

First Sentier Investors (UK) Funds Limited

Form ADV Part 2A – Brochure: A Guide to Our Services

Updated March 2023

Stewart Investors is a trading name for First Sentier Investors (UK) Funds Limited (FSI UK). This brochure provides information about the qualifications and business practices of the Stewart Investors division (SI) of First Sentier Investors (UK) Funds Limited (FSI UK).

First Sentier Investors entities referred to in this document are part of First Sentier Investors a member of MUFG, a global financial group. First Sentier Investors includes a number of entities in different jurisdictions.

If you have any questions about the contents of this brochure, please contact us on +44 (0)131 473 2900 or enquiries@stewartinvestors.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about First Sentier Investors (UK) Funds Limited is also available on the SEC's website www.adviserinfo.sec.gov.

Stewart Investors

First Sentier Investors (UK) Funds Limited

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First Sentier Investors (UK) Funds Limited is registered as an investment adviser with the SEC. Please note, registration as an investment adviser with the SEC does not imply a certain level of skill or training.

2. Material changes

In March 2022, First Sentier Investors (FSI) announced the completion of a review of its investment capabilities against its strategy. Prior to the review, the Stewart Investors division within FSI comprised two investment teams – St Andrews Partners (StAP) and the Sustainable Funds Group (SFG). Following the review, FSI proceeded with a closure and orderly wind-down of the StAP investment team. All clients of strategies managed by StAP were offered the option of their portfolio being managed by the SFG investment team, and this transition was completed in November 2022.

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4. Advisory business

First Sentier Investors (UK) Funds Limited (FSI UK) was incorporated in 1988. FSI UK is part of First Sentier Investors (“FSI”), a global asset management business. FSI UK is 100% owned by Mitsubishi UFJ Trust and Banking Corporation (**MUTB**) and ultimately 100% owned by Mitsubishi UFJ Financial Group, Inc. (**MUFG**). The First Sentier Investors Group manages over \$182 billion globally.

FSI UK will only carry on the following regulated activities as specified in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001:

- Managing an Alternative Investment Fund (AIF)
- Managing Undertaking for Collective Investments in Transferable Securities (UCITS)

FSI UK acts as the investment manager to investment vehicles with U.S., and non-U.S., institutional investors (“Private Funds”). FSI UK does not anticipate registering such investment vehicles under the U.S. Investment Company Act of 1940 and their shares or interests, as applicable, will not be registered under the U.S. Securities Act of 1933. Accordingly, the Private Funds will not be publicly offered in the United States.

The Stewart Investors Delaware Statutory Trust (the “Fund”), is a US domiciled fund which is only sold to US investors, FSI UK is also the manager of funds domiciled in the United Kingdom (however, these funds are not sold in the US).

This document and the figures contained within only refer to the Stewart Investors Delaware Statutory Trust.

However, please note that the ADV part 1 application refers to the capabilities of FSI UK as a whole, and the supporting facts and figures reflect this.

On 1 July 2015 the First State Stewart investment team split to form two new teams, one primarily based in Hong Kong (FSSA Investment Managers) and the other primarily based in Edinburgh, Sydney and Singapore (Stewart Investors). Stewart Investors (SI) has become an investment division in its own right. Both teams remain part of First Sentier Investors. Stewart Investors operates as a division of First Sentier Investors (UK) Funds Limited, and this brochure relates solely to Stewart Investors.

As at 31st December 2022, FSI UK had over \$18billion assets under management, of which \$388 million relates to the Stewart Investors Delaware Statutory Trust. This includes assets where we have sub-delegated discretion to an affiliate and assets where an affiliated manager has delegated authority to FSI UK. Therefore, certain of the assets will also be included in the AuM reported by our affiliated managers.

FSI UK does not participate in wrap fee programs.

5. Fees and compensation

Fees and compensation are negotiated on a case-by-case basis with our clients. We charge an advisory fee based on a percentage of funds under management.

Clients pay advisory fees quarterly in arrears.

We will normally invoice clients directly for the fees they have incurred. Clients may elect to separately pay the advisory fee to FSI UK, or may direct the Custodial Trustee to pay the fee to FSI UK by redeeming the appropriate number of units.

In addition to FSI UK's advisory fee, clients incur other fees, for example fund administration, audit and legal fees.

6. Performance based fees and side-by-side management

Currently no clients in the Funds are charged a performance fee.

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

7. Types of clients

The Fund is available for investment by institutional investors including, but not limited to:

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

Clients are 'qualified purchasers' as defined in section 2(a)(51)(A) of the Investment Company Act of 1940.

8. Methods of analysis, investment strategies and risk of loss

Our approach to investing

Stewart Investors is an investment business and part of the First Sentier Investors Group. We manage portfolios on behalf of clients in Asia Pacific, Emerging Markets and Worldwide equity investment strategies. Primarily based in Edinburgh, but with offices also in London, Singapore and Sydney, we have a distinct culture and investment philosophy that is unchanged in more than two decades, since the launch of our first investment strategy in 1988.

The principle of stewardship has remained central to our investment philosophy. We believe that investment ought to have a social purpose, this being the efficient allocation of our clients' assets to high quality companies at a sensible price. We are long-term investors and have held some shares for over twenty years - when we make an investment, we regard ourselves as buying shares, on behalf of our clients, in a real business. Our investment style is inherently conservative and by focusing on the potential downside as well as on the upside when making any investment decision, we believe the risk to long-term client returns is significantly reduced. Capital preservation is as important to us as capital growth. We adopt an absolute return mindset to avoid being carried away by indiscriminate euphoria.

Our investment approach represents a balance between the collegiate and the individual. We are very much a team, united by one investment philosophy, in how we research companies and contemplate decisions. Yet we are equally committed to giving clarity to the single point of decision-making for client portfolios. In our view, portfolio construction is most effectively undertaken by one lead manager who is best placed to balance all the risks taken in a portfolio. This focus also promotes clear accountability and responsibility for decision making over alternative approaches such as management by committee.

Everyone on the team is considered an analyst and this includes all portfolio managers. Members of the team are personally invested in the strategy and have multiple opportunities to challenge lead managers on their decisions.

Key strategies

Stewart Investors - Asia Pacific ex-Japan equities

Our investment management team is well-known in the industry, and includes individuals based in both the UK and the Asian region. We employ a rigorous, bottom-up research process which combines regular company visits with extensive fundamental analysis.

Our investment research aims to identify the highest quality companies with sustainable long-term earnings per share growth prospects and focuses on those stocks where we believe the market has incorrectly priced future growth potential.

We see a dynamic long-term picture emerging for Asia, including positive demographic trends in countries such as India which should contribute to a major expansion of consumer markets. Another encouraging factor is the entrepreneurial culture which is firmly entrenched across the region. We continue to find many high-quality companies with excellent management and strong business franchises focused on shareholder value.

Stewart Investors - Emerging markets equities

We have been managing global emerging markets equities since 1992 through both pooled and segregated portfolios.

Our investment management team has strong credentials in this asset class as each team member has first-hand knowledge of specific regions throughout the emerging markets. Our extensive contact with companies allows us to thoroughly assess company managements before making any stock decisions. As with our other funds, we maintain a conservative style in what can be a volatile asset class, focusing on capital preservation as well as growth. We aim to produce consistent long-term outperformance, seeking out opportunities that allow us to invest in the highest quality companies in the emerging markets universe.

Stewart Investors - Worldwide Sustainability

We believe our job is to entrust our clients' capital to good quality companies with strong management teams and sound long-term growth prospects. All the Stewart Investors' strategies strive to integrate environmental, social and governance (ESG) considerations into every investment decision. Our sustainability strategies take this one step further by focusing on long-term sustainability themes as a key driver of the investment process:

- We aim to generate attractive, long-term, risk-adjusted returns for our clients by investing in the shares of those companies which are particularly well positioned to benefit from, and contribute to, the sustainable development of the countries in which they operate;
- We seek to invest only in good quality companies. Quality is measured through the lenses of quality of management, financials and the franchise. By analysing the sustainability performance and positioning of companies we can better measure less tangible elements of quality and identify hidden risks;
- We are long-term investors. We strive to make investment decisions with a minimum five-year time horizon; and
- We have an absolute return mind-set. That is, we define risk as losing money for our clients, rather than in terms of deviation from any benchmark Index.

General investment risk

Investing in securities involves a risk of loss that clients should be prepared to bear. Investments are focused on securities of issuers that we believe are undervalued or inexpensive relative to other investments. These types of securities present risks in addition to the general risk of investing in equity and bond securities. These securities generally are selected on the basis of an issuer's fundamentals relative to current market price and are subject to the risk of misestimating certain fundamental factors. In addition, during certain time periods market dynamics may favour securities of issuers that do not display strong fundamentals relative to market price based upon positive price momentum and other factors. Disciplined adherence to our investment approach during such periods may result in significant underperformance relative to overall market indices and other managed investments that pursue growth style investments and/or flexible style mandates.

Changes to Laws and Regulatory Risk –

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

Company Specific Risk –

This is the risk that a company in which FSI UK invests does not perform as successfully as anticipated. While it is impossible to completely eliminate this risk, the effect of such a situation on the value of the investment can be reduced through diversification. This implies that unless returns of

individual securities are perfectly positively correlated, a negative return from one security will be somewhat offset by better returns in others. This principle of diversification acts to reduce risk and reduce the return volatility of our portfolios.

Liquidity risk

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

Inflation Risk

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

Management Risk

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

Currency risk

A majority of assets will be invested in equity or bond securities denominated in currencies other than the base currency of the client's account and in other financial instruments, the prices of which are determined with reference to currencies other than the base currency of the client's account. Currency exchange rates can also be affected unpredictably by intervention, or lack thereof, by foreign governments or central banks. These factors will affect the value of your investments. Forward currency contracts may be utilised to hedge against currency fluctuations, however we generally do not undertake such hedging transactions, and there can be no assurance that such hedging transactions will be effective. Further, by engaging in cross-hedging transactions, the risk of imperfect correlation between the subject currencies will be assumed. These practices present risks different from, or in addition to, the risks associated with investments in foreign currencies.

Market risk

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

Cybersecurity Risk

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

operational functionality.

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

Specific Strategy Risks – Stewart Investors

Emerging markets risk

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

Custody risk

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

Foreign investment risk

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

9. Disciplinary information

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

10. Other financial industry activities and affiliations

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

Affiliated broker dealers

FSI UK is associated with several broker dealers such as, MUFG Securities Americas Inc. ("MUSA"), Unionbanc Investment Services, LLC ("UBIS") and MUFG Securities EMEA Plc. MUSA and UBIS are broker dealers registered under the US Securities Exchange Act of 1934 and are members of FINRA.

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

Associated Investment Advisers

First Sentier Investors International IM Limited (FSII), formerly known as First State Investments International Limited, is a registered investment adviser and is an associate of FSI UK. FSII was incorporated in 1982 and is a subsidiary of MUTB. FSII is an investment advisory firm providing discretionary investment management and portfolio management services to a range of institutional clients and funds. FSII has entered into a sub-delegation agreement with FSI UK to act as sub-adviser to the Stewart Investors Delaware Statutory Trust. From time to time, other affiliates may be appointed to act as further sub-advisers.

First Sentier Investors (UK) IM Limited (FSIIM), formerly known as First State Investment Management (UK) Limited, was incorporated in 1970 and is part of First Sentier Investors. FSIIM is an investment advisory firm providing discretionary investment management and portfolio management services to a range of institutional clients and funds.

First Sentier Investors (Ireland) Limited is a wholly owned subsidiary of MUTB and regulated by the Central Bank of Ireland. It is acting as Alternative Investment Fund Manager for both US and non-US clients. It is a SEC registered investment adviser.

First Sentier Investors (Australia) IM Limited (CRD 160034) is a registered investment adviser and is an associate of FSI UK. It was incorporated in 2005 and is a wholly owned subsidiary of MUTB. It is an investment advisory firm providing discretionary investment management and portfolio management services to a range of institutional clients and funds.

First Sentier Investors (Australia) IM Limited serves as a Sub-Adviser and provides discretionary investment management services in respect of the following funds and certain client portfolios:

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

First Sentier Investors (Australia) RE Ltd (FSI ARE) is an SEC registered investment adviser and is an affiliate of FSI AIM. FSI ARE was established in 1985 and is a wholly owned subsidiary of MUTB. FSI

ARE is an investment advisory firm providing discretionary investment management services to a range of institutional clients and funds.

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

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

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

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

11. Code of Ethics

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

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

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

Definitions:

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

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

Related Person/s: any other person or entity whose investment decision making is influenced by a Supervised Person and if the person is an Access Person, this also includes to a spouse or domestic partner, child or any adult family member living in the same household as the Access Person. All Supervised Persons have received a copy of the Code and are required on an annual basis to confirm that they have read and understood the content.

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

Protection of Material Non-public Information

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

Personal Securities Trading

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

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

- Initial and where automated reporting does not occur, annual, reports of securities and holdings must be submitted
- Initial and changes to the broker, dealer or bank accounts in which any securities are held must be submitted
- Pre-approval is required for all transactions in listed securities and all positions must be held for 120 days. Staff are limited to 20 pre-clearances requests per quarter. In some regions securities may be sold inside the minimum holding period where the employee has suffered a minimum 20% loss as evidenced on the employee's broker statement and Compliance has pre-cleared the trade.
- Employees located in the US are prohibited from purchasing initial public offerings (IPOs).
- Access Persons located jurisdictions outside of the US are prohibited from participating in IPOs that will be listed on a US exchange.
- Access Persons must obtain approval before acquiring a beneficial ownership on a limited offering or private placement.
- Investment team employees and their related persons cannot invest in any security that may be held in the core investment universe.

Gifts and Gratuities

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

- Employees must ensure they do not receive or offer gifts or entertainment which could be seen as being inappropriate or which may give rise to actual or potential conflicts of interest.
- Employees should ensure that personal relationships with third parties, clients or suppliers, do not influence or prejudice their obligations to Stewart Investors or its clients.
- Employees should only attend client related or business partner lunches or dinners or similar events (e.g. drinks receptions) where there is a significant industry, relationship or business agenda and can reasonably be deemed to be beneficial to our clients.

Conflicts of Interest

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

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

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

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

Outside business interests and affiliations

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

You may request a copy of our Code of Ethics by writing to the Chief Compliance Officer, First Sentier Investors (UK) Funds Limited., Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB, UNITED KINGDOM.

12. Brokerage practices

Order Aggregation and Allocation

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

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

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

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

Counterparty Approval

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

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

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

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

Use of Dealing Commission

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

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

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

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

- services relating to the valuation or performance measurement of portfolios;
- computer hardware;
- connectivity services such as electronic networks and dedicated telephone lines;
- seminar fees;
- corporate access services;
- subscriptions for publications;
- travel, accommodation or entertainment costs;
- computer software including order and execution management systems and office administrative computer software, such as word processing or accounting programmes;
- membership fees to professional associations;
- purchase or rental of standard office equipment or ancillary facilities;
- employees' salaries;
- direct money payments;
- publicly available information; and
- custody services relating to designated investments belonging to, or managed for, customers other than those services that are incidental to the execution of trades.

Commission rates and allocation

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

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

Directed commission

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

Role of the Execution Oversight Group

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

13. Review of accounts

We regularly review the Funds. The frequency of that review is determined by the nature of the Funds and includes periodic reviews of performance, investment activity and outlook. Normally these reviews will be carried out by the named Portfolio Managers or other qualified members of the investment team.

Periodic written data, including valuations and transaction information, is usually provided on a monthly basis, along with quarterly factsheets.

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

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

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

14. Client referrals and other compensation

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

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

15. Custody

FSI UK is deemed to have custody within the meaning of Rule 206(4)-2 of the Investment Advisers Act of 1940 solely because it is authorised to deduct advisory fees from the Funds' accounts and because FSI UK provides payment instructions to the custodians of the Funds... Physical custody of the Funds' assets is with a qualified custodian.

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

16. Investment discretion

We have authority to manage the Stewart Investors Delaware Statutory Trust on behalf of clients, in accordance with the relevant offering documentation which sets out the investment objectives of the Fund and any limits which may be imposed on the Fund.

17. Voting client securities

Because FSI UK delegates portfolio management responsibility to sub-advisors, FSI UK generally does not exercise voting authority over securities held in the funds. The sub-advisors of the funds have in place a comprehensive corporate engagement policy that describes how they vote on various issues, taking into consideration the best interests of the investors.

The corporate engagement policy or a record of voting of a fund's securities can be obtained by writing to our Chief Compliance Officer.

18. Financial information

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

For further information

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Registered in the United Kingdom with company number 02294743