on at least a quarterly basis and more often if senior management considers it necessary. Reviews will focus on analysis of the performance, portfolio valuation metrics, liquidity, concentration as well as qualitative factors such as sector and industry allocation and investment themes.

B. Accounts Reviewed on Other Than a Periodic Basis

Reviews will also be carried out during periods of portfolio underperformance, increased economic uncertainty or heightened market volatility as well as when major changes in market conditions or rebalancing needs arise driven by major subscriptions or redemptions.

C. Regular Reports

Investors receive periodic communications, including but not limited to account statements, monthly or quarterly manager reports, and annual audited financial statements (if applicable).

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

ANDA or its related person may enter into certain arrangements with third-party introducers, under which the introducers will be paid for referring clients or investors. All such introducer fees will be paid by ANDA or its related person and clients or investors will not be subject to any increased or additional fees or charges. All such arrangements with third-party introducers will be in compliance with rules and regulations of applicable jurisdictions.

ITEM 15 – CUSTODY

Each Private Fund has its own fund administrator and /or prime brokers who are independent of ANDA. Investors in the Private Funds will receive monthly statements from the Funds' respective administrators directly, reflecting the current value of the investor's account and any transactions that have occurred during this period. Private Fund investors will also receive a copy of the audited financial statements on an annual basis. Private Fund investors should carefully review the statements they receive.

Managed Account clients receive monthly statements directly from the qualified custodians and also from ANDA. Managed Account clients should review and compare the information contained in these statements.

ITEM 16 – INVESTMENT DISCRETION

For those clients for which ANDA manages assets on a discretionary basis, ANDA usually receives discretionary authority at the outset of the investment management/advisory relationship. The discretionary authority is granted through the relevant investment management agreement, investment advisory or similar agreement. In all cases, all such discretion is to be exercised in a manner consistent with the stated investment objective, guidelines and restrictions as set out in each investment advisory/investment management agreement with each account.

ITEM 17 – VOTING CLIENT SECURITIES

As for Managed Accounts, ANDA does not vote proxies on behalf of clients. ANDA is a registered and regulated entity in Korea under the Act on Capital Market and Financial Investment Business, and Article 98 of the Act on Capital Market and Financial Investment Business prohibits ANDA from voting proxies in general. Therefore, it is each client's responsibility to vote proxies for securities held in Managed Accounts. ANDA, however, may make recommendations to clients voting a proxy, so that the proxy will be exercised in the best interest of the respective client. Clients can contact ANDA with questions on a particular proxy solicitation by request at compliance@andaasset.com. ANDA will take reasonable measures under the circumstances to:

- facilitate with custodians so that the proxies will be appropriately presented to clients in sufficient time; and
- obtain knowledge of meetings and other events giving rise to the solicitations of proxies.

As for Private Funds, ANDA votes proxies pursuant to its own guidelines reflecting our belief that sound corporate governance will create a framework within which a company can be managed in the interests of its shareholders.

When ANDA becomes aware that any possible conflict of interest exists between itself and its clients in the voting of a proxy, ANDA will attempt to resolve such conflicts to the advantage of its clients. ANDA is responsible for identifying any potential conflicts of interest that may arise in the proxy voting process. Examples of conflicts may include situations where ANDA or its affiliates have a material business relationship with a proponent of a proxy proposal, or has business or personal relationship with participants in a proxy contest, directors of the issuer, which may influence how the vote will be cast. ANDA will refer any such conflicts to its board of directors, which will generally attempt to resolve such conflicts to the advantage of its clients.

ITEM 18 – FINANCIAL INFORMATION

ANDA does not require prepayment of any fees except for its Korean clients. ANDA has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to meet contractual commitments to clients.