

# First Sentier Investors International IM Limited

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Form ADV Part 2A  
– The Brochure

A Guide to Our Services March 2022

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## Item 1: Cover Page

This brochure provides information about the qualifications and business practices of First Sentier Investors International IM Limited (FSII). First Sentier Investors entities referred to in this document are part of First Sentier Investors a member of MUFG, a global financial group. First Sentier Investors includes a number of entities in different jurisdictions.

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.

FSII is registered as an investment adviser with the SEC. Registration as an investment adviser with the SEC does not imply any certain level of skill or training.

If you have any questions about the contents of this brochure, please contact us on +353(0) 1 669 4868 or [regulatorycompliance@firstsentier.com](mailto:regulatorycompliance@firstsentier.com)

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

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March 2022

## Item 2: Material Changes

There has been no material change since this document was last updated.

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## Item 4: Advisory Business Overview

First Sentier Investors International IM Limited (FSII), formerly known as First State Investments International Limited, was incorporated in 1982. FSII is part of First Sentier Investors (“FSI”), a global asset management business. FSII is 100% owned by Mitsubishi UFJ Trust and Banking Corporation (MUTB) and ultimately 100% owned by Mitsubishi UFJ Financial Group, Inc. (MUFG). The First Sentier Investors Group manages over \$182 billion globally.

FSII is an investment advisory firm providing discretionary investment management and portfolio management services to a range of institutional clients and funds. FSII may act as sub-adviser to a number of private funds managed by other FSI affiliates.

Where we provide discretionary investment management services through a separate account we agree the investment objectives with the client and they may specify investment restrictions which would be set out in their investment management agreement with FSII. In addition we may tailor the fees charged to clients and the type of reporting they receive.

As at 31<sup>st</sup> December 2021, FSII had a total of over \$15 billion of client assets under management. This includes assets where we have sub-delegated discretion to an affiliate and assets where an affiliated manager has delegated authority to FSII. Therefore, certain of the assets will also be included in the AuM reported by our affiliated managers.

## Item 5: Fees and Compensation

Fees and compensation are negotiated on a case-by-case basis with our clients. We either charge an advisory fee based on a percentage of funds under management or clients may choose to pay a fee with an element of percentage of funds under management and an element of performance-based advisory fee.

Clients pay advisory fees quarterly in arrears and performance based fees are normally paid annually in arrears.

We will normally invoice clients directly for the fees they have incurred. We will not deduct fees directly from client accounts unless clients have explicitly instructed us to do so. This may be done after receipt and review of the invoice or fee calculation.

In addition to FSII’s advisory fee, clients incur other fees and expenses charged by third parties in relation to their accounts, including custody fees, brokerage, foreign exchanges fees and other transaction costs.

Account termination provisions are specified in the individual client agreements; however, generally the client may terminate the agreement by providing us with written notice at our principal place of business.

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

### Performance Fees

As described in the Fees and Compensation section, clients may choose a fee containing an element of a performance based advisory fee.

Where FSII outperforms the relevant benchmark or hurdle we will earn a higher fee from clients who pay a performance based fee.

We have clear and equitable trade allocation procedures to ensure fair treatment of all clients and avoid potential conflicts of interest for clients who elect to have different fee structures.

## Item 7: Types of Clients

FSIIL will provide investment advice to a range of institutional investors including, but not limited to:

- Pension plans
- Investment companies
- Endowments
- State and Municipal organisations
- Charitable organisations

FSII typically requires a minimum account size of US\$50 million for a separate account. Investors are 'qualified purchasers' as defined in section 2(a)(51)(A) of the Investment Company Act of 1940.

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

### Introduction

FSII manages funds across a diverse range of global asset classes, including global equities, such as Stewart Investors, and unlisted infrastructure assets.

### Investment Approach

Being a separate and dedicated funds management business allows us to focus on our key strengths in asset management, while developing a performance culture to better position us to attract and retain quality personnel that will underpin the performance of our clients' investments.

We aspire to be a world class asset manager, delivering superior investment performance to our clients.. More than just outperforming benchmarks and peers, this means exceeding our clients' investment objectives and their expectations of service, accountability and initiative. To achieve this, we ensure that our interests are aligned with those of our clients and uphold a culture of always acting in our clients' best interests.

### Key strategies

#### ***Stewart Investors***

Stewart Investors manage long-only equity strategies investing in Asia, Europe, Global Emerging Markets, Indian Subcontinent and Worldwide.

Stewart Investors has a distinct culture and investment philosophy that has been in place for more than three decades, since the launch of their first investment strategy in 1988. They take a long-term bottom-up and benchmark agnostic approach to investing in high-quality companies that contribute to, and benefit from, sustainable development.

Companies are selected for inclusion in the portfolios only if they meet quality, sustainability and valuation criteria. Research focuses on each company's sustainability positioning and the quality of: Management, Franchise and Financials. The positioning of a company with regards to sustainable development is embedded throughout the research process.

The investment strategy is based on the proposition that a diversified portfolio of income-generating and growth oriented unlisted infrastructure assets has the ability to generate attractive risk-adjusted returns over the long term.

### ***Unlisted Infrastructure***

The Unlisted Infrastructure team has a 20 year history of managing unlisted infrastructure investments focussing on utility, transport and energy assets and through all stages of an economic cycle and an asset lifecycle. The team expects to generate value for its clients by applying the following strategies:

- Undertaking dedicated industry research to identify market trends and position our strategy to leverage those market changes
- Focussing on middle-market deals where we forecast greater opportunities with less competition;
- Utilising our networks and relationships to proactively source proprietary investment opportunities;
- Using a disciplined investment focus on maximising risk-adjusted returns with a stable and predictable cash yield
- Developing close working relationships with management teams and investment partners to ensure that the assets are managed on a long term sustainable basis including active stakeholder management;
- Focussing on ESG matters and applying the United Nations Principles for Responsible Investment;
- Typically targeting investment grade credit ratings that will facilitate accessing capital markets and mitigating debt refinancing and liquidity risk; and
- Constructing a diversified portfolio of investments that seeks to deliver attractive risk-adjusted returns at an individual asset level and that are also complimentary from a portfolio perspective.

The target sectors include gas, water and electricity networks, ports, rail and toll roads, renewables, transportation, and telecommunication network infrastructure. Operating businesses are preferred and exposure to development assets is limited.

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

#### ***General investment risk***

As with any investment, loss of principal is a risk of investing with any of the investment strategies described above. The strategies described above also are subject to the risks summarised below. However, the following list of risk factors does not purport to be a complete explanation of the risks involved in an investment strategy. Prospective clients are encouraged to consult their own financial advisors, legal and tax professionals on an initial and continuous basis in connection with selecting and engaging the services of FSII for a particular strategy. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed herein.

**Changes to Laws and Regulatory Risk** - A government or governmental agency in a country in which a security is issued or asset held may amend, repeal, enact or promulgate a new law or regulation, or a government authority or a court may issue a new interpretation of existing law or regulation that could substantially affect the security resulting in a loss. In addition changes in legal, tax and regulatory regimes within the jurisdictions of investments may occur which may materially affect the performance of a security.

**Company Specific Risk** - This is the risk that a company in which FSII invests does not perform as successfully as anticipated. While it is impossible to completely eliminate this risk, the effect of such a situation on the value of the investment can be reduced through diversification. This implies that unless returns of individual securities are perfectly positively correlated, a negative return from one security will be somewhat offset by better returns in others. This principle of diversification acts to reduce risk and reduce the return volatility of our portfolios.

#### **Liquidity risk**

The small size, limited trading volume and relative inexperience of the securities markets in some countries makes investments in such countries less liquid and more volatile than investments in more developed countries. Assets may be invested in illiquid or restricted securities for which there is no established resale market; these securities may only be able to be liquidated at disadvantageous prices.

#### **Inflation Risk**

Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of an account and distributions can decline.

#### **Management Risk**

The investment strategies, techniques and risk analyses employed, while designed to enhance returns, may not produce the desired results. The assessment of a particular security or assessment of market, interest rate or other trends could be incorrect, which can result in losses.

#### **Currency risk**

A majority of assets will be invested in equity or bond securities denominated in currencies other than the base currency of the client's account and in other financial instruments, the prices of which are determined with reference to currencies other than the base currency of the client's account. Currency exchange rates can also be affected unpredictably by intervention, or lack thereof, by foreign governments or central banks. These factors will affect the value of your investments.

Forward currency contracts may be utilised to hedge against currency fluctuations, however we generally do not undertake such hedging transactions, and there can be no assurance that such hedging transactions will be effective. Further, by engaging in cross-hedging transactions, the risk of

imperfect correlation between the subject currencies will be assumed. These practices present risks different from, or in addition to, the risks associated with investments in foreign currencies.

**Market risk**

Trading and investment strategies are subject to market risk. There can be no assurance that what is perceived as an investment opportunity will not, in fact, result in substantial losses as a result of one or more of a wide variety of factors. Certain general market conditions, for example, a reduction in the volatility or pricing inefficiencies in the markets in which assets are invested, could materially reduce profit potential. Where the portfolio or fund we manage includes bond (or debt) securities, these will also be affected by movements in interest rates. In general, if interest rates rise the value of such securities will fall, and if interest rates fall the value of such securities will rise.

**Cybersecurity risk**

*Cybersecurity breaches may occur allowing an unauthorized party to gain access to assets of the Funds, Shareholder data, or proprietary information, or may cause the Company, the Investment Manager, the Distributor, the Administrator or the Depositary to suffer data corruption or lose operational functionality.*

*The Funds may be affected by intentional cybersecurity breaches which include unauthorized access to systems, networks, or devices (such as through “hacking” activity); infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. In addition, unintentional incidents can occur, such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws). A cybersecurity breach could result in the loss or theft of Shareholder data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs. Such incidents could cause the Company, the Investment Manager, the Distributor, the Administrator, the Depositary, or other service providers to incur regulatory penalties, reputational damage, additional compliance costs, or financial loss. Consequently, Shareholders may lose some or all of their invested capital. In addition, such incidents could affect issuers in which a Fund invests, and thereby cause a Fund’s investments to lose value, as a result of which investors, including the relevant Fund and its Shareholders, could potentially lose all or a portion of their investment with that issuer.*

**Specific Strategy Risks – Stewart Investors****Emerging markets risk**

*The political and economic structures in many emerging markets are in their infancy and developing rapidly, as such these countries may lack the social, political and economic characteristics of more developed countries. In the past, some of these countries have failed to recognise private property rights and have at times nationalised and expropriated the assets of private companies. Many emerging markets have experienced periods of substantial and sometimes extremely high rates of inflation for many years. Continued inflation may adversely affect the economies and securities markets of such countries. In addition, unanticipated political or social developments may affect the value of investments in these countries.*



**Custody risk**

*The scope and range of custodial services offered in many foreign countries, particularly less developed or developing nations (known as “emerging markets”) can be limited. As a result, assets may be maintained with banks, brokers and other financial institutions which have more limited custody services, less experience, less developed procedures for safekeeping of assets, poorer capitalisation, and greater risks of bankruptcy, insolvency and fraud than would typically be the case in other jurisdictions.*

**Foreign investment risk**

*Maintaining assets in foreign countries generally involves higher costs and greater risks than those associated with similar investments in the UK or clients’ home jurisdictions, particularly in the case of assets maintained in emerging countries. Investments in securities of issuers located in emerging markets can be more speculative than investments in securities of issuers located in developed countries and are subject to certain special risks.*

**Specific Strategy risk – Unlisted Infrastructure****Operational risk**

*The Private Fund will be exposed to the operating risk of the underlying business of each investment. Specialised skills are required to run an infrastructure business successfully. An inefficient or failed operation may adversely affect the profitability of the underlying business leading to a lower return on the Private Fund’s investment.*

*The operations of infrastructure assets may be affected by macroeconomic factors, such as the rate of inflation in the countries where those investments are located. There is a risk that such macroeconomic factors may adversely affect the income or expenses of Investments, thereby reducing returns from those investments.*

**Construction risk**

*The operations of investments are subject to numerous statutes, rules and regulations relating to environmental protection. There is the possibility of existing or future environmental contamination, including soil and groundwater contamination, as a result of the spillage of hazardous materials or other pollutants.*

*Under various environmental statutes, rules and regulations of the appropriate jurisdiction, a current or previous owner or operator of real property may be liable for non-compliance with applicable environmental and health and safety requirements and for the costs of investigation, monitoring, removal or remediation of hazardous materials. These laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of hazardous materials. The presence of these hazardous materials on a property could also result in personal injury, property damage or similar claims by private parties.*

*Persons who arrange for the disposal or treatment of hazardous materials may also be liable for the costs of removal or remediation of those materials at the disposal or treatment facility, whether or not that facility is or ever was owned or operated by that person.*

*Any liability of investments resulting from non-compliance or other claims relating to environmental matters could have a material adverse effect on the value of such investments.*

**Unforeseen events risk**

*The use of the infrastructure assets may be interrupted or otherwise affected by a variety of events outside the FSII's control, including serious traffic accidents, natural disasters (such as fire, floods, earthquakes and typhoons), man-made disasters (including war and terrorism), defective design and construction, slope failure, bridge and tunnel collapse, road subsidence, fuel prices, environmental legislation or regulation, general economic conditions, labour disputes and other unforeseen circumstances and incidents. Certain of these events have affected toll roads, bridges, tunnels and other infrastructure assets in the past, and if the use of the infrastructure assets operated by investments is interrupted in whole or in part for any period as a result of any such events, the revenues of such investments could be reduced and the costs of maintenance or restoration as well as the overall public confidence in such infrastructure assets could be reduced. There can be no assurance that such investments' insurance would cover liabilities resulting from claims relating to the design, construction, maintenance or operation of the toll roads, bridges, tunnels or other infrastructure assets, lost toll revenues or increased expenses resulting from such damage. In some cases, project agreements could be terminated if the events described above were so catastrophic that they could not be remedied within a reasonable period or at all.*

#### **Valuation**

*Unlisted infrastructure assets are not publicly traded and are required to be fair valued by FSII on at least an annual basis. When estimating fair value, FSII will normally appoint independent valuers who generally use a long-term discounted cash flow methodology. Valuations are subject to multiple levels of review for approval.*

## **Item 9: Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of our company or the integrity of our management. At the present time, we do not have any material legal, financial or other disciplinary items to report.

## **Item 10: Other Financial Industry Activities and Affirmations**

FSII is directly owned by MUTB. MUTB is one of Japan's leading asset managers and is a wholly owned subsidiary of MUFG, a global financial group. In some cases, FSII may have business arrangements with related persons/companies or with their clients. In some cases, these business arrangements create potential conflicts of interest or the appearance of a conflict of interest between FSII and a client. Recognized conflicts of interest are discussed in Item 11 (Code of Ethics, Participation or Interest in Client Transactions and Personal Trading) of this Brochure.

#### **Affiliated broker dealers**

FSII is associated with several broker dealers, MUFG Securities Americas Inc. (“MUSA”), Unionbank Investment Services, LLC (“UBIS”) and MUFG Securities EMEA Plc. MUSA and UBIS are broker dealers registered under the US Securities Exchange Act of 1934 and are members of FINRA.

As appropriate and in accordance with regulation and client agreements, FSII will on an arm’s length basis, utilize the services of MUSA and UBIS as broker dealers. FSII will execute client transactions through MUSA or UBIS only when consistent with its duty to place the interests of clients first and to seek best execution (please see Item 12 – Brokerage Practices).

### **Associated Investment Advisers**

First Sentier Investors (Australia) IM Limited is a registered investment adviser and is an associate of FSII. It was incorporated in 2005 and is a subsidiary of MUTB. It is an investment advisory firm providing discretionary investment management and portfolio management services to a range of institutional clients and funds.

FSII may appoint any of its affiliates, and has currently appointed First Sentier Investors (Australia) IM Limited to act as a Sub-Adviser and provide discretionary investment management services in respect of the following funds and certain client portfolios:

- Stewart Investors Global Emerging Markets Sustainability Leaders Fund, a series of Stewart Investors Delaware Statutory Trust
- Stewart Investors Worldwide Sustainability Fund, a series of Stewart Investors Delaware Statutory Trust

First Sentier Investors (UK) Funds Limited (FSI UK) and First Sentier Investors (UK) IM Limited (FSIIM), are both FCA regulated entities, acting as investment managers for both US and non-US institutional clients. FSIIM and FSI UK are SEC registered investment advisers.

First Sentier Investors (Ireland) Limited is a wholly owned subsidiary of MUTB and regulated by the Central Bank of Ireland. It is acting as Alternative Investment Fund Manager for both US and non-US clients. It is a SEC registered investment adviser. FSII has been appointed to act as the Investment Adviser and provide portfolio management services to the European Diversified Infrastructure III Funds.

First Sentier Investors (Singapore) (FSIS) is licensed by the Monetary Authority of Singapore in the conduct of its investment business in Singapore and is registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”). FSIS was incorporated in 1969 and is a wholly owned subsidiary of MUTB. FSIS provides portfolio construction and investment management services to a range of institutional clients and funds.

First Sentier Investors (Hong Kong) Limited (“FSI HK”), is licensed by the Securities and Futures Commission in Hong Kong and is an SEC registered investment adviser. It was incorporated in 1987 and is a wholly owned subsidiary of MUTB. FSI HK is an investment advisory firm providing discretionary investment management and portfolio management services to a range of institutional clients and funds.

First Sentier Investors (US) LLC (FSI US) is an SEC registered investment adviser and is an affiliate of FSII. Employees of FSI US provide U.S. marketing and solicitation services for the advisory services of FSII. FSI US serves as a sub-adviser for accounts or clients for which one or more First Sentier Investors affiliates serve as investment manager or investment adviser.

First Sentier (Australia) RE Ltd (FSI ARE) is an SEC registered investment adviser and is an affiliate of FSI AIM. FSI ARE was established in 1985 and is a wholly owned subsidiary of MUTB. FSI ARE is an investment advisory firm providing discretionary investment management services to a range of institutional clients and funds.

FSII receives services, including but not limited to investment advisory services, from certain affiliates. For example, in the areas of legal and compliance, risk management, human resources, finance, information technology, trade support, back and middle office support, and sales and marketing, services are provided or received and employees are shared between FSII and various affiliates.

## Item 11: Code of Ethics, Participation or Interests in Client Transactions and Personal Trading

FSII has adopted a Code of Ethics (the “Code”) which sets out the expectations of each Supervised Person in their day to day operations and interactions with all stakeholders. The Code requires all Supervised Persons (including Access Persons) to:

- Serve the best interests of clients at all times;
- Be honest and ethical in their activities
- Comply with all applicable US federal securities laws, as well as all other applicable laws and regulations;
- Treat the affairs of FSI, its clients and employees with absolute confidentiality;
- Affirmatively exercise authority and responsibility for the benefit of clients and may not participate in any activities that may conflict with the interest of clients except in accordance with the Code; and
- Safeguard any material non-public information relating to securities recommendations, fund and client holdings.

All Supervised Persons have received a copy of the Code and are required on an annual basis to confirm that they have read and understood the content.

### Definitions:

**Supervised Person:** any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment adviser, or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the investment adviser.

**Access Person:** a supervised person who has access to non-public information regarding clients' purchase or sale of securities, is involved in making securities recommendations to clients or who has access to such recommendations that are non-public.

**Related Person/s:** any other person or entity whose investment decision making is influenced by a Supervised Person and if the person is an Access Person, this also includes to a spouse or domestic partner, child or any adult family member living in the same household as the Access Person.

The Code also outlines the requirements and where relevant references policies to ensure the standards detailed above are adhered to and include:

## **Protection of Material Non-public Information**

It is a crime in the U.S. and many other countries to transact in a company's securities while in possession of material non-public information about the company. Questions regarding perceived material information should be directed to a member of the Compliance staff. Supervised Persons are responsible for safeguarding non-public information relating to securities recommendations, fund and client holdings. As such, Supervised Persons must not trade based on FSII's confidential and proprietary investment information or on the non-public information of other companies that may be in its possession. Other types of information (e.g. marketing plans, employment issues, client identities, etc.) may also be confidential and should not be shared with individuals outside FSII (except those retained to provide services for FSII).

## **Personal Securities Trading**

The Global Personal Dealing Policy as summarised in the Code governs personal trading by all employees (including Access Persons) and their Related Persons. Employees are permitted to maintain personal securities accounts provided that such accounts are disclosed to FSII and that any personal trading is consistent with the Global Personal Dealing Policy, the Code of Ethics and applicable law.

In summary the requirements that apply to employees, including Access Persons and their Related Persons are:

- Initial and where automated reporting does not occur, annual, reports of securities and holdings must be submitted
- Initial and changes to the broker, dealer or bank accounts in which any securities are held must be submitted
- Pre-approval is required for all transactions in listed securities and all positions must be held for 60 days. In some regions securities may be sold inside the minimum holding period where the employee has suffered a minimum 20% loss as evidenced on the employee's broker statement and Compliance has pre-cleared the trade.
- Employees located in the US are prohibited from purchasing initial public offerings (IPOs).
- Access Persons located jurisdictions outside of the US are prohibited from participating in IPOs that will be listed on a US exchange.
- Access Persons must obtain approval before acquiring a beneficial ownership on a limited offering or private placement.
- Investment team employees and their related persons cannot invest in any security that may be held in the core investment universe.

## **Gifts and Gratuities**

Giving and accepting gifts and entertainment still occurs in many areas of business. In our industry, although the practice is decreasing it is still, to an extent, prevalent in many regions in which FSII operates. As a business which insists on its people meeting the highest professional standards, FSII provides guidance on how its employees should conduct themselves accordingly:

- Employees must ensure they do not receive or offer gifts or entertainment which could be seen as being inappropriate or which may give rise to actual or potential conflicts of interest.
- Employees should ensure that personal relationships with third parties, clients or suppliers, do not influence or prejudice their obligations to Stewart Investors or its clients.

- Employees should only attend client related or business partner lunches or dinners or similar events (e.g. drinks receptions) where there is a significant industry, relationship or business agenda and can reasonably be deemed to be beneficial to our clients.

## **Conflicts of Interest**

In the discharge of its fiduciary duties FSII has in place policies and procedures to manage actual perceived or potential conflicts of interest. In summary this involves:

- Avoiding it, where the conflict cannot be satisfactorily managed, for whatever reason, through controls and disclosure, or
- Controlling it, through the operation of controls, or
- Disclosing it. In order for the disclosure to be effective, it must be complete providing sufficient detail for the client to decide how the conflict impacts service to them and it must be timely, prominent and meaningful.

FSII from time to time does invest in the same securities that FSII or its affiliates invest in. Portfolio management and security recommendations are undertaken at an investment strategy level and each investment team managing these strategies is organised separately. Information barriers and other controls exist between investment teams to manage any potential conflicts that may arise.

FSII also provides non-discretionary investment management services as a subadvisor to investment advisors that seek advice through the provision of model portfolios. These model portfolios are used by the investment advisor to manage their client accounts. The timing and nature of services provided by FSII with respect to model portfolios are defined separately in the service agreements with relevant investment advisors as the parties see fit in each case and as a result may differ between the agreements, as well as between non-discretionary and discretionary service arrangements. Notwithstanding these differences, FSII has conflicts of management procedures in place to ensure all client interests under relevant agreements are treated equitably and fairly.

## **Outside business interests and affiliations**

To manage conflicts of interest, inside information and other compliance and business issues, FSII maintains a record of its Supervised Persons serving as officers or members of the board of any other entity. Advice must be obtained through the Compliance team where there is a perceived potential conflict of interest. FSII can deny approval where the perceived conflict of interest cannot be managed effectively.

You may request a copy of our Code of Ethics by writing to the Chief Compliance Officer, First Sentier Investors International IM Ltd., Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB, UNITED KINGDOM.

## **Item 12: Brokerage Practices**

### **1. Unlisted Infrastructure**

Typically, unlisted Infrastructure transactions do not involve the use of a financial intermediary such as a broker-dealer because they are made on a negotiated basis.

#### **Investment allocation for unlisted securities**

FSII seeks to allocate investments in a manner that is consistent with its duty to: (1) treat all clients fairly and equitably over time; and (2) not to systematically advantage or disadvantage any single client or group of clients.

FSII and its affiliates have adopted an allocation protocol which governs the way in which investment opportunities are allocated between the Private Fund and separate mandates.

Although allocating orders among FSII clients creates potential conflicts of interest because FSII could receive greater fees or overall compensation from some clients than received from other clients, allocation decisions will not be made based on such greater fees or compensation.

## **2. Stewart Investors**

### **Order Aggregation and Allocation**

FSII seeks to aggregate and allocate trade orders in a manner that is consistent with its duty to: (1) seek best execution of client orders; (2) treat all clients fairly and equitably over time; and (3) not systematically advantage or disadvantage any single client or group of clients.

FSII follows policies and procedures pursuant to which it may combine or aggregate purchase or sale orders for the same security for multiple client accounts (also known as a bunched order) so that the orders can be executed at the same time. FSII aggregates orders when it considers doing so appropriate and in the interests of its clients. Client accounts may be included in the aggregated orders with clients of FSII's affiliated advisers.

When orders are aggregated, the orders will generally be placed with one or more brokers for execution. When an aggregated order is filled, FSII generally will allocate the securities purchased or proceeds of sale pro rata among the participating client accounts based on the pre-trade allocation. Adjustments or changes may be made under certain circumstances, such as to avoid small allocations or to satisfy cash flows and guidelines. If an order at a particular broker is filled at several different prices, through multiple trades, generally all participating client accounts will receive the average price.

Although allocating orders among FSII clients creates potential conflicts of interest because FSII could receive greater fees or overall compensation from some clients than received from other clients, allocation decisions will not be made based on such greater fees or compensation. When an investment opportunity is suitable for two or more clients, allocations will be made in a fair and equitable manner, and will take the following factors, among others, into consideration: the relative size of the client account, available cash for investment, investment objectives and restrictions, liquidity considerations, legal and regulatory restrictions, portfolio risk/return objectives, investment horizons, and client instruction.

### **Counterparty Approval**

FSII has a rigorous counterparty approval process to ensure that we use suitable, reliable counterparties (brokers) when dealing on behalf of clients. In order to ensure that they are suitable and reliable we have adopted an approved list of counterparties which have been reviewed and considered to be appropriate for us to deal with on behalf of our clients.



The process of conducting new counterparty reviews is the responsibility of the portfolio support group, with approval by business management who work with the compliance, finance and legal teams in assessing the suitability of a new counterparty using the following criteria:

- financial strength
- profitability
- leverage
- ethical standards
- terms of business
- acceptance of our standard commission rates

The portfolio support group conducts a rolling programme of counterparty reviews and each counterparty is reviewed at least annually.

### **Use of Dealing Commission**

FSII's policy is that all externally provided execution services are paid for as a part of the agreed standard commission, however all externally provided research is paid for directly by us from our own resources.

Where we execute orders through a broker or other person and those broker's or other person's charges are passed on to our customer in return for which goods or services in addition to the customer order execution are received, we must have reasonable grounds to be satisfied that those goods or services are related to the execution of trades on behalf of our customers, and will reasonably assist us providing services to our customers on whose behalf the orders are being executed and do not, or are not likely to, impair our compliance with our duty to act in those customers' best interests.

Where goods or services relate to execution, we should have reasonable grounds to be satisfied we have met the above requirements if the goods or services are linked to the arranging and conclusion of a specific investment transaction (or series of related transactions), and are provided between the point at which we make the investment or trading decision and the point at which the investment transaction (or series of transactions) is concluded. No arrangements regarding the use of dealing commission may be entered into that could compromise our ability to provide best execution to our customers.

The following is a list of examples of goods or services relating to execution which are specifically highlighted as not meeting the requirements described above and are therefore not accepted by FSII:

services relating to the valuation or performance measurement of portfolios;

computer hardware;

connectivity services such as electronic networks and dedicated telephone lines;

seminar fees;

corporate access services;

subscriptions for publications;



travel, accommodation or entertainment costs;

computer software including order and execution management systems and office administrative computer software, such as word processing or accounting programmes;

membership fees to professional associations;

purchase or rental of standard office equipment or ancillary facilities;

employees' salaries;

direct money payments;

publicly available information; and

custody services relating to designated investments belonging to, or managed for, customers other than those services that are incidental to the execution of trades.

#### **Commission rates and allocation**

The allocation of payment for execution services is the responsibility of the dealing team, as a by-product of the selection of a broker on an individual trade on the basis of best execution. In the day-to-day management of trading, the dealing desk is responsible for managing broker selection such that the achievement of best execution is the primary consideration on each individual trade

The dealing desk is responsible for agreeing the commission rates with each broker across each market. Stewart Investors' standard practice is to adopt fixed execution-only rates per market.

#### **Directed commission**

Directed commission is where a client may instruct us to generate commission on their account in order to pay for a service which they have contracted from one or more particular brokers. As we only purchase execution services from the use of dealing commission, our view is that it would not be treating all our clients fairly to allow individual clients to enter into such arrangements. We are also unwilling to make any commitment to trade, whether at certain amounts or even at all, with particular brokers. SI will therefore not enter into directed commission arrangements if requested to do so by clients or prospective clients.

#### **Role of the Execution Oversight Group**

The Stewart Investors Execution Oversight Group has responsibility for oversight of order execution activity in relation to all relevant funds and portfolios under the management of the Stewart Investors division of FSII. This includes a formal review of the use of counterparties, counterparty risk and associated issues.

## **Item 13: Review of Accounts**

We regularly review client accounts. The frequency of that review is determined by the requirements of the client and the nature of the mandate and includes periodic reviews of performance, investment activity and outlook. Normally these reviews would be carried out by the named Portfolio Managers or other qualified members of the investment team, together with the Relationship Manager, or in some cases, by the Relationship Manager directly. The named Portfolio Manager or senior member of the investment team and the primary Relationship Manager will normally discuss with the client on at least an annual basis.

Periodic written data, including valuations and transaction information, is usually provided on a monthly basis and may be supplied to the client or the client's custodian for accounting or reconciliation purposes. In addition, clients normally receive quarterly reports, either following a standard Stewart Investors template, or tailored to suit the individual client or mandate requirements.

Clients are also invited to participate in regular webcasts where the investment team discusses topics relevant to clients. Clients also receive a replay link by email after the webcast has taken place.

The Stewart Investors Board and Execution Oversight Group have responsibility in relation to all relevant funds and portfolios under the management of SI and regularly review performance, counterparty risk and associated issues, breaches of investment guidelines and any general dealing or operational factors which may affect the funds that we manage.

In the event of a major market dislocation, or similar event, client accounts would be reviewed and appropriate action and communication undertaken promptly.

## Item 14: Client Referral and Other Compensation

FSIIL does not enter into agreements with third parties for the referral of new clients in the US.

FSIIL does not receive any economic benefit from anyone who is not a client for providing investment advice.

## Item 15: Custody

FSII is deemed to have custody within the meaning of Rule 206(4)-2 of the Investment Advisers Act of 1940 solely because it is authorised to deduct advisory fees from its clients' accounts. Physical custody of private fund assets is at a broker-dealer, bank or other qualified custodian.

All clients should receive account statements directly from the broker-dealers, banks, trustees, or other qualified custodians with whom they have accounts. We strongly urge all clients to compare the reports they receive from FSII to the statements they receive from their broker-dealers, banks, trustees or custodians. Any issues or discrepancies should be communicated to us promptly so that we may investigate.

## Item 16: Investment Discretion

We accept discretionary authority to manage securities accounts on behalf of clients through the negotiation, agreement and execution of an Investment Management Agreement which sets out the investment objectives of the client and any limits that the client may wish to impose on our discretionary authority.

For instance, clients may restrict the type of securities that may be included in the portfolio, place limits on borrowing or underwriting or limit investment in particular securities.

Each Investment Management Agreement will contain specific provisions that both parties and, in some cases, multiple parties will agree to.

From time to time, we may also accept client mandates on a sub-advisory basis.

## Item 17: Voting Client Securities

The concept of stewardship is at the heart of SI's investment approach. We believe our job is to allocate our clients' capital in accordance with the investment process and philosophy that has been agreed with our clients. SI is in a position to influence the environment, social and governance performance of companies via discussions with management or the board of directors and through the exercising of proxy votes. The exercising of the voting rights must be in the best interests of our customers.

SI has in place a comprehensive corporate engagement policy that describes how we vote on various issues. Subject to specific client directions, we will exercise every vote in accordance with that policy, however occasionally exceptions arise. The key criteria for how we vote is what we consider to be the best interests of our clients.

Where a Portfolio Manager or Analyst making a proxy voting decision, or SI as a whole, has a potential material conflict, such instructions will be forwarded to the Head of Investment Business for agreement with the course of action to be taken. Following advice from the Compliance and Legal teams, where it is determined a material conflict does in fact exist, the final decision on how to vote such securities will be made by a Managing Partner.

The authority and responsibility for exercising proxy votes will be defined within the investment management agreement executed between SI and each discrete mandate client. However, SI may still receive proxy voting instructions from each discrete mandate client on a case-by-case basis (provided SI is notified in a timely manner) or, alternatively, the discrete mandate client may instruct their custodian directly.

Wherever a discrete mandate client delegates responsibility for exercising proxy votes, and if requested by the client, SI will report back to the client how votes were cast on their behalf.

Our corporate engagement policy or additional information regarding how we vote on the clients' securities can be obtained by writing to our Chief Compliance Officer.

## Item 18: Financial Information

FSII does not require prepayment of any advisory fees. Presently, FSII has no financial commitments or obligations that would interfere with our obligations to our clients. FSII has never filed for bankruptcy protection.