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**This Brochure provides information about the qualifications and business practices of Tree Line Advisors (Hong Kong) Ltd., also known as “Tree Line Management.” If you have any questions about the contents of this brochure, please contact us at 852-2106-0188 or robert@treelineim.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Tree Line Management is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information to enable you to determine whether to hire or retain an adviser.**

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

**22 March 2022**

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## ITEM 2 – MATERIAL CHANGES

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This Item 2 provides clients with a summary of material changes since the last annual update of the Brochure in 2021.

Minor changes, including updates regarding assets under management and enhancements and clarifications throughout, have been made. Clients and prospective clients are encouraged to read the Brochure in detail and contact us with any questions.

Our Brochure may be requested by contacting Robert Herries, Chief Operating Officer, at (852) 2106-0188 or [robert@treelineim.com](mailto:robert@treelineim.com).

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

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## **ITEM 4 – ADVISORY BUSINESS**

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### **Adviser's Advisory Business**

Tree Line Advisors (Hong Kong) Ltd., a company incorporated with limited liability in Hong Kong (“Adviser”), acts as an investment adviser and provides investment advisory services for the private investment companies in a master-feeder fund structure that are described below. Adviser may also provide direct investment advisory services for accredited investors and qualified clients on a discretionary basis. Adviser was established in 2006, along with its parent company, Tree Line Investment Management Ltd. (“TLIM”), and its Singapore sister subsidiary, Tree Line Advisors (Singapore) Pte Ltd. (“TLS”). TLIM, Adviser and TLS are members of the Tree Line Group. Adviser is wholly owned by TLIM, which is principally owned by Zaheer Abbas Sitabkhan, a director of Adviser (“Mr. Sitabkhan”). Mr. Sitabkhan is also the executive director of each of the private investment companies for which the Adviser provides investment advisory services. TLIM does not provide investment advice or investment management services. TLS does not provide advice independently from Adviser.

### **Types of Advisory Services Adviser Offers**

Adviser has been engaged to provide investment advisory services to the Tree Line Asia Master Fund, a Cayman Islands exempted company (the “Master Fund”) and two feeder funds, the Tree Line Asia Fund, a Cayman Islands open-ended investment company with limited liability and the Tree Line Asia U.S. Feeder Fund, a Cayman Islands open-ended investment company with limited liability (the “Feeder Funds,” and together with the Master Fund, the “Funds”), in its capacity as investment adviser of the Funds.

Interests in the Funds are not registered securities under the U.S. Securities Act of 1933, as amended (the “Securities Act”). In addition, the Funds are not registered as investment companies under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, interests in the Funds that are offered and sold to U.S. persons are sold to U.S. persons that satisfy applicable eligibility and suitability requirements in private transactions pursuant to available exemptions under the Securities Act, the Investment Company Act and any applicable U.S. state securities laws.

Adviser provides investment advisory services to the Funds through the management of investment portfolios in accordance with the investment objectives, risk tolerance and additional guidelines as stated in each Fund’s Private Placing Memorandum (the “PPM”). Adviser expects that its investment activities will focus on investments in various kinds of assets and securities in various Asian markets and any other markets that may fit within the Funds’ objectives and strategies described in their PPMs.

Currently, the Funds generally may not impose restrictions on the management of their accounts, other than restrictions stated in the PPMs of the Funds and other restrictions that are customary in the ordinary course of business. Clients should be aware that performance of restricted accounts may differ from performance of accounts without such impediments, possibly producing lower overall results.

Adviser does not participate, sponsor or act as a portfolio manager for any wrap fee programs.

### **Regulatory Assets Under Management**

As of 31 December 2021, Adviser had regulatory assets under management of US\$1,504,954,226 of which all was managed on a discretionary basis and US\$ 0 was managed on a non-discretionary basis.

## **ITEM 5 – FEES AND COMPENSATION**

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### **Adviser's Basic Management Fees**

Generally, and pursuant to contract, fees for the management of private investment companies, such as the Funds, will be based upon a percentage of the total assets in the account (including margined assets). Currently, Adviser receives a management fee, payable at the Master Fund level, equal to one and 35/100 percent (1.35%) per annum, of the net asset value of the Feeder Funds. Such management fee is accrued daily and calculated on the basis of the net asset value of the Feeder Funds as at certain valuation dates and payable monthly in arrears. The specific manner in which fees are charged by the Adviser is established in its investment advisory agreements of the Funds.

Currently, no external investors receive more favorable fee terms than any other external investor. However, certain Fund investors may receive more favorable terms that are not afforded to other investors, such as waived performance fees for employees and related entities of Adviser. Fund details, including the associated advisory fees, other expenses, and investment strategies, are described in each Fund's PPM.

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

In addition to performance-based fees described in Item 6 below, Adviser will generally bill its advisory fees on a monthly basis in arrears. If and when Adviser provides direct investment advisory services for accredited investors and qualified clients on a discretionary basis in the future, clients may elect to be billed directly for advisory management fees or to authorize Adviser to directly debit advisory management fees from client accounts. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of *de minimis* contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

### **Other Fees and Expenses**

In addition to investment advisory, management and performance-based fees, investors in the Funds will indirectly bear any other costs charged to the Funds. Such costs will vary and typically include, though are not limited to, accounting, legal, fund administration fees and other

related costs and costs. Furthermore, Adviser's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. The impact of mark-ups and mark-downs shall also be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Such charges, fees and commissions are exclusive of and charged before Adviser's fee, and Adviser shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Adviser considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

### **Prepaid Fees**

Adviser does not charge clients fees in advance.

### **Compensation for the Sale of Securities**

Neither Adviser nor Adviser's supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of investment funds.

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

In addition to the management fee described above in Item 5, Adviser will generally receive an annual performance-based bonus from the Master Fund level out of the performance allocation which is made, subject to performance, from each private investment fund, including the Funds, that it manages, and as further described below. The amount of the performance-based bonus will be determined by the directors of the Fund in their discretion. In such event, the amount of any such bonus will offset the amount of the performance allocation to be allocated to the profit share holder.

The calculation of the performance allocation is described in each Fund's PPM.

In the case of the Funds, the Master Fund will allocate separate performance allocations attributable to each Feeder Fund to two companies that are not advisers and which are solely designated as profit shareholders only (Tree Line Asia Offshore PS Management Company Ltd. and Tree Line US PS Management Company Ltd). Each performance allocation is calculated at the end of each calendar year or upon redemption of the relevant shares part way through a year. Each performance allocation is equal to seventeen and a half percent (17.5%) of the appreciation in the net asset value per share or unit of the relevant series of shares or units issued by the relevant Feeder Fund. The appreciation of the net asset value of the relevant series of the relevant Feeder Fund is the difference between the highest net asset value per share or unit of

that series as at the last valuation date in December in any preceding year after allocation of any performance allocation (or, if higher, or where the relevant shares or units were issued during the course of the relevant year, the subscription price of the relevant shares or units when they were acquired) (the “highwater mark”) and the net asset value per share or unit of that series as at the last valuation date in December in the year in question or (in the case of redemptions made during the course of such year) as at the valuation date relating to the date on which the shares or units were redeemed. Other than the above, each performance allocation is not subject to a hurdle.

Currently, all the accounts that Adviser manages are charged both a performance-based fee or allocation and a management fee. Because all such accounts are charged consistently, the performance-based fee or allocation arrangements do not create an incentive for Adviser to favor certain accounts over other accounts. However, if in the future, Adviser manages accounts that are not charged consistently, performance-based fee or allocation arrangements may create an incentive for Adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. In such cases, Adviser would have procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

## **ITEM 7 – TYPES OF CLIENTS**

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Adviser primarily provides portfolio management services to institutional clients and private investment funds.

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

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### **General Investment Strategies and Methods of Analysis**

Adviser, through the experience built up by its founder, Mr. Sitabkhan, who is a specialist in Asian equity investments, has over 26 years of experience as a private investor in the Asia-Pacific markets. Adviser aims to invest globally to exploit Asian growth themes. Adviser’s philosophy primarily seeks to identify well managed growth companies at early stages of development and invest for long term. Well managed growth companies are companies that have identified large market opportunities, have a definitive competitive advantage, have management with experience in the industry and a reputation of capability and integrity. Such companies ought to have sufficient cash flow to pay for capital expenditure and provide information in a transparent form. Financial performance is defined by high and growing returns on equity. This style of investment is by definition long term investment and therefore Adviser is focused on long term performance as opposed to short term volatility, although Adviser may also implement short term purchases and short sales.

In addition, Adviser will seek value stocks which can change into growth stocks through a change in management or business strategy. Furthermore, Adviser will look for restructuring

stories which could set a company on a path of long-term sustainable growth. In particular, Adviser will analyze securities using charting, fundamental, technical and cyclical methods.

Adviser believes that critical elements to its investment practices include consistently visiting portfolio companies in Asia and building up specific industry and country knowledge. First hand company research is a distinct element of Adviser's investment decision making process. However, as discussed below, investing in securities and other investment products involves risk of loss that clients should be prepared to bear.

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

While it is the intention of Adviser to implement strategies that are designed to minimize potential losses suffered by its clients, there can be no assurance that such strategies will be successful. It is possible that a client, including the Funds, may lose a substantial proportion or all of its assets in connection with investment decisions made by Adviser. The following is a discussion of material risks for Adviser's significant investment strategies, but it does not purport to be a complete explanation of all the risks involved in Adviser's investment strategies.

#### *Investment Objective*

There is no guarantee that in any time period, particularly in the short term, a client's portfolio will achieve appreciation in terms of capital growth or that a client's investment objective will be met by Adviser.

#### *Leverage*

Adviser may engage in investment strategies that constitute leverage or leverage a client's portfolio by borrowing should Adviser consider this necessary or desirable. Such strategies may include the borrowing and short selling of securities, bonds, foreign exchange and the acquisition and disposal of certain types of derivative securities and instruments, such as swaps, futures and options. While leveraging creates an opportunity for greater total returns it also exposes a client to a greater risk of loss arising from adverse price changes. For a further explanation of the risks involved in entering into certain leveraged transactions see the paragraph below headed "Derivatives."

#### *Portfolio Investments May Be Volatile*

The value of the securities in which Adviser, on behalf of its clients, will invest may be volatile. There can be no assurance that portfolio companies will ultimately be successful. Furthermore, a client will be subject to the risk that inflation, economic recession, changes in the general level of interest rates or other market conditions over which Adviser will have no control may adversely affect the operating results of the client.

#### *Hedging transactions may increase risks of capital losses*

Adviser may utilize a variety of financial instruments, such as options for risk management purposes. While Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in a worse overall performance for a client's portfolio than if it had not



engaged in any such hedging transactions. Moreover, the portfolio is always exposed to certain risks that cannot be hedged, such as credit risk, relating both to particular securities and counterparties.

#### *Repurchase Agreements*

Adviser, on behalf of its clients, may enter into repurchase agreements with respect to securities issued by governments and institutions. Repurchase agreements involve credit risk to the extent that a client's counterparties may avoid such obligations in bankruptcy or insolvency proceedings, thereby exposing the client to unanticipated losses. The amount of credit risk incurred by a client with respect to a particular repurchase agreement will depend in part on the extent to which the obligation of the client counter-party is secured by sufficient collateral.

#### *Stock borrowing*

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

#### *Securities lending*

Adviser may enter into securities lending transactions on behalf of its clients. The principal risk when lending securities is that the borrower might become insolvent or refuse to honor its obligations to return the securities. In this event, Adviser, on behalf of a client could experience delays in recovering its securities and such client's portfolio may possibly incur a capital loss. The client's portfolio may also incur a loss in reinvesting the cash collateral Adviser, on behalf of the client, receives. Such a loss may arise due to a decline in the value of the investment made with cash collateral received from a securities lending counterparty. A decline in the value of such investment of the cash collateral would reduce the amount of collateral available to be returned by Adviser, on behalf of the client, to the securities lending counterparty at the conclusion of the securities lending contract. A client's portfolio would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the client's portfolio.

#### *Liquidity of investment portfolio*

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

#### *Foreign currency markets*

Adviser's investment strategy may cause a client to be exposed to fluctuations in currency exchange rates where it invests directly or indirectly in securities denominated in currencies other than U.S. dollars. Adviser, on behalf of the client, may, in part, seek to offset the risks associated with such exposure through foreign exchange transactions. The markets in which foreign exchange transactions are effected are highly volatile, highly specialized and highly technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time, often within minutes. Foreign exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment, or particular transactions in foreign currency.

### *Derivatives*

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

### *Economic and political risks*

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

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

### *Settlement risks*

Adviser's investment strategy will expose a client to a credit risk on parties with whom Adviser, on behalf of the client, trades and will also bear the risk of settlement default. Market practices in the emerging markets in relation to the settlement of securities transactions and custody of assets will provide increased risk. Although the emerging markets have grown rapidly over the

last few years, the clearing, settlement and registration systems available to effect trades on such markets are significantly less developed than those in more mature world markets which can result in delays and other material difficulties in settling trades and in registering transfers of securities. Problems of settlement in these markets may affect the net asset value and liquidity of a client's portfolio.

#### *Short selling*

Adviser, on behalf of its clients, may sell securities of an issuer short. If the price of the issuer's securities declines, Adviser may then cover the short position with securities purchased in the market. The profit realized on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale. The possible losses from selling short securities differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by the various national and regional securities exchanges, which restrictions could limit the investment activities of Adviser.

#### *Emerging Markets*

Adviser's investment strategies include investments made in emerging markets such as China and other Asian countries, and such investments involve special considerations and risks. These include a possibility of nationalization, expropriation or confiscatory taxation, foreign exchange control, political changes, government regulation, social instability or diplomatic developments which could affect adversely the economies of such countries or the value of a client's investments, and the risks of investing in countries with smaller capital markets, such as limited liquidity, price volatility, restrictions on foreign investment and repatriation of capital, and the risks associated with emerging economies, including high inflation and interest rates and political and social uncertainties. In addition, it may be difficult to obtain and enforce a judgment in a court in an emerging country. The economies of many emerging market countries are still in the early stages of modern development and are subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions having sudden and widespread effects. Investments in products of emerging markets may also become illiquid which may constrain Adviser's ability to realize some or all of a client's portfolio. Accounting standards in emerging market countries may not be as stringent as accounting standards in developed countries.

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

Adviser does not recommend primarily a particular type of security. The material risks involved in Adviser's general investment strategies are described above.

#### **ITEM 9 – DISCIPLINARY INFORMATION**

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of an adviser or the integrity of the adviser's management. Adviser has no information applicable to this Item 9.

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

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### **Broker-Dealer Registration**

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

### **Commodity Pool Operator, Commodity Trading Adviser, Futures Commission Merchant Registration**

Adviser is not registered with the Commodity Futures Trading Commission ("CFTC") as a futures commission merchant ("FCM"), a commodity pool operator ("CPO") or a commodity trading advisor ("CTA"). Adviser has made exemption filings with the CFTC pursuant to CFTC Rules 4.13(a)(3) and 4.14(a)(8)(iii).

### **Other Material Relationships**

Other than relationships within the Tree Line Group, Adviser does not have any relationships or arrangements that are material to Adviser's advisory business or to its clients that Adviser or any of its management persons have with any of the following related persons: (i) a broker-dealer, municipal securities dealer, or government securities dealer or broker; (ii) an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund); (iii) any other investment adviser or financial planner; (iv) a futures commission merchant, commodity pool operator, or commodity trading advisor; (v) a banking or thrift institution; (vi) an accountant or accounting firm; (vii) a lawyer or law firm; (viii) an insurance company or agency; (ix) a pension consultant; and (x) a real estate broker or dealer sponsor or syndicator of limited partnerships.

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

Adviser generally does not recommend or select other investment advisers for its clients. In addition, Adviser does not receive compensation directly or indirectly from other investment advisers and does not have other business relationships with other investments advisers. We note that TLS, a wholly owned subsidiary of TLIM, also provides investment advisory services to the Funds along with the Adviser. In addition, employees of TLS may provide research and other advisory services to Adviser, although none of TLS' employees provide advice to Adviser's clients independently from Adviser. Presently, TLS files a report with the SEC as an Exempt Reporting Adviser. Any compensation received by Adviser either directly or indirectly from TLS would not create a material conflict of interest between Adviser and TLS because both entities are wholly owned by TLIM.

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

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

Adviser has adopted a “code of ethics” (the “Code”) set forth in Adviser’s Compliance Manual (the “Compliance Manual”) that permits investment personnel to invest in securities on a limited basis, including securities that may be purchased or held by Adviser’s clients, for their own accounts. The Code governs the investment in securities by personnel designated as access persons of Adviser. The purpose of the Code is to ensure that personal transactions do not conflict with client transactions and that in any situation where the potential for conflict exists, client interests take precedence.

The Compliance Manual includes formal insider trading and personal securities transactions policies and procedures. Specifically, the Compliance Manual requires, among other things, that Adviser’s employees disclose their personal investment holdings upon joining the firm and periodically thereafter. On an ongoing basis, employees are required to instruct their brokers to send copies of monthly statements and confirmations to Adviser. Pre-clearance of personal trading activities is also required. All employees must complete semi-annual declarations to confirm their holdings and to certify they have complied with the personal trading policy.

A copy of Adviser’s Code is available to clients and prospective clients upon request.

## **Participation or Interest in Client Transactions and Associated Conflicts of Interest**

Neither Adviser nor any person related to Adviser recommends to clients, or buys or sells for client accounts, securities in the Adviser or a related person has a material financial interest.

## **Investments in Securities by Adviser and its Personnel**

Adviser has policies and procedures in place that generally prohibit Adviser and its personnel to invest in the same or similar securities and investments as those recommended to, or entered into on behalf of, Adviser’s clients. In addition, all of Adviser’s personnel are subject to Adviser’s policies and procedures regarding confidential or proprietary information, the information barriers and personal trading. Such policies require staff to disclose their personal holding details upon joining. Approval and disclosure are required on their trading transactions. Monthly trading statements being sent to the Adviser from external brokers is required. Semi-annual declarations on transactions executed in past quarters must be reported to the Adviser to enhance monitoring and reconciliation. Meanwhile the Adviser has additional policies and procedures relating to certain personal securities transactions by Adviser’s personnel which Adviser deems to involve potential conflicts including conflicts involving Adviser’s personnel and client accounts managed by Adviser.

Furthermore, generally, neither Adviser nor any person related to Adviser invests in the same securities that Adviser or the related person recommends to its clients. We note that TLIM currently invests only in the Funds. In addition, some of Adviser’s personnel also invest in the Funds. However, these investments do not create any conflicts of interests because neither Adviser nor TLIM manages portfolios for their own accounts, and Adviser has policies and

procedures in place to avoid potential conflicts of interests due to its personnel investing in the Funds.

### **Trading Alongside by Adviser and its Personnel**

As discussed above, currently, TLIM invests only in the Funds and does not manage portfolios for its own account. In addition, if and when Adviser provides direct investment advisory services for accredited investors and qualified clients on a discretionary basis, such accounts will generally be managed *pari passu* with the Funds. Under this structure, neither Adviser nor TLIM would recommend securities to clients, or buy or sell securities for clients' accounts, at the same time that they would buy the same securities for their own accounts. Adviser believes that the *pari passu* management policy would avoid any conflicts of interests with Adviser managing the Funds' accounts, in which it may have an interest through TLIM, and accounts of other clients, because Adviser would be managing all accounts in a consistent manner.

## **ITEM 12 – BROKERAGE PRACTICES**

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### **Broker-Dealer Selection**

Adviser has full discretion to select brokers or dealers as well as the commission rates at which the transactions for clients are effected. It is Adviser's policy to seek best execution at the best price available with respect to each transaction, in light of the overall quality of brokerage and research services provided to it or its clients. The best price means the best net price without regard to the mix between purchase or sale price and commissions. In selecting broker-dealers, and in negotiating commissions, Adviser considers a variety of factors, including best price and execution, the full range of brokerage services provided by the broker, as well as its capital strength and stability, and the quality of the research and research services provided by the broker.

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

Adviser will have no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular portfolio transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to minimize the expense incurred for effecting portfolio transactions to the extent consistent with the interests and policies of the investment companies. Although Adviser will generally seek competitive commission rates, it

will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker or dealer involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

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

Consistent with obtaining best execution, brokerage commissions on client portfolio transactions may be directed to brokers in recognition of research services furnished by them, as well as for services rendered in the execution of orders by such brokers. Particularly, Adviser receives soft dollars from brokers, which are used to pay for research and Bloomberg fees. However, Adviser's policy is to limit the amount of commissions used to generate soft dollars to no more than ten percent (10%) of the total brokerage fees paid to brokers.

As a general matter, such research services are used to service all of Adviser's clients. However, each and every research service may not be used to service each and every client managed by Adviser, and brokerage commissions paid by one account may apply towards payment for research services that may not be used in the service of that account. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments.

There is no agreement or formula for the allocation of brokerage business on the basis of research services, except that certain brokers that provide specified statistical and performance measurement services state in advance the amount of brokerage commissions they require for such services. Adviser may, in its discretion, cause the client to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This may be done where Adviser has determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, Adviser would not be required to place or attempt to place a specific dollar value on the brokerage or research services provided by such broker.

When Adviser uses its client's brokerage commissions (or markups or markdowns) to obtain research or other products or services, Adviser receives a benefit because it does not have to produce or pay for such research, products or services. Adviser may have an incentive to select or recommend a broker-dealer based in its interest in receiving the research or other products or services, rather than on its clients' interest in receiving the most favorable execution. In addition, Adviser may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact here.

Adviser generally does not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate. Nonetheless, when allocating trades to clients, Adviser must ensure that over time each client is treated fairly and equitably in the execution of transactions. Therefore, trading personnel must ensure that, over time:

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

Within the last fiscal year, Adviser acquired both brokerage services, including trade execution, and research services soft dollar benefits.

### **Brokerage for Client Referrals**

Adviser generally does not consider, in selecting or recommending broker-dealers, whether Adviser or a related person receives client referrals from a broker-dealer or third party. Adviser notes that it utilizes capital introductory programs provided by its prime brokers; however, Adviser does not select a prime broker based on whether the prime broker maintains a capital introductory program.

### **Directed Brokerage**

Adviser generally has the discretionary authority to determine and direct execution of portfolio transactions within the client's specified investment objectives without prior consultation with the client on a transaction-by-transaction basis.

If and when Adviser provides direct investment advisory services for accredited investors and qualified clients on a discretionary basis, certain clients may limit Adviser's discretionary authority in terms of the selection of broker-dealers or other terms of brokerage arrangements and may direct Adviser to place transactions for their accounts with a particular broker-dealer, to, among other things, defray consulting fees or other fees. Where a client directs the use of a particular broker-dealer, Adviser may be unable to achieve most favorable execution of client transactions and the client may pay more in execution fees than if Adviser was permitted to choose the executing broker. In such cases, Adviser may not have as much discretion in determining the terms of how an order will be handled with such broker-dealer and may not be able to freely negotiate commission rates. In addition, Adviser may not be able to aggregate the client's orders with other client orders to reduce transaction costs. As a result, designating use of a particular broker-dealer may cause a client to pay higher commissions or receive less favorable net prices than would be the case if Adviser were authorized to choose the broker-dealer through which to execute the transaction for the client's account. Lastly, in an effort to achieve orderly execution of transactions, execution of orders for clients that have designated particular brokers may, in certain circumstances, be delayed until after Adviser completes the execution of non-designated orders; however, Adviser does not currently delay such transactions.

### **Aggregation of Trades**

Adviser has the fiduciary duty to execute orders for its clients fairly and equitably. Adviser follows written procedures pursuant to which it may, for clients who permit it, and to the extent



consistent with best execution, combine purchase or sale orders for the same security for multiple clients (sometimes called “bunching”) so that they can be executed at the same time. The participating accounts that may be bunched in an order may include both client accounts as well as Adviser’s own accounts. The procedures followed by Adviser may differ depending on the particular strategy or type of investment. Adviser is not required to bunch or aggregate orders if: (1) portfolio management decisions for different accounts are made separately; or (2) Adviser determines that bunching or aggregating is not practicable. Adviser may be able to negotiate a better price and lower commission rate on aggregated trades than on trades for accounts that are not aggregated. Where transactions for a client’s account are not aggregated with other orders, it may not benefit from the better price and lower commission rate.

## **ITEM 13 – REVIEW OF ACCOUNTS**

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### **Review of Accounts**

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

### **Factors Triggering a Review**

Adviser also performs reviews of its clients’ accounts as appropriate based on, among other things, changes in market conditions and security positions or in response to a request by a client for a meeting or the occurrence of such meeting.

### **Client Reports**

Adviser prepares and provides to clients written newsletters on a monthly basis to report fund data and performance. These newsletters generally include, among other things, monthly highlights as well as notifications regarding the Funds where necessary.

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

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### **Other Compensation**

No person who is not a client of Adviser provides an economic benefit to Adviser for providing investment advice or other advisory services to Adviser’s clients.

### **Compensation for Client Referrals**

Neither Adviser nor any related person directly or indirectly compensates any person who is not a supervised person of Adviser for client referrals.

## **ITEM 15 – CUSTODY**

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We note that, with respect to non-U.S. clients, such as the Funds, Adviser would generally not be subject to U.S. regulation under the “regulation lite” regime. Regulation lite provides that a non-U.S. adviser must comply with the substantive provisions of the Investment Advisers Act of 1940, as amended (the “Advisers Act”) only with respect to its U.S. clients. An adviser is permitted to treat only the funds it manages and holders of separate managed accounts as its clients (*i.e.*, investors in the funds are not treated as clients) for purposes of the Advisers Act.

Accordingly, the investors in the Funds are not treated as Adviser’s clients for these purposes. As a result, most of the substantive provisions of the Advisers Act, including rules relating to custody, would not apply to Adviser with respect to the non-U.S. funds that it manages. Adviser and the custodians will, however, be subject to the laws and regulations in their countries of residence. Currently, Adviser’s custodians, who are its prime brokers, provide to the Funds’ administrator prime brokers website access to statements concerning the Funds’ investment assets. Adviser and administrator each do its own independent reconciliation before comparing and agreeing on the final net asset value of the Funds.

Adviser may, but is not required to, use the same administrator to handle discretionary accounts of its other clients. If and when Adviser provides direct investment advisory services for U.S. accredited investors and U.S. qualified clients on a discretionary basis, the administrator or the client, as applicable, should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains the client’s investment assets. If the statements are received by an administrator, the administrator should then send to such clients such statements. Adviser would urge such U.S. clients to carefully review such statements and compare such official custodial records received from the administrator or broker dealer, bank or other qualified custodian, as applicable, to the account statements that Adviser may provide to clients. Adviser’s statements may vary from custodial statements, received from the administrator or broker dealer, bank or other qualified custodian, as applicable, based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **ITEM 16 – INVESTMENT DISCRETION**

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If and when Adviser provides direct investment advisory services for accredited investors and qualified clients on a discretionary basis, Adviser will usually receive discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Adviser observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to Adviser in writing.

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

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### **Proxy Voting Policies**

Adviser will be subject to the laws and regulations regarding proxy voting in its country of residence.

On behalf of the Funds, Adviser invests in securities issued by both public and private issuers. In relation to these investments, Adviser has the authority to vote proxies. Proxy voting decisions are the responsibility of the portfolio managers and are made in accordance with Adviser's proxy voting policies and procedures. Adviser's general policy regarding proxy voting is to consult with the manager of the Funds and decide each proxy vote on a case-by-case basis.

Adviser shall take into account the best interests of its clients, as well as any potential conflicts of interest among its clients and Adviser or its affiliates. Adviser is responsible for identifying any potential conflicts of interest that may arise in the proxy voting process. Adviser will refer any conflicts of interest to the designated principals for resolution.

We note that the proxy voting rules under the Advisers Act would generally apply only to Adviser's U.S. clients under the regulation lite regime described above under Item 15 and, which for purposes of this Item 17, do not include investors in the Funds. However, subject to the record keeping policies described in the paragraph below, the policies and procedures discussed above would generally also apply to Adviser's U.S. clients, if any.

Thus, if and when Adviser provides direct investment advisory services for U.S. accredited investors and U.S. qualified clients on a discretionary basis, Adviser will follow the proxy voting procedures and policies discussed above. In addition, with respect to its U.S. clients, Adviser will retain (i) proxy statements provided by the prime broker/custodian regarding client securities; (ii) records of votes cast on behalf of clients; (iii) records of clients requests for proxy voting information; and (iv) any specific documents Adviser prepared that were material to making a decision how to vote, or that memorialized the basis for the decision. At such time when Adviser provides direct investment advisory services to U.S. clients, Adviser will document in writing such voting policies and procedures and information on how specific proxies were voted, and such information would be provided to Adviser's U.S. clients and prospective U.S. clients upon request.

## **ITEM 18 – FINANCIAL INFORMATION**

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Registered investment advisers are required in this Item 18 to provide you with certain financial information or disclosures about their financial condition. Adviser does not require prepayment of any fees, has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. Accordingly, no financial statements are required to be provided by Adviser to its clients and prospective clients.

## **ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

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Advisers who are registered or are registering with state securities authorities are required in this Item 19 to provide clients with certain information about their business and management teams. Adviser is federally registered and is therefore not required to complete this Item 19.