

# **Lakemore Partners Management US LLC**

1406 Index Tower  
DIFC, United Arab Emirates

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## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Lakemore Partners Management US LLC (“Lakemore US” or the “Company”). If you have any questions about the contents of this brochure, please contact us at +1 480 841 5600. The information in this brochure (the “Brochure”) has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Clients should note that SEC registration does not imply a certain level of skill or training.

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

## **Item 2 Summary of Material Changes**

This Brochure, dated March 25, 2022, is our updated Brochure. Our initial Brochure was dated October 9, 2020 followed by an updated dated July 21, 2021. We encourage all recipients of this Brochure to read it carefully in its entirety.

Item 2 is intended to assist clients and investors by making them aware of certain information that has changed materially since the prior year's Brochure that may be important to them. In the future, this Item 2 will identify and discuss any material changes since this filing or, subsequently, the most recent annual updating amendment.

## IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

- an offer or agreement to provide advisory services to any person;
- an offer to sell interests (or a solicitation of an offer to purchase interests) in any Fund (as defined below); or
- a complete discussion of the features, risks or conflicts associated with any Fund or advisory service.

As required by the Investment Advisers Act of 1940, as amended ("Advisers Act"), Lakemore US provides this Brochure to current and prospective clients prior to the commencement of Lakemore US's advisory services pursuant to the documents governing Lakemore US's agreement with such clients, and Lakemore US will offer this Brochure to such clients on an annual basis thereafter. Lakemore US may also, in its discretion, provide this Brochure to current or prospective investors in a Fund, together with other relevant Governing Documents (as defined herein), such as the Fund's offering or private placement memorandum, prior to, or in connection with, the investment in the Fund. Additionally, this Brochure is available through the SEC's Investment Adviser Public Disclosure website.

Although this publicly available Brochure describes investment advisory services and products of Lakemore US, persons who receive this Brochure (whether or not from Lakemore US) should be aware that it is designed solely to provide information about Lakemore US as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant Governing Documents. More complete information about a Fund is included in relevant Governing Documents, certain of which may be provided to current and eligible prospective investors only by Lakemore US or by other persons authorized by Lakemore US to do so. To the extent that there is any conflict between discussions herein and similar or related discussions in any Governing Documents, the relevant Governing Documents shall govern and control.

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## Item 4 Advisory Business

Lakemore US is incorporated in Delaware and is a wholly owned subsidiary of Lakemore Partners Ltd. (“Lakemore Partners”). Lakemore Partners (and other Lakemore entities) serve as the investment manager and investment adviser for a range of private funds (each, a “Fund”) and separately managed accounts. As an investment manager, Lakemore US also provides trading and middle office support for its clients.

Lakemore US was formed in 2020 as a subsidiary of Lakemore Partners to act as one of the investment manager and adviser entities within the Lakemore group. Lakemore is an independent investment firm focused on delivering value to investors on a fully aligned basis. Lakemore US aims to generate a source of stable earnings through all market cycles in a defensive and disciplined manner. On behalf of its clients, Lakemore US invests in credit instruments, including but not limited to, collateralized loan obligations (“CLO”) tranches of top tier managers and senior secured loans that are primarily U.S. denominated. Lakemore US adheres to the principals of Lakemore Partners to deliver target returns over an investment cycle through all market conditions. Lakemore Partners and its affiliates manage multiple credit products.

Lakemore Partners has subsidiaries with offices located in Dubai, London, and Arizona. As of the date of this brochure, Lakemore Partners and its affiliates employ 31 professionals of which 12 comprise the investment team. Lakemore Partners is owned by 11 shareholders and certain staff members who are a select group of like-minded high net worth individuals. They are industry leaders in their own fields who operate businesses in the Gulf Cooperation Council (GCC). Lakemore Partners has attracted an international client base spanning multiple geographies. In addition to advising Funds, Lakemore Partners can also create bespoke portfolios to suit clients’ specific needs or investment restrictions in separately managed accounts.

Lakemore US manages client assets based on the individual needs of the client, which are stated in the written objectives and guidelines of the client’s account. In a typical discretionary separate account relationship, the client would authorize Lakemore US to supervise, manage and direct the investment of the assets of the portfolio without prior consultation with the client. As described further below, Lakemore US is a discretionary asset manager, and generally does not provide general investment advice or planning services to its clients on a non-discretionary basis.

The investment advice or management provided by Lakemore US is tailored to meet the investment objectives and restrictions of each Fund, as set out in such Fund’s investment management agreements, limited partnership agreements, private placement memoranda and/or other governing documents (collectively, a Fund’s “Governing Documents”) and, as a general matter, are not tailored to the individualized needs of any particular Fund investor. The terms of the Governing Documents may differ from Fund to Fund and a general partner, on behalf of a Fund may from time to time enter into letter agreements or other similar arrangements. Investors may impose restrictions on certain types of investments by a Fund for tax, regulatory, or other reasons subject to the approval of Lakemore US or the Fund’s general partner. The Funds’ investment strategies are described in more detail under “Methods of Analysis, Investment Strategies and Risk of Loss” in Item 8 below. The information in this Brochure is qualified in its entirety by the information set forth in such documents.

Investment management and advisory services are provided directly to the Funds and not individually to the investors who invest in Funds sponsored or advised by Lakemore US. Since Lakemore US does not provide individual advice to Fund investors (and an investment in a Fund does not, in and of itself, create an advisory relationship between the investor and Lakemore US), prospective investors must consider whether a particular Fund meets their investment objectives and risk tolerance prior to

investing.

Lakemore US may manage accounts of employee benefit plans, such as corporate pension, profit sharing and money purchase pension plans, that are subject to the fiduciary responsibility provisions of Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and of plans, such as individual retirement accounts (“IRAs”) and Keogh plans, that are subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “Revenue Code”) (collectively, “Plans”) on a separately managed account basis or through a pooled product, such as a collective investment trust. When Lakemore US manages assets of Plans, Lakemore US will be subject to the prohibited transaction provisions of Section 406 of ERISA and/or Section 4975 of the Revenue Code, which provisions, among other things, might affect the manner in which Lakemore US may be compensated by such accounts and its ability to enter into certain kinds of transactions, such as cross-trading and certain transactions with, or for the benefit of, Lakemore US or its affiliates. Further, with respect to Plans that are subject to ERISA, Lakemore US also will be subject to ERISA fiduciary responsibility, reporting and disclosure, and bonding rules, as well as requirements relating to maintenance of the indicia of ownership of Plan assets. To the extent that Lakemore US is managing any such Plan accounts, Lakemore US intends to comply with all applicable provisions of ERISA and the Revenue Code. Notwithstanding the foregoing, Lakemore US and its affiliates do not intend to enter into any transactions with clients (also known as principal transactions). In addition, certain issuers of securities and other investment products may limit the ability of Plans to invest in them, which may affect the composition of the portfolios of Plan accounts and result in a variance between the investments of Plan accounts and the investments of non-Plan accounts that otherwise might have similar mandates.

We do not manage assets on a continuous basis; therefore, we do not have any discretionary or non-discretionary assets under management.

### **Limitation on Services**

As an asset manager, Lakemore US provides a specific service. Lakemore US does not provide tax, legal, or accounting advice, and clients should note that, unless otherwise specifically agreed or disclosed in writing, Lakemore US will not take tax considerations into account in managing a client's portfolio. Lakemore does not offer services to natural persons or legal representatives of natural persons who seek to receive services primarily for personal, family or household purposes

## **Item 5 Fees and Compensation**

### **Management Fee**

Lakemore US generally receives an investment management fee based on a percentage of the assets under management in the client account or selected Fund. Because Lakemore US will be delivering this brochure only to “qualified purchasers” as defined in section 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the “1940 Act”) SEC rules do not require Lakemore US to include its standard fee schedules in this brochure.

Lakemore US sets standard fixed fee scales for all of its investment strategies which are subject to change. The standard fees for Lakemore US to provide discretionary investment management services vary with the type of account and investment strategy. On occasion the fee scale is negotiable depending on a number of factors, including whether a performance fee is being applied, client specific requests or requirements, location of a client, the total size of the account and the aggregate amount invested with Lakemore US.

Fees are calculated in accordance with the relevant Fund's Governing Documents, as appropriate.

Furthermore, Lakemore US may enter into distribution agreements with distributors and fee rebate

agreements with certain investors in the Funds. Pursuant to these agreements, Lakemore US may, in its sole discretion, agree to pay the following out of the investment management fee which it has received from the Fund and which is attributable to the distributor/investor: (a) trailer or retrocession fees to the distributors appointed by it; and (b) rebates to investors based on the terms of the agreement entered into by Lakemore US with such investor.

While Lakemore US acts as a fiduciary in managing client assets, not all business decisions made by Lakemore US are fiduciary decisions. Subject to applicable law and any contractual commitments, Lakemore US may choose to charge different fees or otherwise offer different levels of service to different clients for the same fee, depending on its business needs and market demands. In addition, investors should note that the fees for fund investing can differ from the fees for separate account investing.

### **Billing**

Lakemore US bills clients directly for investment management fees for any separate managed account relationships. For Funds, fees are accrued and paid quarterly based on the Governing Documents of the Fund.

For separately managed accounts, fees are generally charged quarterly. Clients may elect for or authorize their global custodians to make payment to Lakemore US. The specific manner in which fees are charged is established in the client's investment management agreement or investor fee agreement with Lakemore US. Accounts initiated or terminated during a period will be charged a prorated fee. Upon termination of any account, any earned and unpaid fees will be due and payable.

Lakemore US must comply with SEC rules about "custody" of client assets (which can include automatic billing arrangements). Clients other than registered investment companies who prefer that Lakemore US deduct fees directly from their account will be required to make specific arrangements with a qualified custodian and to provide Lakemore US with additional information (including confirmation that the custodian provides the client with required account statements).

### **Other fees**

In addition to the fees paid for management of the account, clients will also pay costs and expenses associated with their investment, such as commissions, clearing fees, taxes, and custody and accounting charges.

In addition to the fees paid for management of the account, clients will also pay costs and expenses associated with their investment, such as commissions, clearing fees, taxes, and custody and accounting charges. Any additional fees will be disclosed in the relevant Governing Documents or other client agreement. Clients are responsible for these other charges, which may be imposed by third parties:

- Commissions and Transaction Costs: The rate of commissions and level of transaction costs will vary, and, for fixed-income securities, commissions may not be separately stated, but implicit in the spread paid on the trade. A further discussion of the brokerage policies and practices for Lakemore US is found in Item 12.
- Taxes: Withholding taxes and/or other taxes may be applicable to some investments (such as securities of non-U.S. issuers). Value Added Tax ("VAT") or similar taxes may also apply to management fees paid to Lakemore US.
- Custody and Accounting Charges: These charges (including on-going fees as well as transaction specific fees and charges for portfolio trades and collateral transfers) are charged

by the custodian and accounting agent/record keeper for the portfolio.

- Investor Advisory Committee or Board Charges: Where a Fund has an Investor Advisory Committee or Investor Advisory Board ("IAC") not comprised of Lakemore US employees or affiliates, a fee may be paid to members of the IAC for services to the Fund, as well as out-of-pocket, legal and other expenses (including, but not limited to, travel-related expenses for members and certain observers of an IAC).

For separate account clients, the custodian or administrator, not Lakemore US, charges each of these expenses (other than commissions) directly to the portfolio, and, in many cases, Lakemore US does not know the amounts of these expenses. For more information, clients may contact their service providers directly.

Funds advised by Lakemore US also bear their own operating and other expenses. For investors in the Funds, expenses noted above will be allocated and passed on to investors on a pro rata basis relevant to their ownership in such Fund. Expenses which are attributable to multiple series or Funds will be allocated on a pro-rated basis based on the weighting of each individual series or Fund and passed on to investors on a pro-rata basis of their ownership in the relevant series or Fund. Lakemore US may, in its sole discretion, implement a fee cap in order to limit the amount of expenses charged to a particular series or fund. In these instances, Lakemore US bears any fees and expenses which exceed the fee cap.

In addition to fees and expenses listed above, other expenses include: sales expenses; accounting, tax and audit expenses; legal expenses; and other expenses not listed. Funds that invest with an underlying manager or in underlying funds bear associated fees and expenses. Details regarding expenses can be found in the applicable Governing Documents for a Fund.

As discussed in further detail below, Lakemore US or its affiliates are generally entitled to performance-based compensation, subject to the terms of the applicable Governing Documents or client agreement.

Expenses that are attributable to a single client will be billed to the account directly and expenses which are attributable to a group of clients will be allocated on a pro rata basis based on the AUM of each client's account.

No additional sales-based compensation or trails are paid to Lakemore US or any Lakemore US supervised person for the sale of securities or other investment products, including asset-based sales charges or service fees.

Prospective clients are encouraged to consult their own financial, tax and legal advisors regarding any investment decision regarding Lakemore US's investment advisory services.

### **Valuation of Portfolio Assets in Calculating Fees**

Although currently it is anticipated that Lakemore US's management fees will primarily be based on a percentage of each Fund's investor's capital contributions; however, in future it may be based on the value and performance of the assets held in the client account. Lakemore US generally does not act as official record keeper or pricing agent for its client accounts. However, if the investment management agreement provides that fees will be based on Lakemore US's calculation of the portfolio's net assets or performance, or in the case of a Fund managed by Lakemore US, Lakemore US's valuation of securities may determine the fees that a client or Fund investor pays. Although most investment types are valued based on third party pricing sources or broker dealer prices, Lakemore US does have a role in determining asset values in some asset classes and circumstances. For example, Lakemore US



may be required to price a portfolio holding when a market price is not readily available or when Lakemore US has reason to believe that the market price is inaccurate. To the extent Lakemore US's fees are based on the value or performance of client accounts, Lakemore US may benefit by receiving a fee based on the impact, if any, of the increased value of assets in an account. As a result, valuation of assets by Lakemore US could involve a potential conflict of interest. Lakemore US has adopted detailed pricing procedures and related oversight controls to assist in proper valuation of client investments.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

### *Performance Based Fees*

Lakemore US may charge a performance fee in addition to a management fee if agreed to by a client or set forth in the Governing Documents of a Fund and where permitted under applicable laws and regulations.

Lakemore US will calculate a performance fee, as applicable, in accordance with the relevant client's offering document, the Governing Documents or other agreement with the client. Lakemore US will generally collect performance-based fees based on the performance fee structures laid out in the respective Fund's Governing Documents or client's offering document or other agreement.

Performance-based fee accounts can generate significant fees.

While performance fees are intended to reward Lakemore US for the successful pursuit of client investment goals, performance-based fees may create an incentive for Lakemore US to make investments on behalf of clients that are riskier or more speculative than would be the case in the absence of such an arrangement. Lakemore US stands to benefit if the investment performance of the assets that it manages during a certain period is superior to that of relevant benchmarks and/or hurdle rates, if any. The fact that Lakemore US charges performance fees from its clients helps align the interest of Lakemore US with the interests of its clients but can also induce Lakemore US to take excessive risk in the management of client assets.

### *Side-by-Side Management of Portfolios*

Lakemore US will typically make investment decisions for multiple accounts or Funds using various investment strategies depending upon clients' guidelines and restrictions. These investment management responsibilities create conflicts of interest. Lakemore US seeks to conduct itself in a manner it considers to be the most fair and consistent with its fiduciary obligations to its clients and make investment decisions based on relevant considerations, including a client's financial position, investment objectives and investment restrictions.

The conflicts of interest that arise in managing multiple accounts include, for example, conflicts among investment strategies, conflicts in the allocation of investment opportunities, or conflicts due to different fees. Some accounts have higher fees than others. Fees charged to clients differ depending upon a number of factors including, but not limited to, the particular strategy, the size of the portfolio being managed, the relationship with the client, the service requirements, or the account type (e.g., separately managed accounts). Based on these factors, a client may pay higher fees than another client in the same strategy. Also, clients with larger assets under management generate more revenue for Lakemore US than smaller accounts. These differences give rise to a potential conflict that a portfolio manager may favor one account over the other or allocate more time to the management of one account over another. In addition, in managing accounts which are billed an asset management fee only side-by-side with accounts which are charged a performance fee, Lakemore US is subject to

certain conflicts of interest, such as:

- most attractive investments could be allocated to performance fee accounts;
- trading of performance fee accounts could be favored as to timing and execution price;
- trading of other accounts could be used to benefit performance fee accounts (front running); and
- portfolio managers could focus primarily on performance fee accounts due to their personal stake in compensation.

Lakemore US attempts to mitigate any such conflicts by ensuring that all portfolios within the same mandates are monitored for any dispersion in returns, holdings, and position sizes that are not attributable to client requested restrictions, guidelines or other independent factors, such as cash availability or redemption activity. Although Lakemore US believes its policies and procedures are reasonably designed, it is not possible to eliminate all the potential risks of these conflicts. for more information about other potential conflicts of interest in trading and managing client accounts, see Item 11.

#### *Allocation of Investment Opportunities*

It is a policy of Lakemore US to inform all of its clients that it performs investment advisory and investment management services for various clients, and it may give advice and take action with respect to one client that differs from advice given or the timing or nature of action taken with respect to another client. It is, however, Lakemore US's policy not to favor or disfavor consistently or consciously any clients or class of clients in the allocation of investment opportunities, with the result that, to the extent practicable, all investment opportunities will be allocated among clients over a period of time on a fair and equitable basis.

Lakemore US may restrict, limit or reduce the amount of a portfolio's investment in a security where holdings in such a security by a portfolio, or across portfolios in the aggregate, exceed a certain ownership threshold or would otherwise result in significant cost to, or administrative burden on Lakemore US. In these situations, Lakemore US may also determine not to engage in an investment for a portfolio, even where such investment would be beneficial to the portfolio. For example, such limitations exist if a position or transaction could require a filing or a license or other regulatory or corporate consent, which could, among other things, result in additional cost and disclosure obligations for, or impose regulatory restrictions on, Lakemore US or on other portfolios, or may result in regulatory or other restrictions.

When Lakemore US allocates investment opportunities, it takes into account the factors noted above, as applicable, and as a result, some or all of the eligible portfolios may not receive a pro rata allocation, or any allocation.

Please also see Item 12 relating to trade aggregation and allocation practices.

## **Item 7 Types of Clients**

Lakemore US provides investment management services to a selection of Funds and separately managed accounts. Lakemore US's client base will encompass a geographically diverse group of private funds and separately managed accounts with a credit instrument focused investing strategy.

This Brochure may be provided to current or prospective end investors in the Funds, together with the Funds' Governing Documents, prior to or in connection with such person's consideration or execution of an investment in the Funds. Investors and other recipients should be aware that while the Brochure may include information about the Funds, as necessary or appropriate, it should not be considered to represent a complete discussion of the features, risks or conflicts associated with the Funds. More complete information about the Funds are included in the Governing Documents, which may only be provided to current and eligible prospective investors. The Funds or their shares are not registered with the SEC under the 1940 Act and the U.S. Securities Act of 1933, as amended.

The minimum amounts required for investment in a Fund managed by Lakemore US will be set in the relevant offering documents of the private fund.

The minimum level of AUM required by Lakemore US for a separately managed account is generally \$25 million per annum depending on the strategy. Lakemore US may elect to accept smaller accounts at its sole discretion.

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

The discussion in this item applies to all accounts, including separately managed accounts and Funds. For a separately managed account client, please also carefully review the account's investment management agreement for additional information on the account's investment strategies and risks. For a Fund, please also carefully review Governing Documents for additional information on the Fund's investment strategies and risks.

Because the value of a client's investment will fluctuate, there is the risk that a client will lose money. clients should carefully review the risks of investing and be prepared to bear those risks, including the possible loss of the principal amount invested.

### **A. Methods of Analysis and Investment Strategies**

Lakemore US is an independent investment firm focused on delivering value to investors on a fully aligned basis. lakemore US aims to generate a source of stable earnings through all market cycles in a defensive and disciplined manner. On behalf of its clients, Lakemore US invests in credit instruments, including but not limited to, CLO tranches of top tier managers and senior secured loans that are primarily U.S. denominated.

Lakemore US's investment management strategy for clients is developed and implemented using the following principles as guidelines:

1. Delivering sustainable investment performance across all market cycles by creating a core of stable earnings which generate cash-on-cash through all market regimes;
2. Alignment of interest and intent with investors, operating partners, employees and shareholders; and
3. Robust investment discipline based on proprietary analytics, research and on-going monitoring of portfolios and risk exposure.

The primary method of analysis undertaken by Lakemore US is based on fundamental research and proprietary tools used for manager due diligence, early warning systems and position-monitoring focused on underlying risky loan analysis. Lakemore US has a disciplined and methodical approach to assessing markets, evaluating opportunities, building portfolios and managing exposures. This discipline is based on timely and insightful understanding of all relevant aspects of risk and return.

Lakemore US has access to top-tier collateral managers and implements a methodical investment decision-making process, which includes a relative-value analysis, manager due diligence, structuring analysis, portfolio construction using proprietary analytical tools, documentation structuring and position sizing, and independent risk assessment of investments. Once the decision has been made to invest, on behalf of its clients, Lakemore US acquires positions that are intrinsically high-quality and continues to actively monitor these holdings at the CLO-level and on a loan-by-loan basis with a focus on tail risks within the portfolios. Lakemore US has an Investment Advisory Committee which reviews and then makes appropriate investment recommendations regarding all investment decisions.

## **B. Risk of Loss**

As with most investment strategies, those employed by Lakemore US expose clients to the risk of principal loss. On behalf of its clients, Lakemore US invests primarily in credit instruments, where losses typically accrue from either an erosion of fundamental value (e.g., the default or failure of an underlying borrower), or from a severe dislocation in (or lack of) market value (e.g., during periods of heightened market volatility). A range of factors can influence both and are largely outside of Lakemore US's control. In addition to the risk of loss, clients may also be restricted from withdrawing their investment for extended periods for example, where market conditions are unfavorable.

While every effort is made by Lakemore US to mitigate risks to client assets, all investing activity involves a risk of loss to all or a part of the investment made. There is no guarantee that the investment objective of an account, or the risk monitoring and diversification goals, will be achieved and results may vary substantially over time. The value of investments in any strategy can, in common with other investments, go down as well as up. There is no assurance that the investment objectives will be actually achieved. Investors in a Fund should review the relevant Fund's Governing Documents for a thorough review of the risks inherent in the relevant strategy. Separately managed account clients should review the account's investment management agreement for additional information on the account's investment strategies and risks.

While not exhaustive, below is a selection of material risk factors that could contribute to investor loss;

- **Underlying Business / Credit Risk** – Lakemore US strategies focus primarily on investing in credit instruments that expose investors either directly or indirectly to the risk of loan defaults from underlying borrowers. Such defaults can also precipitate a broader failure of these businesses, and while loan providers may benefit from certain remedies and security, these may not be sufficient to fully recover the loan. A borrower's capacity to make such payments can be influenced by a wide range of factors including economic conditions, industry trends and management expertise. Lakemore US has very limited, if any influence over the management of such businesses, and is unlikely to accurately predict the level of default and losses experienced among such investments.
- **Counterparty Risk** – certain portfolios are subject to the risk of the insolvency of its counterparties (such as broker-dealers, futures commission merchants, banks or other financial institutions, exchanges or clearinghouses). The portfolio's assets could be lost or impounded during a counterparty's bankruptcy or insolvency proceedings and a substantial portion or all of the portfolio's assets could become unavailable to it either permanently or for a matter of years. There are increased risks in dealing with non-U.S. brokers and unregulated trading counterparties, including the risk that assets will not benefit from the protection afforded to "customer funds" deposited with regulated brokers and dealers. In the case of a counterparty's bankruptcy or inability to satisfy substantial deficiencies in other customer accounts, the portfolio may recover, even in respect of property specifically traceable to it, only a pro rata share of all property available for distribution to all of such counterparty's customers.

- **Price Volatility / Market Risk** – Lakemore US strategies typically aim to exploit dislocations in the market value of assets. This often involves acquiring assets deemed undervalued, with the expectation of a longer-term recovery. However, market values can be influenced by a range of factors beyond Lakemore US's control, and a continued dislocation may persist. Asset values can also be volatile, and price volatility has increased notably in recent years. A materially adverse price move could force certain actions as defined within a trading strategy (such as stop losses) or the terms of third-party leverage. This could include a liquidation of collateral during turbulent market conditions, often at a significant discount to what we may consider representative long-term value.
- **Systematic Risk of the Global Capital Markets** – asset prices are vulnerable to changes in economic cycles, interest rate levels, commodity prices, government policies and geopolitical and natural disaster risks. Even a long-term investment approach cannot guarantee that a strategy will not lose money. Economic, market, political and issuer-specific conditions and events will cause the value of securities, and the portfolio that owns them, to rise or fall. Markets tend to move in cycles, with periods of rising prices and periods of falling prices. However, over time, assets have tended to provide an excess return over a risk-free rate of interest. Therefore, systematic risk is believed to be mitigated by protracted holding periods.
- **Epidemic and Pandemic Risk** – an epidemic or pandemic outbreak and governments' reactions to such an outbreak could cause uncertainty in the markets and can adversely affect the performance of the global economy. Outbreaks such as the severe acute respiratory syndrome, avian influenza, and, most recently, the infectious respiratory illness caused by a unique strain of coronavirus (Covid-19), or other similarly infectious diseases, together with any containment or other remedial measures undertaken or imposed, can have material adverse impacts on client accounts and investments. Lakemore US cannot predict the likelihood of disease outbreaks occurring in the future or how such outbreaks will affect client accounts and investments.
- **LIBOR** – In July 2017, the Financial Conduct Authority ("FCA") announced its intention to cease sustaining LIBOR by the end of 2021. The FCA's intention is that, after 2021, it will no longer be necessary for the FCA to persuade or compel banks to submit to LIBOR due to the development of alternative benchmark rates, which the FCA suggested should be based on transactions and not on reference rates that do not have active underlying markets to support them. In April 2018, the New York Federal Reserve Bank began publishing its alternative rate, the Secured Overnight Financing Rate ("SOFR"). In early 2019, the Alternative Reference Rates Committee of the New York Federal Reserve Bank proposed that SOFR be utilized as the replacement for LIBOR. However, there is still uncertainty as to whether and, if so, when, the loan market or the CLO market will adopt SOFR or some other alternative rate as the replacement for LIBOR. Uncertainty as to the nature of alternative reference rates and as to potential changes or other reforms to LIBOR may adversely affect the value and/or the trading market for LIBOR-based securities in which Lakemore US's clients may invest.
- **Frequent Trading Activity** - certain Lakemore US strategies may involve frequent buying and selling of investments, which may increase during periods of heightened volatility. this will increase associated transaction and brokerage costs which will ultimately be borne by investors through lower net returns.
- **Liquidity Risk** – Lakemore US strategies can involve investment in credit instruments that have limited market liquidity, and this may be exacerbated during unfavorable market conditions. It may be challenging to meet the requirements of trading strategies, the terms of third-party

leverage, or investor redemption requests as a result of this illiquidity.

- Lack of Diversification – certain strategies of Lakemore US lack significant diversification either with respect to the number of individual credit instruments / underlying borrowers, their respective industries or geographies, or use of specific managers with unique investment styles. This lack of diversification can increase loss severity for investors.
- Subordination – Lakemore US may invest in securities that are subordinated in terms of ongoing rights to cashflows or collateral value in the event of bankruptcy or similar action. This typically corresponds to higher losses relative to more senior instruments in the event of a business failure.
- Derivatives Risk -- derivatives are instruments, such as swaps, futures, and options thereon, as well as foreign exchange forward contracts, whose value is derived from that of other assets, rates or indices. Derivatives can be used for hedging (attempting to reduce risk by offsetting one investment position with another) or non-hedging purposes. Hedging with derivatives may increase expenses, and there is no guarantee that a hedging strategy will work. While hedging can reduce or eliminate losses, it also can reduce or eliminate gains or cause losses if the market moves in a manner different from that anticipated by the portfolio or if the cost of the derivative outweighs the benefit of the hedge. The use of derivatives for non-hedging purposes may be considered to carry more risk than other types of investments. When a portfolio uses derivatives, the portfolio will be directly exposed to the risks of those derivatives. Derivatives expose a portfolio to counterparty risk (the risk that the derivative counterparty will not fulfill its contractual obligations), including credit risk of the derivative counterparty, possible lack of a liquid secondary market for derivatives and the resulting inability of a portfolio to sell or otherwise close a derivatives position could expose the portfolio to losses and could make derivatives more difficult for the portfolio to value accurately. Some derivatives are more sensitive to interest rate changes and market price fluctuations than other securities. A portfolio could also suffer losses related to its derivatives positions as a result of unanticipated market movements, which losses are potentially unlimited. Lakemore US may not be able to predict correctly the direction of securities prices, interest rates and other economic factors, which could cause a portfolio's derivatives positions to lose value. Valuation of derivatives may also be more difficult in times of market turmoil since many investors and market makers may be reluctant to purchase derivatives or quote prices for them. Changes in the value of a derivative may not correlate perfectly with the underlying asset, rate, or index; and the portfolio could lose more than the principal amount invested.
- Securities Lending, Repurchase and Reverse Repurchase Transaction Risk – certain portfolios are eligible to enter into securities lending, repurchase and reverse repurchase transactions. In a securities lending transaction, the portfolio lends its securities through an authorized agent to another party (often called a “counterparty”) in exchange for a fee and a form of acceptable collateral. In a repurchase transaction, the portfolio sells its securities for cash through an authorized agent while at the same time it assumes an obligation to repurchase the same securities for cash (usually at a lower price) at a later date. In a reverse repurchase transaction, the portfolio buys securities for cash while at the same time it agrees to resell the same securities for cash (usually at a higher price) at a later date. The following are some of the general risks associated with securities lending, repurchase and reverse repurchase transactions: (i) when entering into securities lending, repurchase and reverse repurchase transactions, the portfolio is subject to the credit risk that the counterparty could go bankrupt or default under the agreement and the portfolio would be forced to make a claim in order to recover its investment; (ii) when recovering its investment on a default, a portfolio could incur a loss if the value of the securities loaned (in a securities lending transaction) or sold (in a

repurchase transaction) has increased in value relative to the value of the collateral held by the portfolio; and (iii) a portfolio could incur a loss if the value of the portfolio securities it has purchased (in a reverse repurchase transaction) decreases below the amount of cash paid by such portfolio to the counterparty, plus interest.

- **Operating Risk** – Lakemore US and any portfolios are exposed to operational risks such as the risk of human error or failures in systems, technology or processes, either internally or at third parties. Lakemore US's business operations can be impacted, in part, by software or hardware malfunctions, viruses, glitches, process errors, connectivity loss or system failures. Various operational events or circumstances are beyond the control of Lakemore US, including instances at third parties, and can include human errors or events in part caused by changes in personnel, system changes, or faults in communication or technology failures. Increased use of and reliance on systems, technology or processes, both internally and at third parties, can cause portfolios and Lakemore US to be more susceptible to operational and system risks, including the cyber security risk addressed above. To the extent a trading counterparty uses algorithms to implement orders from Lakemore US, and such algorithms are incorrect or incomplete, any decisions or investments made in reliance thereon expose portfolios to additional risks, including losses. Lakemore US seeks to minimize operational risks and related risks through controls and oversight, but there is no guarantee that those measures will be effective, including because Lakemore US does not control operational risk management at third parties. There may be failures or instances that cause losses to a portfolio or impact Lakemore US's or a third party's functions. Unless otherwise agreed in writing with a client, Lakemore US will not be responsible for errors caused by Lakemore US's reasonable reliance on third parties, such as brokers, custodians, technology providers, data sources and other providers. Potential losses may arise from the various facets of operating an investment funds such as the Funds. For example, there are regulatory risks, the potential for lawsuits and the potential for the occurrence of tax events which may adversely affect the Funds. There is also the risk of human error such as inaccuracies in booking and reporting of trades.
- **Cyber Security Risk** – the use of the internet, technology and information systems by a portfolio as well as its service providers expose the portfolio to potential risks linked to cyber security breaches of those technological or information systems. Cyber security breaches, among other things, could allow an unauthorized party to gain access to proprietary information, customer data, or portfolio assets, or cause the portfolio, its service providers and/or counterparties to suffer data corruption or lose operational functionality. Lakemore US's operations are subject to similar risks, including because of incidents that may occur at Lakemore US's business service providers and counterparties. Cyber security risks can result in financial losses to Lakemore US and its clients. A cyber security incident, either at Lakemore US or a third party, could limit Lakemore US's ability to manage portfolios or transact on their behalf. Incidents could also result in delays to or mistakes in materials provided to clients. Lakemore US has measures designed to address risks associated with cyber security, but there is no guarantee that those measures will be effective, including because Lakemore US cannot directly control cyber security defenses or plans of its service providers, financial intermediaries and companies in which Lakemore US invests on behalf of clients. A cyber security incident can result in compliance, legal and remediation costs and could also result in reputational harm.
- **Data Source Risk** – Lakemore US uses a variety of data in connection with managing portfolios and evaluating securities, and the quality of the resulting analysis or implementation depends on a number of factors, including the accuracy and timeliness of data inputs. When such data is incorrect or incomplete, a portfolio can be negatively impacted, such as when incorrect data is entered into an otherwise accurate investment process or system, or when Lakemore US's securities analysis is affected by incorrect information. Lakemore US cannot guarantee that

third-party data is accurate and, unless otherwise agreed in writing with a client, is not responsible for errors caused by reasonable reliance on third-party data sources.

- **Legal / Structural Risks** – investments targeted by Lakemore US typically involve a high degree of legal complexity, and while Lakemore US benefits from significant internal and external legal expertise, investors may still be exposed to adverse outcomes in the event of asset underperformance, some of which may be unforeseen and for which there may be limited or no remedies or indemnification.

### **C. Recommendation of Specific Types of Securities**

Lakemore US has a particular focus on CLO instruments and expects to remain active in CLOs going forward, in addition to a range of other credit instruments. Consequently, while Lakemore US has discretion in making investments for our clients, our clients' investments will generally consist of CLO tranche instruments and senior secured loans. While CLOs can offer unique structural advantages to investors, visibility on individual underlying loan performance can be limited, portfolio composition is largely under the control of a third-party manager, secondary liquidity can be poor (particularly for more junior tranches and equity) and structural complexity can be high.

### **Item 9 Disciplinary Information**

Lakemore US does not have any disciplinary information to report.

### **Item 10 Other Financial Industry Activities and Affiliations**

Lakemore US is part of Lakemore Partners and is affiliated with investment advisers operating in Dubai, London and the United States. Lakemore Partners (UK) Ltd. ("Lakemore UK") is regulated by Financial Conduct Authority in the United Kingdom as an appointed representative of Kroll Securities Ltd. Lakemore Partners (DIFC) Ltd. ("Lakemore DIFC") is regulated by the Dubai Financial Services Authority. Lakemore UK and Lakemore DIFC are wholly-owned subsidiaries of Lakemore Partners.

In providing services to a client, Lakemore US may use personnel or services of one or more of its affiliated investment advisors. Services provided by these affiliates or their personnel include investment advice, portfolio execution and trading, back office processing, accounting, reporting and client servicing. These services are provided through arrangements that take a variety of forms, including dual employee, participating affiliate, delegation arrangement, sub-advisory, consulting, or other servicing agreements. When using such arrangements, Lakemore US remains responsible for the account from a legal and contractual perspective. Clients are not charged any fees other than those specified in the client's agreement with Lakemore US.

Furthermore, affiliates of Lakemore US act as general partners of the Funds, which are sponsored or cosponsored by Lakemore US. Lakemore US and its affiliates also provide services to, and receive fees and reimbursements from, the Funds.

Certain affiliates of Lakemore US may provide certain operational services to Lakemore US and/or the Funds. Those services may include client servicing and reporting, marketing services and other similar services. Other affiliates may also provide Lakemore US with certain corporate services, including legal, compliance, human resources and information technology.

Doing business with affiliates could involve conflicts of interest if, for example, Lakemore US uses affiliated products and services when those products and services are not in clients' best interests. Many U.S. and non-U.S. laws aim to limit these conflicts of interests – for example, by preventing a



money manager from entering into trades between its clients and its affiliates where the client might be disadvantaged. Lakemore US has policies and procedures designed to comply with these laws. In addition, Lakemore US believes that its business relationships with affiliates are carried out on market terms.

Lakemore US does not have any affiliated broker dealers.

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

Lakemore US has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Advisers Act. Permanent staff, officers, directors and most temporary staff and consultants who have worked for Lakemore US for more than six months, (collectively, “staff”), receive training in the Code and are required to acknowledge their receipt and understanding of the Code on an annual basis and upon any material changes. In addition, any employees of Lakemore US’s participating affiliates who are deemed to be “access persons” are also subject to the Code.

The Code contains provisions requiring staff to act in the best interests of Lakemore US’s clients and to comply with the federal securities laws which govern Lakemore US’s activities. The Code also contains Lakemore US’s personal trading policies and procedures which govern the personal investing activities of its staff. Lakemore US’s Code requires staff to disclose all of their “covered accounts” (securities accounts, including accounts of immediate family members sharing the same household, over which staff exercise any control or retain a beneficial interest) to the compliance department of Lakemore US.

Lakemore US allows staff to deal on their own account on the basis that staff will not trade to the disadvantage of Lakemore US’s clients, abuse their trust and responsibility or take inappropriate advantage of their position. Any personal dealing by Lakemore US staff is subject to the overriding condition that (a) client orders must be transmitted to the market before any Lakemore US staff can deal in the same or related securities on their own account and (b) any personal dealing does not reduce the staff’s contribution to the work of Lakemore US and/or affect the staff’s duties to Lakemore US and its clients. Lakemore US reserves the right, in any event, to require staff to close out or reverse a transaction at the staff’s risk.

Under the Code, staff must pre-clear all non-exempt transactions (which include purchases and sales of equities and futures) in personal accounts with the compliance department. Furthermore, staff may not buy or sell securities that Lakemore US recommends to clients, other than Lakemore US managed Funds. Staff cannot transact any buy followed by a sell (or any sell followed by a buy) within a period of less than 30 days between the two transactions. In certain situations, in the sole discretion of the Chief Compliance Officer (“CCO”), staff may receive an exception to these policies. In the event of any exception granted to staff, Lakemore US will ensure that the employee does not trade ahead of clients or to the client’s disadvantage. Moreover, Lakemore US may recommend to clients the purchase or sale of securities in which Lakemore US staff and/or related persons already have a financial interest. To address any potential conflicts of interest, staff transactions are subject to Lakemore US’s policies and procedures regarding personal securities trading described above, as well as to the requirements of the Advisers Act and other applicable laws.

A copy of Lakemore US’s Code of Ethics is available upon request.

### **Investor Advisory Committee (“IAC”) or Board**

Pursuant to the relevant Governing Documents, an IAC may be established with respect to a fund

consisting of representatives of independent investors of such Fund. No voting members of an IAC will be, or will be a designee or representative of, a general partner of a Fund, Lakemore US, its principals or any of their respective affiliates, although an affiliate of Lakemore US or a Fund's general partner may serve as an observer on the IAC. An IAC generally has or will have the authority to consider and, on behalf of the Funds and its investors, approve or disapprove (to the extent required by applicable law, the Governing Documents or by Lakemore US or its affiliates) of related party transactions, principal transactions, certain transactions or arrangements involving actual or potential conflicts of interest, and any other matters that the general partner of a Fund elects to present thereto. Any consent or approval provided by the IAC on behalf of a Fund in good faith will be binding on the Fund and its investors.

## **Item 12 Brokerage Practices**

### **Trade Aggregation and Allocation**

Lakemore US maintains an allocation policy and procedures designed to ensure that allocations of investment opportunities and securities transactions are made on a fair and equitable basis. As far as practicable, where two or more clients are equally suited to a type of investment opportunity and able and willing to participate, Lakemore US will allocate such investment equitably in order to ensure that each similar client has equal access to the same quality and quantity of the investment opportunity. In considering whether to aggregate orders, Lakemore US considers liquidity, market conditions and volume, and the speed and ability to execute a complete order, among other things. In limited circumstances similar orders may not be aggregated, which may include client restrictions and/or client broker selection requirements. The effect of this aggregation and any resulting allocation may work to a client's advantage or disadvantage in relation to a particular order. However, Lakemore US will only aggregate orders where it is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated. Clients participating in an aggregated order will receive the average price and pay a proportional share of any broker commission.

If an aggregated order cannot be filled completely, allocations will generally be made on a pro rata basis. An order may not be allocated on a pro rata basis where, for example, (i) it is uneconomic to do so, (ii) pro-rata allocation would result in odd lots or de minimis amounts, or (iii) where Lakemore US reasonably determines that departure from a pro rata allocation is advisable. Deviations from pro-rata allocation are recorded.

In those situations in which Lakemore US has determined that it is not able to make a pro rata allocation due to odd lots or de minimis requirements or other considerations as outlined above, Lakemore US will periodically review all deviations from pro rata to ensure that all clients are treated fairly and equitably over time.

### **Selection of Brokers**

Investment and brokerage decisions for accounts, to the extent such discretion has been granted to Lakemore US, are made by portfolio managers and traders. In placing brokerage transactions for accounts with respect to which Lakemore US has been granted trading discretion, Lakemore US evaluates a variety of criteria and uses good faith judgment in seeking to obtain execution of portfolio securities transactions at commissions or costs that are reasonable in relation to the brokerage and research services provided, where allowed under applicable law.

Lakemore US places orders for the purchase and sale of other portfolio investments for its client accounts through a substantial number of brokers and dealers. In seeking the best execution reasonably available under the circumstances and having in mind its clients' best interests, Lakemore US selects broker-dealers to execute trades considering all factors it believes to be relevant. These can include factors such as:

- the transaction price;
- the amount of the commission;
- the speed;
- the likelihood of execution;
- the likelihood of settlement;
- the size of the order;
- the nature of the order; and
- other considerations relevant to order executions, including confidentiality and quality of back office

Lakemore US maintains an approved broker list, through which client trades are directed (the "Approved Broker List"). Prior to adding a broker to the approved broker list a legal assessment is completed which involves a review of the brokers' terms and conditions. For EU-based brokers a review is also undertaken of their conflicts of interest policy and best execution/order execution policy. Following legal sign off, the compliance department approves the addition of the broker to the Approved Broker List and notifies the other relevant departments for completion of the broker set-up.

An evaluation of brokers is conducted twice a year by Lakemore US, including a best execution assessment. The best execution assessment criteria will take into account a number of different factors including: execution price, client service, source of liquidity, market impact, accuracy and timeliness of confirmations and settlement performance. Following the best execution assessment, underperforming brokers can either be placed on a watch list or, in event of more serious issues with the broker, removed from the Approved Broker List.

### **Directed Brokerage**

Certain clients may have specific requests in relation to the brokers used for their trades. Clients with separately managed accounts may be permitted to direct their trades to a particular broker, but Lakemore US is not obligated to take such direction in all cases. Lakemore US reserves the right to evaluate any requests for direction of brokerage and to deny any such requests that do not fit the parameters established for Lakemore US's approved brokers.

Directed brokerage arrangements limit Lakemore US's ability to seek best execution, negotiate commissions with brokers and limited clients' ability to participate in aggregated orders. Directed brokerage may result in less favorable prices and cost clients more money.

Accounts Subject to ERISA As noted in Item 4 above, Lakemore US may manage accounts subject to ERISA, which generally prohibit certain types of transactions such as cross trades. This general prohibition on cross trades could in certain circumstances limit Lakemore US's ability to place orders that obtain the most favorable execution terms or otherwise seek more favorable execution terms, which in turn could result in a price variance between accounts subject to ERISA and accounts not subject to ERISA.

### **IPOs and Private Placements**

Participation in initial public offerings ("IPOs") and private placements are made for client accounts in

accordance with what Lakemore US views as appropriate for the respective client accounts. IPO shares are then allocated on a pro-rata basis to participating client accounts.

### **Cross Trades**

Unless otherwise restricted, Lakemore US authorizes transactions between managed portfolios provided they are in the interests of the clients involved and are carried out via a broker at the Volume Weighted Average Price over the day or for the remainder of the trading session (unless local market constraints do not allow to do so).

### **Trade Errors**

In the correction of a trade error, Lakemore US will ensure that clients are treated fairly. It is Lakemore US's policy that any loss will be borne by Lakemore US and Lakemore US will, where appropriate, seek payment or refund of the loss from the relevant third parties. It is also Lakemore US's policy that in the event of a gain made attributable to a trade error; the gain will benefit the relevant client.

### **Soft Dollars/Commission Sharing**

Lakemore US does not participate in soft dollar arrangements.

## **Item 13 Review of Accounts**

All accounts will be continuously monitored. As markets conditions change, the impact on each account will be assessed. Lakemore US has appointed investment team managers, who are responsible for the daily supervision and management of the portfolio advisors and analysts within the investment teams.

The compliance department also monitors the portfolios to ensure that the investment process is consistently applied by the investment teams. On a monthly basis, Lakemore US reviews the Fund performance and objectives to ensure that it is meeting its obligations under the investment management agreements.

Clients will receive monthly or quarterly reporting on the performance of their investments and accounts. The frequency and content of reporting depends on the requirements agreed with clients upon account set-up.

Clients should carefully review any statements and reports received.

## **Item 14 Client Referrals and Other Compensation**

Lakemore US does not make or receive any payments for client referrals in the U.S. Other than the management and performance-based fees outlined above, the Company does not receive any other compensation.

## **Item 15 Custody**

Lakemore US's separate account clients and Funds maintain custody arrangements with independent qualified custodians to safeguard their funds and securities. However, Lakemore US may sometimes have "custody" (as defined in Rule 206(4)-2 under the Advisors Act) of client funds and securities, even though it does not actually hold or maintain them.

For example, Lakemore US or another affiliate may act as the general partner, managing member or trustee for some Funds that Lakemore US advises, and Lakemore US may have "custody" of those

funds, as Rule 206(4)-2 uses that term, as a result. However, in reliance on SEC guidance, as a non-U.S.-based registered adviser, it is not subject to Rule 206(4)-2 with respect to non-U.S. funds in this scenario. Currently, Lakemore US does not serve as a general partner, managing member or trustee for any client or Fund.

Lakemore US generally is not deemed to have “custody” of assets held in separately managed accounts since it does not have the authority to hold, directly or indirectly, funds or securities in the accounts or have the authority to obtain possession of them. Nor does Lakemore US debit fees from any separately managed account.

Where Lakemore US has “custody” (e.g., based upon automatic billing or deduction practices), it will seek to confirm that the client receives required account statement quarterly directly from its qualified custodian.

Custodians generally provide periodic account statements directly to clients at their address of record that set forth the amount of funds and of each security in the account at the end of the quarter and that also set forth all transactions in the account during the period. Clients should review these reports carefully upon receipt. As noted in Item 13 above, Lakemore US separately provides clients with additional reports or account statements providing account information. Clients should compare these carefully to the account statements received from the custodian. If any discrepancy between the account statements is discovered, please contact Lakemore US immediately.

## **Item 16 Investment Discretion**

Lakemore US maintains investment discretion over all investment activities in client accounts in accordance with the terms of the fund’s relevant Governing Document and client investment management agreements. Lakemore US may seek to enter into sub-advisory agreements with other Lakemore Partners advisers for portfolio management services but retains the right of final determination on investment decisions. Lakemore US will delegate all non-discretionary investment advisory activities to other Lakemore Partners entities as necessary to provide the agreed services. Lakemore US does not have any non-discretionary clients.

## **Item 17 Voting Client Securities**

For those clients who have delegated proxy voting to Lakemore US, Lakemore US aims to systematically vote for all portfolio company proxies regardless of geography where technically feasible and in line with shareholder interests. Lakemore US believes that the voting of proxies can be an important tool for institutional investors to promote best practices in corporate governance and votes all proxies in the best interests of its clients as investors. Lakemore US will vote proxies and maintain records of voting of shares for which Lakemore US has proxy voting authority in accordance with its fiduciary obligations and applicable law.

Lakemore US does not vote in opposite directions for different clients in the same proxy. Lakemore US endeavors to vote wherever possible, but may sometimes not vote due to (1) the absence of proper procedures by the custodian banks for certain Funds and mandates; and (2) onerous formalities for voting in some of the countries where the Funds and mandates are invested (e.g., where the blocking of shares is required).

A copy of Lakemore US’s proxy voting policy and records of how securities in an account were voted are available upon request.

To the extent that a client has not authorized Lakemore US or Lakemore US has not agreed to vote

proxies for securities in the client's account, the client will be responsible for receiving and voting proxies for any and all securities maintained in its portfolio, and Lakemore US is not responsible for forwarding proxies to the client. Depending on the circumstances and the terms of the client's agreement, Lakemore US may provide advice about a proxy from time to time.

### **Potential conflicts of interest**

A potential conflict of interest may arise when voting proxies of an issuer which has a significant business relationship with Lakemore US or Lakemore Partners. Lakemore US has implemented policies and procedures in order to prevent and manage potential conflicts of interest. For example, in looking to avoid conflicts that may arise during the proxy voting process, Lakemore US will ensure that the following factors and procedures are maintained:

- Votes must be based on pre-determined proxy voting rules and any deviations need to be justified, thereby limiting discretion of Fund managers/advisors and analysts.
- Lakemore US shall vote proxies based solely on the investment merits of the proposal without regard to any "affiliated" relationships or activities.
- Employees are required to report any positions held in other companies (e.g., directorships). With the exception of certain Lakemore US Funds, employees do not sit on boards or hold other positions in the companies in which Lakemore US invests.
- Lakemore US will abstain from voting where a conflict of interest may arise (e.g., when a client account is invested in a Lakemore US Fund).
- All employees are required to raise any other potential conflict of interest (e.g., business relationships with third parties) to the compliance officer of the entity concerned, after which a solution is sought and the conflict is logged.

### **Item 18 Financial Information**

Lakemore US has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.