

# Ashmore Investment Advisors Limited Brochure

A guide to our services for existing  
and prospective clients

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This Brochure provides information about the qualifications and business practices of Ashmore Investment Advisors Limited ("AIAL"). If you have any questions about the contents of this Brochure, please call +44 203 077 6000 and ask to speak to our Chief Compliance Officer, Brian Rowe. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training. You can find detailed information regarding the education and experience of key AIAL staff members in the "Brochure Supplement" section of this Brochure.

Additional information about AIAL and its staff is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes

Since we last filed Part 2 of Form ADV (in September of 2019), we are making the following material changes in this filing:

**What has changed since our last update of Part 2 of Form ADV?**

### Deletions

The following has been removed from Appendix 2 Information Regarding Ashmore Affiliates:

Avenida Colombia Member LLC is established in Delaware, USA and is an investor in a real estate fund.

Everbright Ashmore Investment Management Ltd established in Cayman Islands (sold interest in EBA Investment Management (formerly Everbright Ashmore Investment Management Ltd)

Everbright Ashmore Real Estate Partners Ltd established in Cayman Islands (dissolved)

Everbright Ashmore Services and Consulting (Cayman) Ltd established in Cayman Islands (dissolved)

### New Disclosures

The following has been included in Other Financial Industry Activities and Affiliations:

Nil

The following has been included in Appendix 2 Information Regarding Ashmore Affiliates:

Avenida CREF II Manager SRL is established in Uruguay is an investment manager to offshore funds.

Avenida de Colombia Management Company is established in Colombia is an investment manager to a domestic fund

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## Advisory Business

Ashmore Investment Advisors Limited ("AIAL") is an investment advisory firm focused on investing in ***Emerging Market investments for institutional investors***. Prior to setting up the Ashmore Group in 1999, the founders of the firm ran the Emerging Markets debt desk at ANZ Bank, where they established their first fund in 1992 advised by Ashmore Investment Management Limited ("AIML").

### In a nutshell

AIAL currently offers its services through separate accounts, private investment funds and mutual funds registered under the U.S. Investment Company Act of 1940, and may in future offer through separate accounts. As of June 30, 2020, AIAL had US\$ 5.2 billion under management (group wide assets were US\$ 83.6 billion under management).

**AIAL** is 100% owned by Ashmore Investments (UK) Limited. Ashmore Investments (UK) Limited is 100% owned by Ashmore Group plc.

**Who are AIAL's principal owners?**

**Ashmore Group plc** is a public company domiciled in England and listed on the London Stock Exchange.

**Mark Coombs**, a Director of AIAL, indirectly owns more than 25% of AIAL through his ownership interest in Ashmore Group plc.

AIAL specializes in Emerging Market investment themes. We invest client assets across a universe of approximately 60 Emerging Market countries in:

**Where do we invest client assets?**

- Sovereign/quasi-sovereign/corporate instruments
- US\$/local currency denominated securities
- Publicly listed/private instruments
- Derivatives such as total return swaps, forwards etc. for hedging and efficient portfolio management

All investments are made as per the investment guidelines and restrictions of each respective fund/account and this process is monitored by the Compliance Department.

As we noted in the list of investments types above, AIAL invests some client assets in private investment funds. The pooled nature of these funds makes it easier to invest in certain Emerging Markets and market sectors where it can be difficult to get custody or liquidity.

**Why do we invest client assets in private investment funds, and who manages those funds?**

AIAL serves as the investment adviser for and, in most cases, receives an advisory fee from these private investment funds. You may choose not to invest in the specialized AIAL managed funds, or your account mandate may prohibit investments in private investment funds or other commingled vehicles. If this is the case, your account may not have exposure to the securities, countries or market segments in which the specialized funds invest. This is due to limitations on the number of individual securities that we can manage on a practical basis, as well as the custody and liquidity issues noted above.

Unless we specifically agree to the contrary with a particular client, AIAL will assume discretionary responsibility for the day-to-day investment of each client's account. If you have a separate account with us, we can help you define the investment objectives for the account by explaining risk and return parameters and, if you request, considering your account in relation to other, existing holdings. You may also impose restrictions on investing in certain securities or types of securities for the account. We will then select the markets, sectors and individual securities we believe are most consistent with your account's investment objectives and restrictions.

**Customized account services**

# Fees and Compensation

Clients can choose a tiered flat fee or a performance-based advisory fee as described below. You may be able to negotiate these advisory fees with us. The most common factors that we consider when deciding whether to negotiate our fee include the size and complexity of an account and whether the account is, in turn, an investment company or a private investment fund.

**A description of our fees**

Clients pay our advisory fee monthly or quarterly. AIAL does not typically require that clients pre-pay advisory fees; we will bill you in arrears. We will not deduct our fees directly from your account. However, you may instruct your account custodian, administrator or another appropriate third party to pay us out of the assets in the account after you have reviewed our bill.

If AIAL's services are terminated before the end of a quarterly or monthly payment period, we will prorate our fees and charge you only for the days on which we actually provided advisory services to the account.

## Fee structure

The Firm's fees will be agreed with clients on a case by case basis, generally within the following or similar parameters:

An annual periodic fee of up to 2% of the net asset value of each fund, payable monthly or quarterly in arrears; and

In some cases an incentive fee, which is based upon the performance of the relevant fund and is payable, annually in arrears, if the fund achieves a return over the previous annual accounting period in excess of an agreed benchmark or a hurdle rate which is depending on the type of fund, typically from 6-10% per annum. The incentive fee varies, but is generally set at a maximum of 20% of the excess.

All future fees, which may include fixed fees, and the terms of all appointments, are negotiable.

In addition to AIAL's advisory fee, you will incur other fees and expenses charged by third parties in connection with your account, including custodian fees, brokerage fees, foreign currency exchange fees and other transaction costs. See "Brokerage Practices." If your account is structured as an investment fund, the fund likely will incur the fees referenced above, as well as administration, transfer agency, reporting, audit, legal, and setup fees.

### Other fees and expenses



## Performance-Based Fees and Side-By-Side Management

As described in the “Fees and Compensation” section of this Brochure, for accounts and some investment funds, AIAL gives clients the choice of a performance-based advisory fee. When AIAL outperforms a relevant benchmark or hurdle rate, we generally will earn a higher fee from clients who have elected a performance-based fee. As a result, we face a potential conflict of interest: we could make more money by allocating our best investment picks to those clients who have opted for a performance-based fee and giving our less favourable investment picks to clients who have chosen a flat fee arrangement.

AIAL addresses this potential conflict primarily via trade allocation procedures. These procedures establish rules for the formulation and subsequent aggregation and allocation of trades that are reasonably designed to ensure fair and equitable treatment of AIAL’s clients over time.

# Types of Clients

AIAL manages assets on behalf of institutional investors such as :

**Our clients are  
institutional investors**

- **Public and corporate pension plans**
- **Insurance companies**
- **Governments, sovereign wealth funds, government-owned institutions**
- **Financial services institutions**
- **Foundations, endowments**
- **Family offices**
- **Pooled investment vehicles (including some “investment companies” as defined in Section 3 of the U.S. Investment Company Act of 1940 which may include retail share classes)**

AIAL typically requires a minimum account size of US\$100 million for segregated accounts. The minimum investment amounts for pooled funds are set out in the respective offering documents.

**Requirements for  
opening and  
maintaining an  
account**

# Methods of Analysis, Investment Strategies and Risk of Loss

## AIAL's Investment Themes

AIAL manages Emerging Markets across a number of investment themes, including:

- External debt (primarily USD-denominated): a principal category of Emerging Market instruments and typically consists of debt issued by sovereigns, quasi sovereigns and other issuers;
- Local currencies and local currency debt: includes local currencies and debt instruments including derivative instruments, such as currency forwards, non-deliverable forwards, total return swaps and interest rate swaps which access currency-linked and interest rate exposure, as well as other shorter duration local currency instruments;
- Corporate debt: This theme focuses on the developing corporate debt asset class in Emerging Markets. The primary focus is on selected opportunities in corporate debt instruments, which provide exposure to corporate sectors benefiting from the associated economic development and growth. Instruments may be hard currency or local currency denominated; Blended debt: This theme invests across three principal themes: external debt (primarily sovereign bonds), corporate debt, local currency debt and foreign exchange;
- Equity: This theme invests in equity and equity-related instruments within Emerging Markets. Our strategies include global, regional, country, small cap and frontier mandates.
- Alternatives : Ashmore defines alternative as special situations, distressed debt and private equity, real assets or infrastructure, often with limited or undefined liquidity, but with substantial credit event linked upside, often incorporating restructuring, recapitalisation and/or a private equity approach;
- Overlay/liquidity: Overlay is used to separate and centralise the currency risk of the underlying asset classes and manage them effectively and efficiently. Investors can choose from an active or

passive approach. Liquidity management includes managing cash and cash equivalents across all our funds/accounts.

- Multi-asset: as the name suggests, invests across all themes - external debt, local currency, corporate debt, equities and alternatives. This theme aims to maximize return for a given level of risk by dynamically allocating across the aforementioned themes.

## Methods of Analysis

Our investment philosophy centres on a specialist, long-term approach starting with macro, top-down active management.

**How do we create portfolios for AIAL's active strategies?**

### Macro top down approach

Forward looking analysis of global and local macro-economics, politics, interest rate and currency dynamics

Analysis of the drivers of market prices

Scenario planning

### Active Management

Collective, team-based approach and institutionalised investment process, unchanged since 1992

Investment life cycle — analysis, execution, management and exit

Focus on exploiting the structural changes in Emerging Market instruments

### Credit Focus

Analysis of credit risk of the assets:

Ability to pay — financial analysis and policy analysis

Willingness to pay — local politics

ESG integration — use of Country Risk Scores to incorporate financial impact of ESG risk

Scenario planning weighing political and policy outcomes

### Value Driven

Look for divergence between market prices and credit risk

Tolerance for mark-to-market volatility

In-house research, integrated in portfolio management team

### Liquidity Obsessed

Robust risk management culture

Liquidity integral to every investment decision

Liquidity embedded in portfolio construction

We believe that the best way to gain exposure to strong medium and long-term trends in Emerging Markets is to employ specialist managers using an active approach. We believe our Portfolio Managers have the technical skills and an understanding of the asset class gained over many years of experience which fits in well with our rigorous and proven investment process. This approach combines formal investment discipline with maximum flexibility to respond to changing events in the time-scale in which market fundamentals change. In the case of Emerging Markets, these fundamentals can change rapidly, which is why we believe that active management with a heavy implementation bias towards high liquidity is often most appropriate.

Our investment philosophy will include managing the cyclical dynamics and changing nature of a maturing asset class in the context of market inefficiencies due to the lack of sufficient and reliable information and the inexperience of market participants. As our top-down views are formulated, these views are expressed through country and asset allocations on an active and dynamic basis. There will be a high level of interaction among members of the Investment Team, changes within a portfolio can and do occur quickly when necessary. We believe that the merits of our approach are supported by our long and successful track record in managing Emerging Market assets over time.

Ashmore's Equity strategies all share common principles. We believe that emerging and frontier markets are inefficient and provide the strong potential for significant alpha generation through high conviction active management. We also believe that strong portfolio performance can only be sustained by ensuring portfolios have the ability to be actively managed. Consequently, liquidity assessment and a conservative approach to capacity management are integral to both portfolio performance and risk management.

We believe investment universes should be unconstrained by indices since relying on indices can be inherently restrictive. Indices can limit the opportunity set based on subjective criteria. In the case of market capitalized indices, it can also magnify the importance of challenged or government interfered areas of an economy at the expense of the strong underlying growth drivers.

Finally, we believe alpha can be generated from multiple sources. Emerging and frontier markets represent a diverse and broad range of economies and markets each at a different stage of development and facing diverse structural challenges. Significant and sustained portfolio returns can be generated by a combination of both fundamental top down and bottom up decision making.

While the principals listed above can be applied to all Ashmore equity

strategies, we have provided an overview of the investment process utilized by the individual strategies.

**Active Equity Strategies** (includes Ashmore's EM Active Equity Strategy):

It employs a structured investment approach that is top down fundamentally driven with insights generated from multiple sources. This produces a live global, country and industry perspective enabling dynamic investing. It also efficiently focuses the team's analytical resources to carry out in depth proprietary bottom up stock research. The outcome is a high conviction stock portfolio that reflects our top down views.

**Global Frontier Strategies** (Includes Ashmore's EM Frontier Markets Equity Strategy, Ashmore's EM Frontier Africa Equity Strategy and Ashmore's EM Middle East Equity Strategy): Our Frontier Markets Strategy invests in the wider frontier markets universe unconstrained by an index. The structured investment process is primarily bottom up and fundamentally driven with top down analysis an additional source of performance and risk control. The result is a high conviction stock portfolio of best ideas.

**All Cap Equity Strategies** (includes Ashmore Emerging Market Equity Strategy, Ashmore EM Global Small Cap Equity Strategy, and Ashmore EM Latin America Small Cap Equity Composite): We employ a disciplined and index unconstrained approach targeting stocks with higher quality and higher growth attributes. The structured investment process is primarily bottom up and fundamentally driven with top down analysis an additional source of performance and risk control. The result is a high conviction stock portfolio of best ideas.

Our approach incorporates multiple insights generated by both bottom up and top down, qualitative and quantitative, research and assessment. This efficiently focuses the team's analytical resources and also acts as a form of ongoing risk control. In depth and differentiated stock research is carried out on a dynamic stock focus list generating a stock rating and recommendation. This drives portfolio construction resulting in a high conviction and diversified portfolio.

## Risk of Loss

With all our strategies there is the risk that ***you could lose a significant amount of money***. We discuss those risks in more detail below. Before you invest with us, you should evaluate if you are able to handle this risk.

**Risks of our methods of analysis**

There are specific risks associated with investing in Emerging Markets. We could be wrong in our assessment of the relative attractiveness of Emerging Markets over a given period of time. Likewise, with respect to securities selection, we could be wrong with respect to our estimate of the intrinsic value/expected growth of a security or how long it will take for this intrinsic value/expected growth to be reflected in its market price.

The main risks of investing in Emerging Markets come from:

**Additional risks of emerging markets securities**

- **foreign currency considerations** (transaction fees, conversion rates and restrictions on conversion/repatriation)
- **economic and political instability**
- **less government regulation and supervision**
- **limited liquidity and increased volatility** in the securities markets
- **less developed custody and settlement mechanisms**



Emerging Markets securities are often denominated in foreign currencies (**in other words, currencies that are different from the base currencies of our client accounts**). This means that our clients have to exchange currencies when we buy and sell securities or when they receive a distribution of income. Our clients must pay fees for these foreign currency exchange transactions and the conversion rates affect the value (including unrealized gains or losses) of the securities in and income received by client accounts.

**Foreign currency considerations: conversion rates, transaction fees and restrictions on conversion**

On rare occasions, the government of an Emerging Market will impose restrictions on the conversion or movement of its currency outside the country. If this happens, we may not be able to realize the value of client investments in that country until the restrictions are removed.

Economic and political conditions tend to be more volatile in Emerging Markets and can affect the value of our clients' investments. With respect to any Emerging Market country, there is the possibility that the government could, in effect, "take" the value of our clients' investments in that country either through nationalization, expropriation or confiscatory taxation. Political changes, government regulation, social instability or diplomatic developments (including war) also could affect adversely the value of our clients' investments. In addition, it may be difficult to obtain and enforce a judgment in a court in an emerging market country.

**Economic and political instability**

Securities markets, broker-dealers, and issuers in Emerging Markets generally are subject to less government supervision and regulation than in developed countries. Further, Emerging Market companies may not be subject to the same accounting, auditing, and financial reporting requirements as companies in developed countries. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from accounting standards in more developed markets.

**Less government supervision and regulation**

The trading volume in the securities markets of Emerging Markets countries is substantially less than in developed countries. Further, securities of some companies in Emerging Markets are less liquid and more volatile than securities of comparable companies in developed countries. This reduced liquidity and increased volatility means that:

**Less liquid and more volatile markets**

- it may be more difficult to purchase and sell Emerging Markets securities in a timely manner and to get prices for portfolio securities from independent sources
- larger investors trading significant blocks of securities can cause

- significant and disruptive price movements
- brokerage expenses and other transaction costs generally are higher in Emerging Market countries than in developed countries

## Disciplinary Information

To the best of our knowledge, there are no legal or disciplinary events that may be material to your evaluation of AIAL's advisory business or the integrity of AIAL's management.

**No information to report**

## Other Financial Industry Activities and Affiliations

As noted in the “Advisory Business” section of this Brochure, the ultimate owner of AIAL is Ashmore Group plc. Ashmore Group plc is listed on the London Stock Exchange. Ashmore Group plc is headquartered in London, England, but has offices located throughout the world.

AIAL has relationships that are material to its advisory business and clients with the following Special Situations Private Equity investment companies:

- Ashmore Special Opportunities Fund Limited

AIAL provides discretionary investment management and advisory services to the following client types, a number of which are “investment companies” as defined in Section 3 of the U.S. Investment Company Act of 1940:

- A number of open-ended unit trusts and investment companies (listed on the Channel Islands Stock Exchange) established and regulated in Guernsey.
- A number of unlisted open-ended and closed-ended unit trusts/ investment companies established and regulated in offshore jurisdictions (Guernsey, Cayman Islands);
- A closed-ended investment company established and regulated in Guernsey, listed on the London Stock Exchange;
- A number of registered investment companies as defined in the U.S. Investment Company Act of 1940.

Where investments will be made by one Ashmore Fund (the “Investing Fund”) in another Ashmore Fund (the “Investee Fund”) are for purposes other than the implementation of its core investment objective, the Investing Fund may pay a reasonable arms length fee to the Investee Fund, which the Investee Fund may retain. Such Investee Funds may include, without limitation, money market funds or other similar funds in which an investing Fund might make shorter term or temporary investments for the purposes of efficient cash management.

# Code of Ethics, Participation in Client Transactions and Personal Trading

AIAL has adopted a Code of Ethics (the “Code”) intended, among other things, to help ensure that personal securities transactions and related activities conducted by AIAL’s employees are consistent with AIAL’s fiduciary duty to clients. AIAL expects all employees to act with integrity, competence, dignity, and in an ethical manner when dealing with the public, clients, prospects, their employer, and their fellow employees, and to place the integrity of the investment profession, the interests of clients, and the interests of AIAL above their own personal interests. Engaging in fraudulent or deceitful conduct with clients or potential clients is strictly prohibited. The Code also requires that all employees comply with applicable securities laws and report promptly any violations of the Code.

AIAL does not purchase or sell securities for its own account. (As noted in the “Advisory Business” and “Other Financial Industry Activities and Affiliations” sections of this Brochure, we often place the assets of separate accounts in private investment funds that are managed by AIAL. We do not receive any extra compensation when we place separate account client assets in the AIAL-managed funds.)

AIAL’s personnel and their family members do purchase securities for their personal accounts. Some of them may also:

- own shares of the private investment funds managed by AIAL (in which AIAL client assets are also invested)
- acquire, hold or dispose of the same or similar investments for their own accounts as are held or to be purchased or sold for a client’s account
- serve on the Board of Directors of a company that is eligible for purchase by AIAL’s clients

In order to address the potential conflicts of interests created by these situations, the Code restricts the purchase and sale of certain securities by employees for their own accounts or the accounts of family members under certain circumstances. For example, all employees are generally prohibited from trading Emerging Market securities (as defined in the Code) unless via Ashmore products, and employees are subject to a pre-clearance procedure for permitted securities transactions unless otherwise exempted. We generally will not approve an employee transaction if it competes or conflicts with a client transaction, violates AIAL’s internal policies or the employee’s or AIAL’s

fiduciary duty, or creates the appearance of impropriety.

In addition, AIAL requires all employees to report their holdings initially and annually thereafter; provide quarterly reports of their personal transactions to the Chief Compliance Officer or his designee, and direct their brokers to send copies of all brokerage confirmations and statements to the Chief Compliance Officer or his designee. Investment personnel also may not purchase securities in an initial public offering or private placement without the prior approval of the Chief Compliance Officer or his or her designee.

Finally, AIAL personnel may serve on the Board of Directors of a publicly traded company, an issuer of securities eligible for purchase by AIAL, or any other organization that might present a potential conflict of interest (such as a position with a client organization or an organization affiliated with a client) only with the prior authorization of the Chief Compliance Officer or his designee. The Chief Compliance Officer will not authorize such service if it would be detrimental to a client account.

If you would like a copy of AIAL's written Code of Ethics, please call our Chief Compliance Officer, Brian Rowe, at **+44 203 077 6000**.

**How to get a copy of  
AIAL's Code of Ethics**

# Brokerage Practices

AIAL's Trading Counterparty Approval procedure assesses the full range and quality of a counterparty's services within the following philosophy:

**How do we decide which execution venues to use?**

- a conservative approach to trading counterparties
- comprehensive review as part of approval process including Legal and Transaction Management, Risk Management & Control and Compliance departments before final sign-off by CEO to approve any new trading counterparty
- active and on-going review of existing counterparties
- a formal review of all counterparties at least quarterly; and
- a dynamic process to revise limits (or cease trading) where appropriate

Prior to the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on Markets in Financial Instruments (MiFID), and Markets in Financial Instruments (MiFIR) Regulation (EU) No 600/2014 (together "MiFID II"), AIAL did not enter into soft commission arrangements or acquire product or services through bundled brokerage arrangements.

**What is AIAL's "soft dollar" policy and directed brokerage arrangements?**

MiFID II introduced new requirements regarding the provision of research to investment firms conducting portfolio management. The new rules unbundle price and execution and investment firms need to make explicit payments for investment research in order to demonstrate that they are not being induced to trade. The rules require investment firms to have systems in place in order to manage unbundled payments for execution and advisory services. Going forward, AIAL has determined that the cost of investment research will be borne by the investment manager – AIAL – with no impact to our clients or funds. Ashmore has in place systems and controls to manage unbundled payments for execution and advisory services.

Trades are allocated based on best price and execution. Our trading counterparties are reviewed quarterly in order to ensure that Ashmore is receiving the best service and pricing available to it in the market.

Under MiFID II, AIAL is required to take all reasonable steps to obtain the best

**Order Execution Policy in brief**

possible result (“best execution”) when placing orders that result from investment decisions by AIAL to deal in “Financial Instruments” on behalf of its investors with other entities for execution or executing such orders on behalf of its investors.

AIAL will determine the relative importance of the “Execution Factors” below by using its commercial judgment and experience in light of market information available and taking into account the Execution Criteria (such as the order, Financial Instruments to be traded, counterparties etc).

The Execution Factors that AIAL will take into account include:

- price;
- costs;
- speed;
- likelihood of execution and settlement;
- size and nature of the order; and
- market impact or any other consideration relevant to the execution of the order.

Ordinarily, price will merit a high relative importance in obtaining the best possible result. However, in some circumstances, AIAL may appropriately determine that other Execution Factors are more important than price in obtaining the best possible execution result.



AIAL does, at its discretion, aggregate orders being placed for execution at the same time for the accounts of two or more investors for which it serves as investment manager/adviser ("Accounts"), which may include pooled investment vehicles, investment companies, limited partnerships and other investment funds and vehicles established by AIAL and segregated institutional accounts, white label accounts (public funds branded or co-branded in the name of a third party where the third party provides some or all of local infrastructure, marketing, compliance and regulatory framework), structured products, and other accounts established by third parties ("Segregated Accounts").

## **Aggregation and allocation policy**

As described in the "Other Industry Activities and Affiliations" section of this Brochure, AIAL is affiliated with Ashmore Investment Management (US) Corporation ("AIMUS"), which is registered as a broker-dealer with FINRA. AIAL does not use AIMUS to effect portfolio transactions for any client account.

## **AIAL does not trade through its affiliated broker-dealer**

## Review of Accounts

AIAL's investment committee has oversight over all AIAL's funds and accounts. The investment committee manages an account considering its investment objectives, portfolio holdings, investment performance, global macro-economic developments, and similar matters.

Each fund and account is reviewed as part of the weekly Investment Committee meetings.

We may also conduct additional or more frequent reviews or generate additional reports when we are asked to do so by a client or when we think they are warranted by other factors. The other factors that may cause such a review include changes in country, market, or currency conditions, changes in information regarding particular holdings, changes in a client's needs communicated to AIAL and other similar developments and events that would affect the achievement of the client's investment objectives.

## Client Referrals and Other Compensation

AIAL generally does not but may enter into agreements with third parties to pay a fee for the referral of new clients. These fees vary and may be either one-time or ongoing for the duration of the client relationship, and fixed or variable based on the total amount of assets invested by the client.

Where we enter into referral arrangements in accordance with the terms and conditions of Rule 206(4)-3 under the Investment Advisers Act of 1940.

## Custody

It is AIAL's policy not to accept custody of client funds or securities. From time to time, custodians or other parties may mistakenly send us share certificates, dividend checks, cash or other client assets. AIAL has procedures designed to ensure that such assets will be returned in a timely manner.

**We do not accept  
custody of client  
assets**

## Investment Discretion

AIAL will typically manage client assets on a discretionary basis but we may also manage assets on a non-discretionary basis under certain circumstances. We will establish our investment authority by means of a written investment management agreement entered into between AIAL and each client before the inception of an account. This investment management agreement also documents the investment objective for the account as well as any other guidelines or restrictions that a client may wish to place on our discretionary authority. Investment restrictions vary among accounts. Examples include diversification requirements and percentage limits on the holding of a single issuer's securities.

## Voting Client Equity Securities

You may choose whether to give AIAL authority to vote proxies on the securities held in your account. You may also choose whether to give AIAL full voting authority or limit our authority either by directing us to vote certain types of proxies in a particular manner or directing AIAL's vote in a particular solicitation. Where you direct AIAL to act on your instruction we require that you notify us in writing of any proxy voting limitations or directions before the date on which we are required to vote.)

If you give us full proxy voting authority, we will vote your shares in accordance with AIAL's proxy voting policies and procedures (the "Guidelines"). Under these Guidelines, AIAL's Portfolio Managers or Analysts are responsible for considering the substantive issues relating to any vote, deciding how the shares will be voted, and instructing the AIAL's Operations Department how to vote the proxies. The Operations Department is then responsible for ensuring we cast those votes and maintain records of our votes.

The Guidelines require that we vote in the manner we believe will best serve the economic interest of our clients, unless a client has directed us to vote otherwise. If you direct us to vote in a certain way, you should know that we may vote the same securities differently for you than for those clients who have given us full voting authority.

We may distinguish between proxy voting for equities and voting on corporate actions for debt securities, which we are typically allowed to do.

## **How we handle conflicts of interest**

From time to time, a proxy vote may present a conflict of interest for AIAL. In our experience, this is extremely rare, but could occur if, for example, a member of AIAL's investment staff (or a spouse or relative) is also an officer or director of a company that is in a client portfolio. AIAL might also experience a conflict of interest based on business relationships that AIAL or its affiliates may have with a portfolio company.

In the event that we become aware of an actual or perceived material conflict of interest, the responsible Portfolio Manager or Analyst will disclose the conflict to AIAL's Chief Compliance Officer for a determination on whether the conflict is material. To the extent that a material conflict of interest exists, we may choose to mitigate or eliminate that conflict in one of the following ways:

- voting in accordance with AIAL's policies and procedures if it involves little or no discretion
- "echo voting" or "mirror voting" the proxies in the same proportion as the votes of other proxy holders that are not clients
- if possible, erecting information barriers around the person or persons making voting decisions sufficient to insulate the decision from the conflict
- if practical, notifying affected clients of the material conflict of interest and seeking a waiver of the conflict
- if agreed upon in writing with the clients, forwarding the proxies to affected clients allowing them to vote their own proxies

If you are a client of AIAL, you may obtain a copy of AIAL's written proxy voting policies and procedures as well as information on how proxies were voted for your account by requesting that information from AIAL at the address and telephone number listed on the cover page of this Brochure. We will not disclose proxy votes for a client to other clients or third parties (except as necessary to vote the proxies) unless specifically requested, in writing, by the client.

**How to get a copy of  
AIAL's proxy voting  
policies and  
procedures**



## Financial Information

We do not require or solicit prepayment of more than US\$1,200 in fees per client six months or more in advance, and we have not included a balance sheet for our most recent fiscal year. We are not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to clients, nor have we been the subject of a bankruptcy petition at any time during the past ten years.

**No information to report**

## Requirements for State Registered Advisers

This disclosure is not applicable to AIAL.

## Appendix 1 Biographies of Members of the Investment Committees

This supplement contains information about the education background, work experience and disciplinary records of those staff members of AIAL who give investment advice and have client contact, or who have investment discretion over funds/accounts.

## **Educational Background and Experience**

Chief Executive Officer, Chief Investment Officer and Chairman of AIAL's Fixed Income and Asset Allocation and Equity Investment Committees, has been involved in Emerging Markets since 1983. He holds an MA (Hons) in Law from Cambridge University and joined Grindlays Bank plc in 1983. Following its acquisition by Australia and New Zealand Banking Group Limited ("ANZ"), he was appointed Head of Emerging Markets Group for ANZ Merchant Bank Limited in 1988 and in 1991 became Head of the International Merchant Banking Division of ANZ Grindlays Bank plc and in 1997, Head of Markets for ANZ Group. He was appointed to the Board of the Emerging Markets Trade Association (now EMTA) in 1993 and Co-Chair in 2000. He has been Chairman of the Firm's Investment Committee since he established the business as a separate division within ANZ in 1992, and is responsible for setting overall investment strategy of funds managed.

## **Mark Coombs**

**Chief Executive Officer; Chief Investment Officer and Chairman of AIAL's Fixed Income and Asset Allocation and Equity Investment Committees**

## **Disciplinary Information**

No material legal or disciplinary events to report.

## **Other Business Activities**

Mr. Coombs is director and Chief Executive Officer of Ashmore Group plc. Additionally, he is a director of the following companies: Ashmore Investments (UK) Ltd, and The Ashmore Foundation. Mr. Coombs is also director and Co-chair of EMTA. Mr. Coombs does not receive any economic benefit for providing advisory services from persons who are not clients of AIAL.

## **Supervision**

As Chief Executive Officer, Mr. Coombs has no direct supervisor, although he is ultimately accountable to the Board of Directors (of which he is also a member). AIAL monitors the advice that Mr. Coombs gives to clients in two main ways. First, any securities that Mr. Coombs wishes to include in client portfolios must be approved by AIAL's Fixed Income and Asset Allocation and Equity Investment Committee. The Investment Committees meets weekly and consists of the Chairman of the Investment Committee, the Global Head of Research and other Senior Portfolio Managers. Second, the performance of all of AIAL's accounts is reviewed on a regular basis (at least quarterly) by senior AIAL staff members as described in this Brochure under the heading "Review of Accounts."

## **Requirements for State-Registered Advisers**

This disclosure is not applicable.

## **Educational Background and Experience**

Senior Portfolio Manager, Head of Local Currency, Deputy Head of Investment Committee and a member of AIAL's Fixed Income and Asset Allocation Investment Committee, Mr. Xavier joined Ashmore in 2003 and has over 10 years experience in Emerging Markets trading, including Local Currency Fixed Income, USD Debt and Equities. Prior to Ashmore Mr. Xavier worked for Unibanco in New York, as an Equity trader. He also worked for Deutsche Bank, Morgan Grenfell and Citibank. Mr. Xavier has a degree in Business Administration, with specialisation in Finance.

**Ricardo Xavier**

**Senior Portfolio  
Manager: Head of  
Local Currency  
Deputy Head of  
AIAL's Fixed Income  
and Asset Allocation  
Investment  
Committee**

## **Disciplinary Information**

No material legal or disciplinary events to report.

## **Other Business Activities**

Mr. Xavier is not actively engaged in (i) any other investment-related business or occupation or (ii) any other type of business or occupation that provides a substantial source of income.

## **Additional Compensation**

Mr. Xavier does not receive any economic benefit for providing advisory services from persons who are not clients of AIAL.

## **Supervision**

Mr. Xavier's direct supervisor is Mr. Coombs, the Chief Executive Officer and Chief Investment Officer of AIAL. He can be reached at +44 203 077 6000. AIAL monitors the advice that Mr. Xavier gives to clients in two main ways. First, any securities that Mr. Xavier wishes to include in client portfolios must be approved by the AIAL's Fixed Income and Asset Allocation Investment Committee. The Investment Committee meets weekly and consists of the Chairman of the Investment Committee, the Global Head of Research and other Senior Portfolio Managers. Second, the performance of all of AIAL's accounts is reviewed on a regular basis (at least quarterly) by senior AIAL staff members as described in this Brochure under the heading "Review of Accounts."

## **Requirements for State-Registered Advisers**

This disclosure is not applicable.

## **Educational Background and Experience**

Senior Portfolio Manager, Head of External Debt and a member of AIAL's Fixed Income and Asset Allocation Investment Committee, Mr. Saller joined Ashmore in 2002 from Foreign & Colonial where, for the last four years, he was a portfolio manager for global Emerging Market sovereign and corporate debt. Prior to Foreign & Colonial he worked for seven years as a proprietary trader for Hypovereinsbank, Munich where he originally started as a banker in 1985. Herbert holds a degree in business management from Verwaltungs-und Wirtschafts-Akademie, Munich.

## **Herbert Saller**

**Senior Portfolio Manager; Head of External Debt, and member of AIAL's Fixed Income and Asset Allocation Investment Committee**

## **Disciplinary Information**

No material legal or disciplinary events to report.

## **Other Business Activities**

Mr. Saller is not actively engaged in (i) any other investment-related business or occupation or (ii) any other type of business or occupation that provides a substantial source of income.

## **Additional Compensation**

Mr. Saller does not receive any economic benefit for providing advisory services from persons who are not clients of AIAL.

## **Supervision**

Mr. Saller's direct supervisor is Mr. Coombs, the Chief Executive Officer and Chief Investment Officer of AIAL. He can be reached at +44 203 077 6000. AIAL monitors the advice that Mr. Saller gives to clients in two main ways. First, any securities that Mr. Saller wishes to include in client portfolios must be approved by the AIAL's Fixed Income and Asset Allocation Investment Committee. The Investment Committee meets weekly and consists of the Chairman of the Investment Committee, the Global Head of Research and other Senior Portfolio Managers. Second, the performance of all of AIAL's accounts is reviewed on a regular basis (at least quarterly) by senior AIAL staff members as described in this Brochure under the heading "Review of Accounts."

## **Requirements for State-Registered Advisers**

This disclosure is not applicable.

## **Educational Background and Experience**

Senior Portfolio Manager, Head of Corporate Debt and a member of AIAL's Fixed Income and Asset Allocation Investment Committee, Mr. Forrest joined Ashmore in 2006 from JPMorgan, where he was a Vice President in the Leverage Finance group focused on complex debt financings in Emerging Europe, Middle East and Africa. During his 13 years at JPMorgan, he had worked in a variety of credit-related roles including within the Emerging Markets, TMT (Telecom/ Media/ Technology), Acquisition Finance and Loan Syndications teams. He holds a degree in Russian and French from Oxford University.

## **Robin Forrest**

**Senior Portfolio Manager: Head of Corporate Debt member of AIAL's Fixed Income and Asset Allocation Investment Committee**

## **Disciplinary Information**

No material legal or disciplinary events to report.

## **Other Business Activities**

Mr. Forrest is not actively engaged in (i) any other investment-related business or occupation or (ii) any other type of or business or occupation that provides a substantial source of income.

## **Additional Compensation**

Mr. Forrest does not receive any economic benefit for providing advisory services from persons who are not clients of AIAL.

## **Supervision**

Mr. Forrest's direct supervisor is Mr. Coombs, the Chief Executive Officer and Chief Investment Officer of AIAL. He can be reached at +44 203 077 6000. AIAL monitors the advice that Mr. Forrest gives to clients in two main ways. First, any securities that Mr. Forrest wishes to include in client portfolios must be approved by the AIAL's Fixed Income and Asset Allocation Investment Committee. The Investment Committee meets weekly and consists of the Chairman of the Investment Committee, the Global Head of Research and other Senior Portfolio Managers. Second, the performance of all of AIAL's accounts is reviewed on a regular basis (at least quarterly) by senior AIAL staff members as described in this Brochure under the heading "Review of Accounts."

## **Requirements for State-Registered Advisers**

This disclosure is not applicable.

## **Educational Background and Experience**

Global Head of Research and member of the AIAL's Fixed Income and Asset Allocation Investment Committee, Dr. Jan Dehn joined Ashmore in 2005. As a global strategist and economist, with vast experience in international macroeconomic issues, Dr. Dehn is responsible for making key calls on markets and economies at a global level. His expertise spans developed and Emerging Markets with particular emphasis on the international linkages between economics, finance and politics. At Ashmore, Dr. Dehn has traded developed and Emerging Markets, including sovereign external debt, local currency bonds, FX, corporate bonds, and Frontier Markets. Earlier in his career, Dr. Dehn was a strategist at Credit Suisse First Boston in New York and London. He has worked as a consultant at the World Bank in Washington DC undertaking research on public finance and commodity issues, and has been an economic adviser to a number of Emerging Markets governments. Dr. Dehn holds a Doctorate in Economics from Oxford University, a Master's Degree in Quantitative Economics from Warwick University, and a Bachelor's Degree in Economics from Sussex University. He has lived on three continents and travelled to more than 140 countries. He is also a fully qualified wooden shipwright.

**Jan Dehn**

**Senior Portfolio Manager: Global Head of Research and member of AIAL's Fixed Income and Asset Allocation Investment Committee**

## **Disciplinary Information**

No material legal or disciplinary events to report.

## **Other Business Activities**

Dr. Dehn is not actively engaged in (i) any other investment-related business or occupation or (ii) any other type of or business or occupation that provides a substantial source of income.

## **Additional Compensation**

Dr. Dehn does not receive any economic benefit for providing advisory services from persons who are not clients of AIML.

## **Supervision**

Dr. Dehn's direct supervisor is Mr. Coombs, the Chief Executive Officer and Chief Investment Officer of AIML. He can be reached at +44 203 077 6000. AIML monitors the advice that Mr. Dehn gives to clients in two main ways. First, any securities that Mr. Dehn wishes to include in client portfolios must be approved by AIAL's Fixed Income and Asset Allocation Investment Committee. The Investment Committee meets weekly and consists of the Chairman of the Investment Committee, the Head of Research and other Senior Portfolio Managers. Second, the performance of all of AIML's accounts is reviewed on a regular basis (at least quarterly) by senior AIML staff members as described in



this Brochure under the heading “Review of Accounts.”

**Requirements for State-Registered Advisers**

This disclosure is not applicable.

## **Educational Background and Experience**

Senior Portfolio Manager, Head of the Multi-Asset and Active Equity Strategies as well as a member of both AIAL's Fixed Income and Asset Allocation Investment Committee and the Equity Investment Committee. He joined Ashmore in 2007 after six years at Morgan Stanley where he was a Vice President responsible for management of Emerging Market equities and the launch of the Global Emerging and Convergence Opportunities portfolio within Global Wealth Management in London. Prior to this he worked for SG Asset Management Emerging Markets and worked as an intern in Merrill Lynch Broker Services. Fernando is a CFA charter holder and has a BA in Economics from the American International University in London.

## **Fernando Assad**

**Senior Portfolio Manager: Head of Multi-Asset and Active Equity Strategies; and member of AIML's Fixed Income and Asset Allocation Investment Committee and Equity Investment Committee**

## **Disciplinary Information**

No material legal or disciplinary events to report.

## **Other Business Activities**

Mr. Assad is not actively engaged in (i) any other investment-related business or occupation or (ii) any other type of business or occupation that provides a substantial source of income.

## **Additional Compensation**

Mr. Assad does not receive any economic benefit for providing advisory services from persons who are not clients of AIAL.

## **Supervision**

Mr. Assad's direct supervisor is Mr. Coombs, the Chief Executive Officer and Chief Investment Officer of AIAL. He can be reached at +44 203 077 6000. AIAL monitors the advice that Mr. Assad gives to clients in two main ways. First, any securities that Mr. Assad wishes to include in client portfolios must be approved by the AIAL's Fixed Income and Asset Allocation Investment Committee or Equity Investment Committees. The Investment Committee meets weekly and consists of the Chairman of the Investment Committee, the Global Head of Research and other Senior Portfolio Managers. Second, the performance of all of AIAL's accounts is reviewed on a regular basis (at least quarterly) by senior AIAL staff members as described in this Brochure under the heading "Review of Accounts."

## **Requirements for State-Registered Advisers**

This disclosure is not applicable.

## **Educational Background and Experience**

Senior Portfolio Manager, Head of Frontier Equity, and a member of AIAL's Equity Investment Committee joined Ashmore in December 2015. Prior to joining Ashmore, Mr. Brudenell was head of the Global Frontier Equity Strategy, and Lead Portfolio Manager at HSBC Global Asset Management. He has been in the investment industry since 1997 and has over a decade of investing experience in Frontier Markets. Prior to joining HSBC, he worked as a US Fund Manager at Scudder Investments and as an Asia Pacific Equities Analyst and Global Equities Portfolio Manager at Deutsche Asset Management. He holds an MSc from the London School of Economics and is a CFA charter holder.

**Andrew Brudenell**

**Senior Portfolio Manager: Head of Frontier Equity and member of AIAL's Equity Investment Committee**

## **Disciplinary Information**

No material legal or disciplinary events to report.

## **Other Business Activities**

Mr. Brudenell is not actively engaged in (i) any other investment-related business or occupation or (ii) any other type of business or occupation that provides a substantial source of income.

## **Additional Compensation**

Mr. Brudenell does not receive any economic benefit for providing advisory services from persons who are not clients of AIML.

## **Supervision**

Mr. Brudenell's direct supervisor is Mr. Coombs, the Chief Executive Officer and Chief Investment Officer of AIAL. He can be reached at +44 203 077 6000. AIAL monitors the advice that Mr. Brudenell gives to clients in two main ways. First, any securities that Mr. Brudenell wishes to include in client portfolios must be approved by the AIAL's Equity Investment Committee. The Investment Committee meets weekly and consists of the Chairman of the Investment Committee, the Global Head of Research and other Senior Portfolio Managers. Second, the performance of all of AIAL's accounts is reviewed on a regular basis (at least quarterly) by senior AIAL staff members as described in this Brochure under the heading "Review of Accounts."

## **Requirements for State-Registered Advisers**

This disclosure is not applicable.

## **Educational Background and Experience**

Senior Portfolio Manager, Head of All Cap Equity and a member of AIAL's Equity Investment Committee joined Ashmore in 2017. Mr. Shah joined Merrill Lynch Investment Managers (now BlackRock) in 2001. Throughout his career, he has been involved in the management of a range of Emerging Markets Equity products for both retail and institutional clients. In recent roles, Mr. Shah also had the responsibility as co-head and head of research for the Global Emerging Markets team. Mr. Shah is a CFA charter holder and gained a 1st in Economics from University College London.

**Dhiren Shah**

**Senior Portfolio  
Manager: Head of All  
Cap Equity and  
member of AIAL's  
Equity Investment  
Committee**

## **Disciplinary Information**

No material legal or disciplinary events to report.

## **Other Business Activities**

Mr. Shah is not actively engaged in (i) any other investment-related business or occupation or (ii) any other type of business or occupation that provides a substantial source of income.

## **Additional Compensation**

Mr. Shah does not receive any economic benefit for providing advisory services from persons who are not clients of AIAL.

## **Supervision**

Mr. Shah's direct supervisor is Mr. Coombs, the Chief Executive Officer and Chief Investment Officer of AIAL. He can be reached at +44 203 077 6000. AIAL monitors the advice that Mr. Shah gives to clients in two main ways. First, any securities that Mr. Shah wishes to include in client portfolios must be approved by the AIAL's Equity Investment Committee. The Investment Committee meets weekly and consists of the Chairman of the Investment Committee, the Head of Research and other Senior Portfolio Managers. Second, the performance of all of AIAL's accounts is reviewed on a regular basis (at least quarterly) by senior AIAL staff members as described in this Brochure under the heading "Review of Accounts."

## **Requirements for State-Registered Advisers**

This disclosure is not applicable.

## Appendix 2 Information Regarding Ashmore Affiliates

The ultimate owner of AIAL is Ashmore Group plc. Ashmore Group plc is listed on the London Stock Exchange. Ashmore Group plc is headquartered in London, England, but has offices located throughout the world.

AIAL has relationships that are material to its advisory business and clients with the following management companies that are also wholly or partly owned by Ashmore Group plc, and are, therefore, affiliates of AIAL:

### **Broker - Dealer Affiliates**

Ashmore Investment Management (US) Corporation ("AIMUS"), established in the United States of America, is registered as a broker-dealer with FINRA. AIMUS serves as the distributor for a number of mutual funds registered under the U.S. Investment Advisers Act of 1940 for which AIAL serves as an adviser.

### **Investment Adviser Affiliates**

Ashmore Backup Management Company S.A.S established in Colombia.

Ashmore – CAF- AM Management Colombia SAS is established in Colombia and is an investment manager to a domestic fund.

Ashmore Investment Advisors (US) Corp. (AIA) (formerly Ashmore Equities Investment Management (US) LLC) (AEIM)) was established in the United States of America and was registered as an SEC registered investment adviser which specialized in Emerging Markets equities. AEIM served as a sub-adviser to a number of investment funds managed by AIML. AIA is not registered with the SEC. AIA provides investment advice and dealing activities for funds and accounts managed by AIML and AIAL.

Ashmore Investment Management Limited (AIML) established in the United Kingdom (UK) is authorised and regulated by the UK Financial Conduct Authority and is registered as an SEC registered investment adviser which specializes in Emerging Markets equities.

Ashmore Investment Management (Ireland) Limited is established in Ireland and is authorised by the Central Bank of Ireland, and is the UCITS management company for the Ashmore SICAV and Alternative Investment Fund Manager (AIFM) for the Ashmore Emerging Markets Corporate Private Debt Fund.

Ashmore Management Colombia SAS is established in Colombia and is an investment manager to a domestic fund.

Ashmore Management Company Limited, established in Guernsey, which is regulated by the Guernsey Financial Services Commission ("GFSC").

Ashmore Management (DIFC) Limited established in the United Arab Emirates and provides research and operational support in respect to AIML's private equity investments in the Gulf Co-operation Council (GCC).

Ashmore Investment Management (Singapore) Pte Limited carries out fund management activities on a discretionary basis for AIML and was granted a Capital Markets Services (CMS) Licence by the Monetary Authority of Singapore in 2012.

Ashmore Investments Saudi Arabia, established in Saudi Arabia, which is regulated by the Capital Markets Authority and is an investment manager to a number of onshore funds

Ashmore Japan Co., Limited is a Japanese Investment Manager which also distributes Ashmore Group companies' products to Japanese clients.

Ashmore Peru SAC established in Peru for undertaking research. PT Ashmore Asset Management Indonesia established in Indonesia, is regulated by the Otoritas Jasa Keuangan ("OJK") and is investment manager to a number of domestic funds

Avenida CREF I Manager LLC is established in Delaware, USA and is investment manager to a real estate fund.

Avenida CREF II Manager SRL is established in Uruguay is an investment manager to offshore funds.

Avenida de Colombia Management Company is established in Colombia is an investment manager to a domestic fund

## Joint Ventures

AIML participates in the following joint ventures that are material to its advisory business and clients:

Taiping Fund Management Company (formerly Ashmore-CCSC Fund Management Company Limited) established in China.

Ashmore Investment Management India LLP (formerly Ashmore Investment Adviser (India) Private Limited), a local Indian advisory office and now a joint venture.

VTBC-Ashmore Investment Management Limited established in Guernsey.

VTBC-Ashmore Partnership Management 1 Limited established in Guernsey.