



James Hambro  
& Partners

Form  
ADV  
Part 2A



## James Hambro & Partners LLP

### Form ADV Part 2A, Firm Brochure

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CRD Number 286283  
SEC File Number 801-110820

30th June 2021

This Brochure provides information about our qualifications and business practices. If you have questions about its contents, contact us at +44 (0)20 3817 3500 or [compliance@jameshambro.com](mailto:compliance@jameshambro.com). The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any non-U.S. or U.S. state securities authority.

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

The disclosures in our Brochure are solely for U.S. resident clients.

## Item 2. Material Changes

This is our Brochure on Form ADV Part 1. This is our annual brochure update and there are no material changes.

We will send you a copy of our Brochure, without charge, if you call us at +44 (0) 20 3817 3500 or e-mail us at [compliance@jameshambro.com](mailto:compliance@jameshambro.com).

You can find more information about us via the SEC's web site, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 4. Advisory Business

James Hambro & Partners LLP (“JH&P”, “our” or “we”) is a UK-based investment manager. We were established in 2009. Our principal office is based in London. We have 121 staff, including 27 persons who are employees of James Hambro & Co Ltd. (“JH&Co”), a company for which we are the 100% owner, and who are associated persons of ours.

JH&P is a partnership which is majority owned (c88%) by members who currently work within the firm. This includes indirect ownership through shares in JH&P Holdings which owns 15.08% of the partnership.

We identify our related persons in our Form ADV Part 1.

Our structure brings both freedom and responsibility with partners having a strong motivation to work together to contribute a superior service and investment success for clients.

For our non-US clients, we provide discretionary and non-discretionary (Advisory and Execution only) investment management across a range of equity strategies, as noted below. We offer our services through separately managed accounts, listed funds and pooled investment vehicles (“private funds”), for individuals, families, trusts and charities in the mandates described in Item 8.

For our U.S. clients (defined as those clients who have signed our U.S terms of business), we provide discretionary investment management in separately managed accounts. For the purposes of this document “clients” means U.S. clients.

We combine integrity and expertise with an investment resource which is firmly focused on our aim to deliver first class performance. We believe that the combination of a group of attentive and experienced private wealth and charity managers with the resources and skills of an award-winning investment team makes us different. We believe that the following attributes combine to differentiate our offering:

- **Partnership** – Our structure brings both freedom and responsibility with partners having a strong motivation to work together to contribute a superior service and investment success for clients.
- **Simplicity** – We established ourselves from scratch, giving us the opportunity to keep our business uncomplicated with few of the distractions normally associated with more mature businesses, and focused on one clear objective – identifying and meeting the needs of clients.
- **Resources** – Our partners have an average of over 20 years’ experience in financial markets, covering investment management and financial planning.
- **Performance** – Our sole focus to deliver the long-term investment outcomes that our clients require. Since inception, our portfolios have consistently ranked in the top quartile of Asset Risk Consultants peer group of private client fund managers.

The investment management services that we provide are dependent on and limited to the client’s investment objectives and restrictions. All clients complete and sign a Client Application Form which, in turn, is a declaration that they accept our Terms and Conditions and agree to our Costs and Charges Disclosure. These legally binding documents comprise the investment management agreement (“IMA”), which governs our relationship and specifies the investment objectives and restrictions.

We do not participate in wrap fee programmes.

As of 30 April 2021, we manage assets for 3,210 clients in 5,415 accounts. Discretionary assets under management are \$5,724,739,641.22 and non-discretionary assets under management are \$808,998,724.43.<sup>1</sup> We may invest clients in funds that we manage; clients are not charged a management fee for the proportion of their portfolio invested in these funds.

**The disclosures in this Brochure relate solely to our activities for U.S. resident clients (“clients”).**

## Item 5. Fees and Compensation

Clients pay a management fee based on a percentage of assets under management (“Fee”), which includes the Research Fee as discussed in Item 12 below. Other costs, such as brokerage and other market charges will be passed on the client. These are presented in our costs and charges disclosure.

We do not charge a performance fee.

The typical annual investment management fee is based on a tiered scale of 1.0% on the first \$3,500,000, 0.8% on the next \$7m, 0.6% on the next \$14,000,000 and negotiable thereafter. A research fee of up to 0.05% is also charged. Fees are calculated quarterly in arrears on the last day of each quarter.

Clients will contract directly with the custodian and we do not receive any fees or retrocession from it. If requested, we can provide an introduction to a custodian.

The custodian will value client positions. We also value positions and we reconcile our valuations with those of the custodian.

We send our clients an invoice for our Fee, which is based upon our valuations as reconciled with the custodian. This invoice also includes the custodian’s own fees, which includes the fees for holding assets, settlement charges, interest and dividend collection costs incurred, quarterly statements, valuations and regulatory reporting.

Our clients instruct their custodian, acting as their agent, to pay our Fee against the invoice. The custodian is also paid in this manner. Alternatively, clients may choose to pay our Fee and the custodian’s fee directly.

We do not provide custody or related services to US clients and these and the costs thereof are governed by the clients’ own arrangements.

In the case of an investment in funds, clients as investors also bear other fees and expenses, including administration, audit and legal. We do not invest clients in affiliated funds.

## Item 6. Performance Fees and Side-by-Side Management

We do not charge a performance fee on any managed client assets.

## Item 7. Types of Clients

For our U.S. clients, we provide discretionary investment management in separately managed accounts across the mandates as described in Item 8.

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

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<sup>1</sup> FX rate of 1.3822 based on Bloomberg rate of 30 April 2021

## **Our investment philosophy**

In our view, the most important objective in investment management is the maintenance of the real value of clients' assets over a prolonged period. We adopt a totally open approach to portfolio construction, applying the same philosophy to our selection of individual companies as we do to all other asset classes. We attach a great deal of importance to personal contact at every level of the investment process.

We place security and liquidity considerations at the forefront of our investment philosophy. There is risk associated with any investment and our approach is founded on thorough due diligence. We invest our clients' portfolios only in markets and asset classes that we fully understand and that we believe will deliver strong, risk-adjusted long-term returns.

Equities are at the centre of our investment approach.

Equities provide compelling opportunities for wealth creation over the long term. We buy companies that provide exposure to attractive sustainable growth characteristics supported by structural trends that will drive demand for their products or services over the long term.

We focus on businesses which are typically the foremost players in their fields globally. They have leading market shares and identifiable defensive moats, often providing a high degree of recurring revenues, with scope to drive organic growth over the long term. Their operating models are profitable, cashflow generative and are incrementally improved by high-quality management. Typically, these companies pay attractive and rising dividends.

Other asset classes mitigate the inherent volatility of equities.

Alongside this core equity allocation, we invest in diversifying assets intended to reduce the overall portfolio risk and volatility through an investment cycle. These fall broadly into two groups:

Safe-haven or protective assets that can maintain value through periods of heightened market or geopolitical risk such as gold, US Treasuries or Inflation-linked bonds.

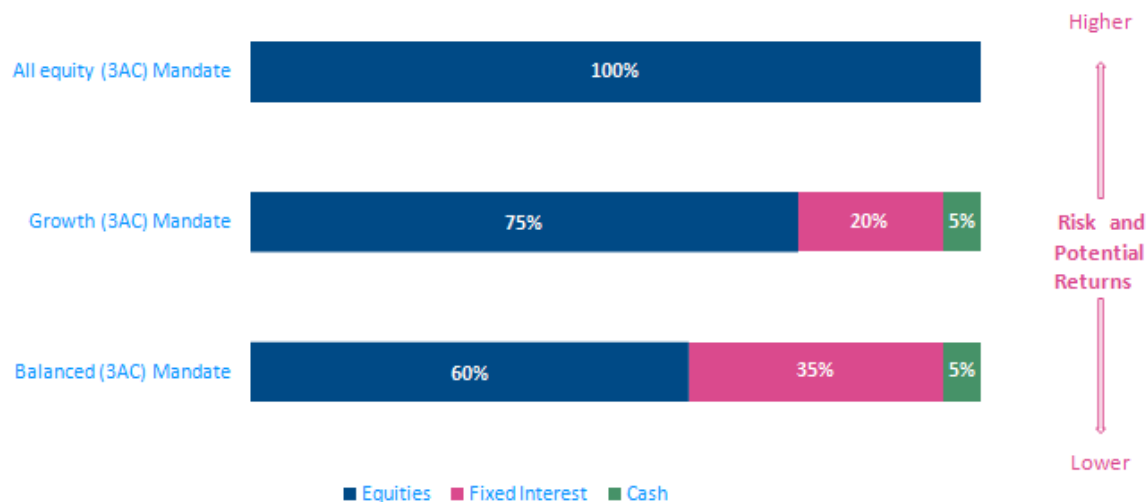
Growth investments that should contribute to the long-term real return target of the portfolio, but which diversify the overall risk of the portfolio by being lowly correlated to the equity market. These could include corporate bonds and other parts of the credit market.

## **The investment process and portfolio construction**

The starting point is a clear assessment of the client's investment objectives. This is an essential step that analyses the client's tolerance for risk, income requirements and other objectives. Once these are agreed the investment objectives fall broadly into one of the three long term mandates shown in the chart below. It is tailored to match the mandate recorded in the IMA and our systems.

Using independent analysis by Bitá Risk Consultants Ltd with 50 years of historic data, we have constructed three differentiated portfolio mandates for clients with US reporting requirements. These mandates have varying asset allocations and range from lower expected return with a lower risk taken to higher expected return with a higher amount of risk taken. These mandates then provide a framework on which to base the most appropriate strategy for the Client.

## **Long term mandates**



*Taken from a study by Bitu Risk Consultants Ltd originally commissioned by JH&P on 06/09/11. Data covers the period 31/12/69 to 31/12/16.*

Clients may wish to combine two or more elements of these three types of mandates.

Once we have established the Mandate and asset allocation profile for the client and recorded this in the IMA, we apply our 'real world' tactical asset allocation overlay.

### Definition of risk and risk management

A compelling investment offering without the comfort of commensurate levels of risk management would be unattractive. It is in recognition of this that the monitoring of risk and the performance of each investment mandate runs parallel to all aspects of our process.

Every investment carries risk. We recognise the impact that inflation can have on an investment portfolio over time. In brief, inflation risk encourages us to invest in a multi-asset portfolio with an emphasis on equities in order to achieve risk-adjusted returns that are superior to the long run rate of inflation, whilst diversification reduces company specific and market risk. We make the distinction between inflation beating assets such as equities and inflation hedging assets such as index linked bonds. Put simply, the higher the volatility of an investment, the higher the risk over a short time horizon. However, for investors with a longer time horizon there are compensations for owning equities, despite their higher short-term volatility.

Our Portfolio Managers have limited discretion to deviate from a given asset allocation framework, while holdings are selected from approved lists of investments. All client portfolios must conform to agreed limits for each asset class, sufficient for the individual circumstances of a client to be reflected but not significant for the overall portfolio result to produce an unacceptable dispersion of performance returns for a similar client portfolio.

In order to monitor individual portfolio risk, we use a suite of applications licensed from Bitu Risk, a part of the Cor Financial Group (with whom we have no affiliation). Through a combination of building and testing strategies covering risk and performance attribution, stress testing and optimization, these applications deliver analysis and insight into portfolios through a range of reports.



**Bit Wealth** helps us measure performance against our clients' attitude to risk as reflected in the IMA and provides tools to support portfolio suitability, investment proposal generation and the on-going monitoring and reporting of portfolio risk.

It systematically 'measures-against-mandate' private client portfolio risk and monitors outliers, providing reports across private client segments down to individual client level.

Daily, weekly or monthly, the risk of clients outside mandate can be managed through monitoring, replacing manual analysis of data with valuable clear information. We can measure risk against mandate, are able to identify clients lying outside their mandate, understand client groups, family holdings and investment restrictions, manage known exceptions through time, generate a graphic overview and 'traffic light' reports, analyse data by region, team, manager and client segmentation and demonstrate trends across key statistics.

The application features a risk management tool to investment managers and concise Management Information (MI) reports.

**Bit Vision** is a rapid analytical tool for building and testing asset allocation strategies, covering risk and performance attribution, optimisation and stress testing. It delivers analysis and insight into portfolio allocations. It enables analysis across user defined data and date ranges, portfolio optimisation, study of the correlations between asset classes for user defined date ranges, risk attribution to decompose risk and expected return (both absolute and relative to benchmark), the historic analysis of current asset allocation and performance return attribution.

Using these tools allows us to review client portfolios to help ensure strict adherence to agreed parameters. We review performance, volatility (including compliance with all stated portfolio restrictions), liquidity and turnover. Performance data is calculated monthly within the system.

### **Asset allocation**

Our Asset Allocation Committee provides our over-arching investment framework. It is responsible for making changes to tactical asset allocation across all strategies. This includes an assessment of broader market risks and opportunities and of portfolio positioning between asset classes. The Committee also recommends adjustments to geographic exposure, sector allocations and any currency considerations.

The starting point for our discussions about where to invest is to ask where the best long-term investment opportunities lie on an absolute and relative basis as between asset classes. Historical evidence suggests that valuation starting point is an important determinant of subsequent investment return. A reasonable valuation starting point substantially improves the likelihood of superior long-term investment returns.

We look for a good entry point to investments which can deliver a high and stable return on equity, or a high yield (dividend yield or coupon). This usually means that our portfolios have high quality characteristics rather than cheap valuations as a low valuation can prove to be an indicator of an underlying structural or industry issue.

History also suggests that valuation alone provides a strong signal only at extremes. During the periods when valuation signals are mixed, we look at profit growth, price momentum and inflation changes as important influences on asset allocation.

Valuation needs to be viewed in conjunction with the fundamental economic backdrop. For example, equity valuations may be seemingly low or bond yields high because of major threats to corporate profits or inflation risks driven by the macro-economic environment.

Having decided on our views, we check asset class, region and sector positioning in the market as a whole, using survey data and reported fund holdings. The impact of a firmly held view is likely to be reduced if most other fund managers are already there.

### **Individual stock selection**

Alongside our tactical decisions on asset allocation, our asset class groups meet weekly to analyse and review both potential and current investments that will populate portfolios and make recommendations to the investment committee on approved investments.

Our investment Committee are then responsible for debating and approving all investments and maintaining recommended asset lists from which our Portfolio Managers construct and populate individual client portfolios. We undertake rigorous analysis of all the companies and assets in which we invest, meeting management wherever possible.

At the core of our investment philosophy is the belief that, over the long term, equities provide compelling opportunities for the real maintenance of asset values and wealth creation.

We operate a rigorous bottom up approach to analysis. Our starting point is that empirical evidence shows that companies that can sustain a high return on capital will outperform over the business cycle. The evidence also shows that these types of business typically experience a more stable returns profile, higher levels of cash generation and lower indebtedness, which correspondingly leads to less volatile share price movements than the average company. Therefore, if we can identify these businesses, we have the opportunity to own higher quality companies that generate high sustainable returns but with less risk than the average company.

We also believe that limited investment time-horizons can result in markets undervaluing businesses with durable competitive advantages and persistent above-average returns.

We look to identify companies that have:

- Sustainable growth achieved by selling mission critical services or products that are recurring or predictable in nature.
- Strong profitability and limited capital intensity leading to high return on capital through the economic cycle
- Excellent management whose incentives are aligned with long-term shareholders, preferably through ownership of large stakes in the business themselves.

All asset classes are subject to a rigorous bottom up selection process, with assessments of credit quality, liquidity and absolute and relative valuation.

Within fixed income we have a preference for sovereign bonds to complement the risk in our core equity growth allocation. Key considerations will include factors such as the direction of short rates, inflation and the economic environment in sovereign jurisdictions. These influence the fixed income groups recommendations on geographical spread, duration and balance between conventional and inflation protected securities.

### **Sustainability**

Our focus on high quality companies with attractive sustainable growth characteristics means that we put Environmental, Social and Governance (ESG) factors as the centre of our analytical framework. We seek to apply a consistent, rather than homogeneous, approach to responsible investing across asset classes and investment structures. The standards and principles that are

established for equities, fixed interest and alternative assets are clear and not contradictory and are applied whether investing directly or through collective investments.

Our sustainability framework provides us with the ability to integrate ESG factors into our analysis of a company to support our investment decision making. It provides us with the tools to make a qualitative assessment of a firm's ESG-related risks or opportunities and their materiality to the investment case alongside the quantitative financial analysis we undertake.

In addition, we take our stewardship responsibilities seriously and believe proxy voting together with considered corporate engagement forms to be a core pillar in our goal of maximising client returns with an acceptable level of risk over the longer term.

There is a range of organisations established to support the transition to a more sustainable economy. At JH&P we recognise the benefit in collaborating on areas of common interest to bring about change. We are active supporters and signatories of a number of key organisations including the Principles for Responsible Investment (PRI) and Climate Action 100+ and the Task Force on Climate-Related Financial Disclosures (TCFD).

### **Important risk factors**

**Investment approach:** All investment carries the risk of capital loss. No guarantee or representation is made that the investment approach used on behalf of these strategies will succeed.

**Market risks:** The trading and investment strategies utilized are subject to market risk. Certain general market conditions – for example, a reduction in the volatility or pricing inefficiencies of the markets in which the strategy is active – could materially reduce the strategy's profit potential and good stocks could underperform due to generic weakness in confidence.

**Investments in equity securities:** Equity market risk is the risk that a particular stock, a fund, an industry, or stocks in general may fall in value. The value of an investment in the strategy will go up and down with the prices of the securities in which the strategy invests. The prices of stocks change in response to many factors, including the historical and prospective earnings of the issuer, the value of its assets, management decisions, demand for an issuer's products or services, production costs, general economic conditions, interest rates, currency exchange rates, investor perceptions, market liquidity and in the event of a market collapse. Common stock and similar equity securities generally represent the most junior position in an issuer's capital structure and, as such, generally entitle holders to an interest in the residual assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of common stock generally are entitled to dividends only if and to the extent declared by the governing body of the issuer out of income or other assets available after making interest, dividend and any other required payments on more senior securities of the issuer.

**Investing in small or mid-cap equity securities:** Certain strategies invest in small and mid-capitalization companies. Such companies may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, these small and mid-capitalization companies may have limited: (i) product lines, (ii) history of operations, (iii) ability to raise additional capital, (iv) access to markets and financial resources, and (v) may depend upon relatively small management groups. These factors may make them more susceptible to market pressures and, therefore, small and mid-capitalization stocks may be more volatile and less liquid than those of larger companies.

**Illiquidity in certain markets:** Certain strategies may invest in securities that later become illiquid or otherwise restricted. The strategy might only be able to liquidate these positions at disadvantageous prices, should the Portfolio Manager determine, or it becomes necessary, to do so. For example, substantial withdrawals from the strategy could require the strategy to liquidate its positions more rapidly than otherwise desired in order to obtain the cash necessary to fund the withdrawals. Illiquidity in certain markets could make it difficult for the strategy to liquidate positions on favourable terms, thereby resulting in losses or a decrease in the net asset value of the strategy.

**International investing:** JH&P invests in companies established in developed countries, although these companies may have exposure to less developed economies. Investing in securities of non-U.S. issuers, positions which generally are denominated in foreign currencies involve both opportunities and risks not typically associated with investing in U.S. securities. These include: fluctuations in exchange rates of foreign currencies; possible imposition of exchange control regulation or currency restrictions that would prevent cash from being brought back to the United States; less public information with respect to issuers of securities; less governmental supervision of exchanges, brokers and issuers of securities; difficulties in obtaining and enforcing a judgment against a foreign issuer; different accounting, auditing and financial reporting standards; different settlement periods and trading practices; less liquidity and frequently greater price volatility in foreign markets than in the United States; imposition of foreign withholding and other taxes; and sometimes less advantageous legal, operational and financial protections applicable to foreign sub custodial arrangements. The cost of investing in securities of non-U.S. issuers can be higher than the cost of investing in U.S. securities. Investments in securities denominated in foreign currencies also involves the additional cost of converting currencies upon the purchase and sale of securities and the risk of movements in exchange rates, which can significantly impact the USD value.

**Emerging markets:** The securities markets of emerging countries are substantially smaller, less developed, less liquid and more volatile than the securities markets of the U.S. and other more developed countries. Disclosure and regulatory standards in many respects are less stringent than in the U.S. and other major markets. There also may be a lower level of monitoring and regulation of the markets and the activities of investors in certain less developed countries, and enforcement of existing regulations can be extremely limited. Emerging markets may have slower clearance and settlement procedures, higher transaction costs and investment restrictions that may restrict or delay trading. In addition, certain governments may require approval for, or otherwise restrict, the repatriation of investment income, capital or proceeds of sales of securities by foreign investors. war, governmental intervention, lack of capital, corruption, poor corporate management and limited resources are also common risks associated with investing in these markets. Sovereign debt may carry below investment grade credit ratings and be highly speculative. Defaults or restructurings of public and inter-bank indebtedness have occurred in several emerging markets, including Argentina, Brazil, Costa Rica, Ecuador, Indonesia, Malaysia, Mexico, Pakistan, Peru, Russia, South Korea, Vietnam, Thailand, Uruguay and Venezuela, as well as several African countries. There can be no assurance that foreign sovereign debt securities will not default or be subject to similar restructuring arrangements. Investments in securities of issuers located in emerging market countries can be more speculative than investments in securities of issuers located in developed countries and are subject to certain special risks. The political and economic structures in many of these countries may be in their infancy and developing rapidly, as such countries may lack the social, political and economic characteristics of more developed countries. Certain of these countries have in the past failed to recognise private property rights and have at times nationalized and expropriated the assets of private companies. Some countries have inhibited the conversion of their currency to another. The currencies of certain emerging market countries have experienced devaluations relative to the U.S. dollar, and future devaluations may adversely affect the value of assets valued in such currencies. Many emerging markets have experienced substantial, and in

some periods, extremely high, rates of inflation for many years. Continued inflation may adversely affect the economics and securities markets of such countries. In addition, unanticipated political or social developments may affect the value of investments in these countries. The small size, limited trading volume and relative inexperience of the securities markets in these countries may make an investment in such countries illiquid and more volatile than investments in more developed countries, and the strategy may be required to establish special custodial or other arrangements before making investment decisions in these countries. There may be little financial or accounting information available with respect to issuers located in these countries, and it may be difficult as a result to assess the value or prospects of an investment in such issuers.

**Non US custody:** In addition to the general risks associated with international investing described above, maintaining assets in foreign countries involves generally higher costs and greater risks than those associated with similar U.S. investments, particularly in the case of assets maintained in less developed countries. The scope and range of custodial services offered in many foreign countries may be more limited than in the U.S. and, as a result, assets may be maintained with banks, brokers and other financial institutions offering more limited custody services, and possessing less experience, less developed procedures for safekeeping of assets, poorer capitalization, and greater risks of bankruptcy, insolvency and fraud, than would typically be the case in the U.S. Assets maintained in certain emerging markets also may be subject to other types of risks that either are not present or less pronounced in the U.S. and other more established markets, including political and economic risks (including nationalization of foreign bank deposits or other assets, and poor political and economic infrastructure and stability), commercial and credit risks (including poorly developed and regulated banks and financial systems), liquidity risks (including restrictions on repatriation and convertibility of currencies), legal and regulatory risks (including risks relating to evolving and/or undeveloped legal systems and regulatory frameworks) and operational risks (including risks relating to maintenance of shareholder title, clearing and settlement procedures and market transparency. Transactions on non-U.S. exchanges are not regulated by U.S. governmental agencies, such as the SEC. Some non-U.S. exchanges, in contrast to U.S. exchanges, may be “principal markets” in which responsibility for performance is only that of the principal with whom a trader has entered into a transaction, and not of an exchange or clearing corporation. In some cases, a broker with whom the strategy enters into a transaction may in effect take the opposite side of trades made for the strategy. Because some non-U.S. exchanges generally lack a clearinghouse system such as that utilized by exchanges in the United States, market disruptions may be more likely to occur on non-U.S. exchanges.

**Currency risk:** The value of foreign securities is affected by changes in currency rates, foreign tax laws (including withholding tax), government policies (in the US or outside), relations between nations and trading, settlement, custodial and other operational risks. An increase in the strength of the U.S. dollar relative to other currencies may cause the value of investments to decline. Certain foreign currencies may be particularly volatile, and foreign governments may intervene in the currency markets, causing a decline in value or liquidity in foreign holdings whose value is tied to the affected foreign currency. In addition, costs will be incurred in connection with conversions between various currencies.

## Item 9. Disciplinary Information

There is nothing to report.

## Item 10. Other Financial Industry Activities and Affiliations

Our sole activity is investment management.

Our related persons are identified in Form ADV Part 1.

Our UK regulator, the Financial Conduct Authority, requires us to take all appropriate steps to identify and to prevent or manage conflicts of interest. These considerations apply equally in our role as a US registered Investment Adviser due to our role as a fiduciary and for the purposes of our Form ADV disclosure requirements.

JH&Co, a wholly-owned subsidiary of JH&P, shares office space with JH&P. JH&Co has its own client base, none of which are U.S. resident clients. JH&Co provides financial planning services to its clients. A number of those clients have separately managed accounts with us for which we provide discretionary investment management services. This activity is separate from JH&Co activities. JH&P research, advice and recommendations are shared with JH&Co, but JH&Co financial planning is separated from JH&P portfolio management. JH&Co staff are associated persons of JH&P and comply with our written policies and procedures as required by Advisers Act Rule 206(4)-7 and our Code of Ethics. These include controls to ensure that JH&P confidential client information is not misused.

We owe a fiduciary duty to our clients and act in the best interests of our clients. We have adopted a Code of Ethics (Item 11, below) that sets out the ethical standards of conduct that we require of our employees, including compliance with the U.S. federal securities laws.

We require our Access Persons to comply with personal account dealing controls, noted in Item 11.

We calculate the fee our clients pay based upon the valuation of the assets on our accounting system, which valuations are fully reconciled against the custodian. To address the conflict of interest rising out of our using our valuations to calculate fees, our auditors review our fee calculation methodology and sample calculations as part of their annual review. In addition to this, sample fee set ups are reviewed quarterly as part of compliance monitoring. Issues are addressed as they arise.

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

As a fiduciary, JH&P and its Supervised Persons must act in the best interests of clients and not misuse confidential client information. JH&P enforces a Code of Ethics compliant with Advisers Act Rule 204A-1. The Code of Ethics is communicated to all staff with regular compliance training, monitoring and testing.

We have adopted a Code of Ethics (“Code”) under Advisers Act Rule 204A-1 to help us discharge our fiduciary duties to our clients and to protect against the misuse “confidential client information” (“non-public client information” as this term is defined in Rule 204A-1 including client holdings).

Our Code establishes: standards of behaviour; a requirement to comply with applicable U.S. federal securities laws; a requirement that “Supervised Persons” (officers employees and partners) receive, read and acknowledge receipt of the Code; a requirement to report Code violations; CCO review of Code activities; and personal account trading (“PAD”) requirements for “Access Persons” and their “connected persons” (as defined in our Code, including initial and annual account and holding reports quarterly transaction reports and pre-clearance requirements).

Policies and procedures on matters such as gifts, entertainment and inducements, and outside activities, are summarized in our Compliance Manual that signposts the relevant written policies and procedures required by the SEC pursuant to Rule 206(4)-7 under the Advisers Act. Our Code is



part of the Compliance Manual and both form our written policies and procedures as contemplated by Rule 206(4)-7.

From time-to-time, an access person may hold the same securities as Clients. The Code is designed to ensure that PAD activity does not interfere with acting in the best interest of clients and prevents the misuse of confidential client information. PAD activity is subject to pre-clearance and requests may be rejected. There is a 30 day minimum holding period. PAD activity is monitored to detect and address Code breaches. We have controls in place to prevent front running and “side by side” trading (clients and Access Persons trading at the same time) where there is any risk of client detriment.

Certain of our Access Persons, their connected persons and their relatives that are not connected persons have their investment portfolios with us (“Connected Accounts”). Certain of our Portfolio Managers exercise discretion over Controlled Accounts. To address the conflict of interest in this, to prevent the misuse of non-public client information and to protect our clients, transactions in Controlled Accounts may not be effected while the beneficiary of such account or the person exercising discretion over such account has non-public client information.

Connected Account activity is subject to restrictions, disclosure and monitoring. Such activity may take place only after the end of a blackout period following client trading activity. We reserve the right to impose further conditions upon such activity including the right to curtail portfolio activity.

It is a violation of our Code for any person to act, fail to act or permit another person to act or fail to act in a way that would directly or indirectly control or influence a person exercising discretion over a Controlled Account.

Persons who violate our written policies and procedures may be subject to disciplinary action including, but not limited to, written warnings, fines, disgorgement of profits and/or termination of employment, or referral to a regulator.

A copy of our Code of Ethics is available on request.

## **Item 12. Brokerage**

We execute trades on an agency basis using brokers which have been subject to our internal due diligence. We do not trade for our own account. We do not invest U.S. client assets in affiliated funds. We do not place orders to buy to sell securities with affiliated brokers. We do not recommend to, request or require clients to direct brokerage.

When we trade, we comply with FCA Rules and the Advisers Act and the rules thereunder. FCA Rules require us to have to an order execution policy and to take all reasonable steps to obtain, when executing orders, the best possible results for our clients.

We separate the dealing function from the research function.

A broker may provide us with execution and research, but these will be under separate agreements and performance evaluated via separate processes and by different teams.

### **Aggregation, allocation and order execution**

We are discretionary managers and the IMAs with our clients give us full discretion, subject to the investment restrictions stipulated in the IMA, to make investment decisions on behalf of the particular client portfolio. We believe that the separation between fund management and transaction execution means that our fund managers may concentrate on idea generation and

portfolio construction and our dealers focus on adding value through quality execution. This separation also provides an in-built control in helping to seek and secure best execution for our clients' portfolios.

The trading strategy for the execution of discretionary orders is made by our internal dealing desk. All orders to be traded are passed electronically to our dealers via our fully audited order management system.

In accordance with MiFID II legislation we fully unbundle research & execution costs / charges. All client orders are traded at an execution only commission rate (the broker charges us only an execution fee), giving our dealers impartiality when seeking the best possible outcome for a transaction.

When trading for more than one portfolio or client, we may aggregate orders. These orders are allocated before an order is placed and our dealing software does not allow allocations to be changed after an order is submitted for execution. An allocation may be changed after execution only if there is a trade error (discussed below) and modified consistent with the manner in which the trade error is addressed.

### **Cross trades**

We generally refrain from crossing stock between clients owing to the potential conflict of interest which this involves. On the rare occasions that crossing is in the interests of both parties and the trade meets best execution requirements for both clients, the cross trade would be executed through an independent broker in the market. This type of transaction can only take place where there is a change of beneficial owner.

### **Best execution – seeking to obtain the best possible result**

JH&P are required to take all sufficient steps to obtain the best possible result (or 'best execution') when executing orders on behalf of our clients taking into account the execution factors.

In order to achieve the best possible result when placing orders for our clients, we take into account the following execution factors:

- Price
- Costs
- Nature of The Order
- Likelihood of Execution & Settlement
- Speed of Execution
- Order Size

In general, we consider total consideration (price and costs) will be the primary factor in attaining best execution. However, in some circumstances, orders, financial instruments or markets, we may appropriately determine that other execution factors are more important in obtaining the best possible execution result whilst ensuring that all clients are treated fairly.

We use Bloomberg analytical tools and software to analyse market data to help determine the best strategy for each trade, taking into account varying factors such as liquidity and volatility. Once a trading strategy is decided, orders are instructed via FIX. Standard default low and high touch execution only commission rates are set out with our pre-approved brokers and maintained within our order management system ("OMS"). Low touch trading for smaller orders with a lower impact



on Average daily volume, are dealt through direct market access (“DMA”) or via third party trading algorithms. Larger or more illiquid orders that may have a greater market impact, may be traded high touch, where the broker will work the order in the market to source liquidity and attempt to obtain a better execution price.

**Bonds** - Bonds are generally traded with brokers via Bloomberg Fixed Income execution management system (TSOX) which is a ‘request for quote’ platform.

**Collective investment schemes** - transactions in funds are conducted directly with the product provider or their transfer agent.

### **Broker Approval and review**

Our policy is to maintain a choice of brokers which give access to venues and entities that offer the potential for James Hambro & Partners to obtain the best possible result for the execution of client orders on a consistent basis. We transact with pre-approved brokers as professional clients on an agency basis.

All our brokers are subject to initial and ongoing due diligence, before being placed on our Approved Broker List (ABL). When choosing brokers, we prioritise the following factors which are key to the broker’s ability to deliver in line with our execution priorities:

- Access to global regions
- Past history in executing orders in particular asset classes;
- Access to trading venues and liquidity
- Electronic trading offering or capabilities
- Prevention of information leakage
- Quality of overall service provided
- Access to initial public offerings and new issues
- Creditworthiness of the institution.

Our ABL comprises a mixture of large integrated investment banks and smaller country specific or niche firms.

### **Order execution policy review**

Our goal is to ensure that our execution policy continues to provide for the best possible result for our clients. We monitor the effectiveness of our order execution arrangements and policy on a regular basis and in any event at least annually. Where necessary following these reviews we will amend our policy and where there are material changes will notify clients of those changes.

### **Trade errors**

A trade error is an unintended action or omission in the course of order implementation and trading. Once a trade error is recognised, the person responsible for the error, or identifying it, must immediately notify the relevant senior manager and the Compliance Officer. We will correct the trade error promptly and efficiently protecting the interests of the client.

### **Research**

JH&P separates dealing from research.

We set a research budget on an annual basis following an assessment of the research requirements of JH&P as a whole. We have agreements with research brokers detailing the annual costs of accessing their research. The cost of research is passed on to the client as part of their fee up to a maximum of 5 basis points.

Research is evaluated on an ongoing basis by the Investment Committee, with a full assessment of each research broker conducted annually. The assessment takes into account the quality, value added, access level and implied success of the decisions based on the research. The Investment Committee has the flexibility to add new research brokers and remove existing research brokers where they are not adding value to the investment process.

Our Investment Committee conducts an annual review of research and research providers, based upon the following criteria.

#### *Quality of research*

- The quality of the analytical content the research provider produces at a company level.
- The quality and breadth of research beyond pure company analysis. This can include market insights and sector/thematic research that provides wider context and understanding of the investment landscape
- Analyst quality beyond written content including approachability and willingness to interact, and their relationship with and knowledge of the management teams of the companies they cover

#### *Quality of dissemination*

- The ability of the sales contact to understand our requirements, filter information and ideas and present them in a coherent manner.
- The quality of the method of dissemination and ease of use including emails and web portals.

#### *Breadth of research*

- Whether this is the best quality of research relative to the price paid, taking account of the number of companies and sectors covered. Qualitative assessment of the value for money taking into account the breadth of research offered – number of companies covered, strategy and macro related output plus other value adding services
- The impact of adding value by way of thematic thought pieces and longer-term notes.
- The usefulness of comment on economics and strategy as well as individual company research and how these compare with the others in the market.

#### *Conferences*

- Access to a wide range of conferences from which JH&P may derive ‘on the ground’ perspective and help understand market sentiment.

The Investment Committee will also compare the internal review with the industry standard to assess the relative performance of the research brokers.

#### **Soft commissions**

Please see section on research.

### Item 13. Review of Accounts

Client portfolios are subject to ongoing review by the Portfolio Manager responsible for the account. They are assisted in ensuring compliance with the investment restrictions contained in the IMA by pre- and post-trade checking of those restrictions. These provide an alert for potential violations. Our systems provide an intra-day notices to compliance and an overnight re-evaluation of the restrictions to reflect end of day valuations. All exceptions and alerts are reviewed on a daily basis by the Operations team.

All portfolios are also subject to our investment oversight procedures (see information on Bit Monitor in Item 8) to ensure adherence to the agreed parameters.

We offer to all of our clients the opportunity to speak to our Portfolio Managers when requested and to participate in annual one-to-one meetings.

### Item 14. Client Referrals and Other Compensation

JH&P pays third party solicitors for referrals outside of the United States. No such arrangements occur in the United States or involve U.S. clients. Should the Firm engage a third party solicitor involving clients in the United States, we will comply with the written disclosure requirements of Rule 206(4)-3.

### Item 15. Custody

We do not have custody as this term is defined and used in Advisers Act Rule 206(4)-2. Custody of the assets and cash in client portfolios is the responsibility of independent third party custodians who are appointed by the individual client or fund. Clients receive statements quarterly or monthly and are responsible for raising errors with the custodian. We reconcile our records with those of the custodian.

### Item 16. Investment Discretion

We have discretionary authority to manage accounts on behalf of our clients. The scope and limits on this discretionary authority are stated in the agreed mandate for each client. We endeavour to ensure that all mandates for a particular strategy have similar limits on authority to ensure, as far as is possible having regard to individual client wishes, that each investment team manages all the monies which are entrusted to them in a similar style.

### Item 17. Voting Client Securities

JH&P are able to vote proxies for US clients. JH&P's voting policy draws on relevant codes for the markets in which we invest and aims to encourage best-practice and positive change, while placing our clients' capital in the best position to make attractive economic returns at a lower level of risk. A nominated Portfolio Manager within the Investment Team reviews voting recommendations provided by Institutional Shareholder Services (ISS), JH&P's appointed proxy voting provider, to ensure our voting policy is followed. The client will need to instruct their appointed custodian to engage with ISS.

## Item 18. Financial Information

We have nothing to disclose.

## Item 19 — Requirements for State-Registered Advisers

Currently, we have no state notice filings or registrations.



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### Regulatory information

James Hambro & Partners LLP is a Limited Liability Partnership incorporated in England and Wales under the Limited Liability Partnerships Act 2000 under Partnership No: OC350134. James Hambro & Partners LLP is authorised & regulated by the Financial Conduct Authority and is a SEC Registered Investment Adviser. Registered office: 45 Pall Mall, London, SW1Y 5JG. A full list of partners is available at the Partnership's Registered Office. The registered mark James Hambro® is the property of Mr J D Hambro and is used under licence by James Hambro & Partners.

No representation or warranty, express or implied, is made or given by or on behalf of the Firm or its partners or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this document, and no responsibility or liability is accepted for any such information or opinions (but so that nothing in this paragraph shall exclude liability for any representation or warranty made fraudulently).

The value of an investment and the income from it can go down as well as up and investors may not get back the amount invested. This may be partly the result of exchange rate fluctuations in investments which have an exposure to foreign currencies. You should be aware that past performance is not a reliable indicator of future results.

Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Authorised and regulated by the Financial Conduct Authority and a registered investment adviser of the Securities and Exchange Commission.