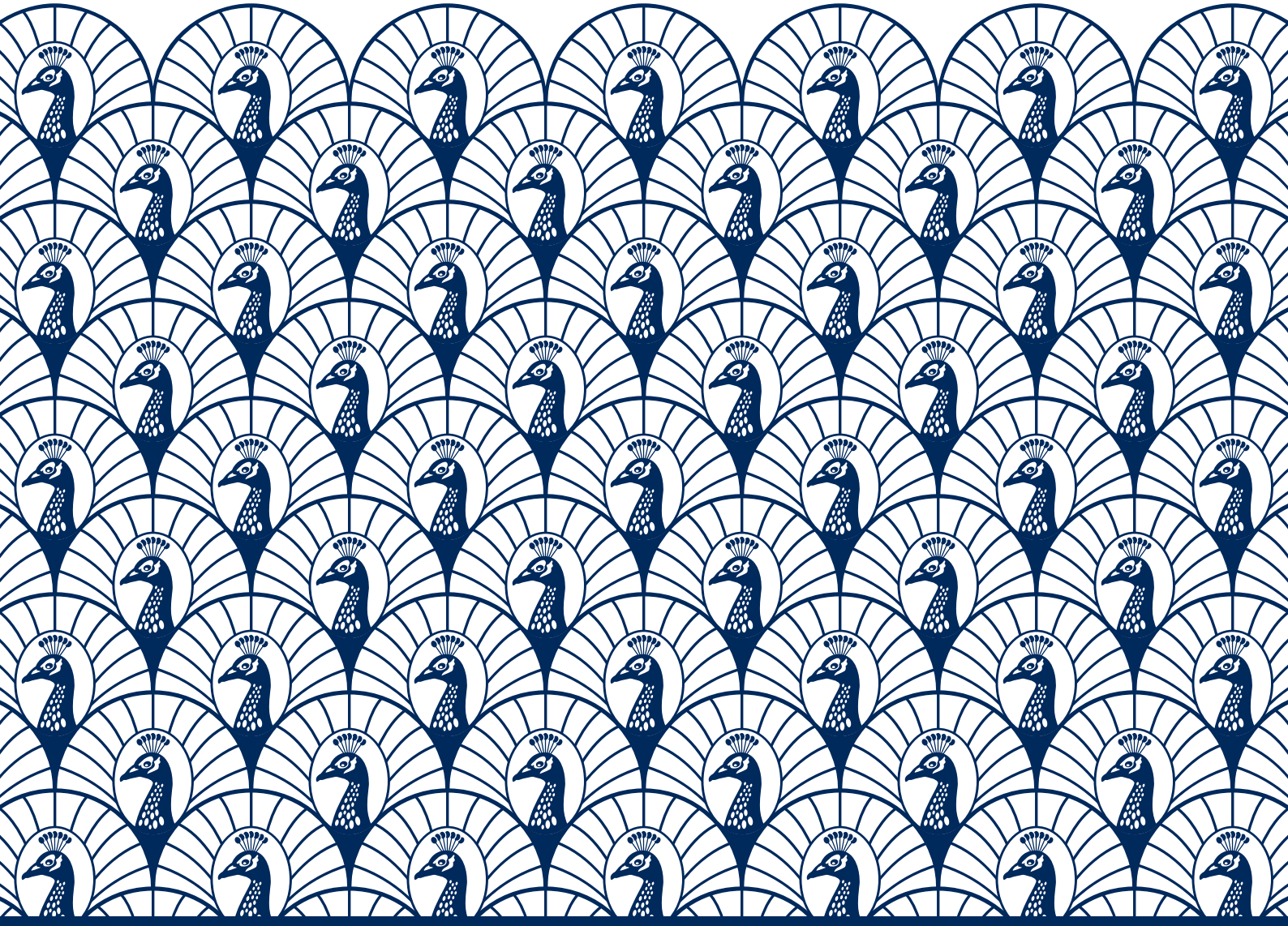
ARBUTHNOT LATHAM

Bankers since 1833



Central Securities Depositories Regulation (CSDR)

Article 38(6) CSDR Participant Disclosure

Introduction

Arbuthnot Latham & Co., Limited ("**Arbuthnot**") is a direct participant of Euroclear Bank SA/NV, a European central securities depository ("**CSD**") and in this capacity is required to make this disclosure under Article 38(6) of the Central Securities Depositories Regulation (EU Regulation No. 909/2014) ("**CSDR**").

Arbuthnot offers its clients the choice between having their securities held in an Omnibus Client Segregated Account ("**OCSA**") or an Individual Client Segregated Account ("**ICSA**") at each CSD in the European Union where it is a direct participant.

The purpose of this document is to disclose information regarding the different levels of protection and costs associated with the segregation options that Arbuthnot provides in respect of securities that it holds for clients with a CSD, including a description of the main legal implications of the respective levels of segregation offered and information on the applicable insolvency law.

Throughout this document references to "we", "our" and "us" are references to Arbuthnot Latham & Co., Limited. References to "you", "your" refer to you, our client.

Levels of Segregation

In our own book and records, we record each client's individual entitlement to securities that we hold for that client in a separate client account. We also open accounts with CSDs in our own (or in our nominee's) name in which we hold clients' securities.

We currently make two types of accounts with CSDs available to clients: an Omnibus Client Segregated Account or an Individual Client Segregated Account.

An OCSA is an account used to hold the securities of a number of clients on a collective basis. However, we do not hold our own proprietary securities in an OCSA.

An ICSA is an account used to hold the securities of a single client separately from the securities of other clients and our own proprietary securities.

Costs Information

Article 38(6) CSDR requires us to disclose the costs associated with the different levels of segregation described immediately above.

An OCSA is the standard account structure which we operate with our CSD. Clients holding their securities in an OCSA will not incur any additional costs in addition to those which they typically pay for management and custody as per our Fee Schedule.

As an ICSA is not a standard account structure, there will be higher annual management and custody fees if you choose to use an ICSA. These higher costs are due to the additional level of account complexity, number of accounts, and time required to operate and monitor those accounts which are held on an ICSA basis, as well as the likely higher charges applicable at the CSD for multiple ICSAs. These additional costs will be factored into your annual management and custody fees and will apply for each segregated portfolio. All costs are subject to periodic reviews and change by us in accordance with the Investment Services Terms of Business.

We are happy to discuss and provide the applicable costs based on your individual circumstances and requirements. For more information, please contact your Investment Manager.

Main Legal Implications of Levels of Segregation

Client Asset Rules

Arbuthnot is subject to the Client Asset Rules of the UK Financial Conduct Authority ("**CASS Rules**"). The CASS Rules require us to register the legal title of clients' assets in specific client accounts, which are segregated from the assets held by Arbuthnot.

In addition, the CASS Rules require us to maintain accurate books and records, which enable us to distinguish securities held for one client from securities held for any other client, and from our own assets, and to reconcile our records against those of the CSD with which the securities are held. **This applies to both ICSAs and OCSAs**.

All our clients' securities are registered in our name (or the name of a nominee) at the relevant CSD. However, we hold the securities on behalf of our clients, who are considered as a matter of law to have a beneficial interest in those securities. **This applies both in the case of an OCSA or an ICSA**.

We are also subject to regular audits in respect of our compliance with the CASS Rules.

Insolvency

Were Arbuthnot to become insolvent, the insolvency proceedings would take place in England and be governed by English insolvency law.

Under English insolvency law, securities that we hold on behalf of clients are segregated from our assets and would not form part of our general estate on insolvency, and would therefore not be available to settle outstanding debts to creditors. As a result, it would not be necessary for clients to make a claim in the event of our insolvency as a general unsecured creditor in respect of those securities.

Accordingly, where we hold securities on behalf of clients, clients' legal entitlement to those securities should not be affected in the event of our insolvency, **whether those securities are held in an ICSA or an OCSA. There is no additional legal entitlement offered by the ICSA structure, however ICSAs could contribute to swifter identification of client assets in an insolvency scenario.**

Shortfalls

If there were a shortfall between the number of securities that we are required to deliver to clients and the number of securities that we hold on their behalf in either an ICSA or an OCSA, this could result in fewer securities than clients are entitled to being returned to them on our insolvency. Such a shortfall could arise as a result of inadvertent administrative error or operational issues. The way in which a shortfall could arise would be different as between OCSAs and ICSAs.

In the case of an OCSA, any shortfall would be shared pro rata among all clients with an interest in the securities held in the OCSA. It may be a time consuming process to calculate and confirm each client's share of any shortfall in respect of an OCSA, and may give rise to delays in returning securities in an insolvency scenario. **Where securities are held in an OCSA, a client may be exposed to a shortfall even where securities have been lost in circumstances which are completely unrelated to that client.**

In the case of an ICSA, the whole of any shortfall may be borne by the client for whom the relevant account is held, and would not be shared with other clients for whom we hold securities. Similarly, the client would not be exposed to a shortfall on an account held for another client.

The risk of a shortfall arising is, however, mitigated as a result of our obligation under the CASS Rules in certain situations to set aside our own money or securities to cover shortfalls identified in the process of reconciling our records with those of the CSDs with which securities are held.

If a shortfall arose and was not covered in accordance with the CASS Rules, clients may have a claim against us for any loss suffered. If we were to become insolvent prior to covering a shortfall, clients would rank as general unsecured creditors for any amounts owing to them in connection with such a claim. In these circumstances clients could be exposed to the risk of loss on our insolvency.

Security interests granted to the CSD

Whether or not a CSD may benefit from a security interest will be regulated by the CSD's own rules. Such rules may also regulate the CSD's approach to enforcement of such security interest. Where a CSD benefits from a security interest granted by us over securities held for a client, there could be a delay in the return of securities to a client (and a possible shortfall) in the event that we failed to satisfy our obligations to the CSD and the security interest was enforced. This applies whether the securities are held in an ICSA or an OCSA. However, in practice, we would expect that a CSD would first seek recourse to any securities held in our own proprietary accounts to satisfy our obligations and only then make use of securities in client accounts. We would also expect a CSD to enforce its security rateably across client accounts held with it.

Security interests granted to a third party other than the CSD

Security interests granted over clients' securities could have a different impact in the case of ICSAs and OCSAs.

Where a client purports to grant a security interest over its interest in securities held by us in an OCSA, and the security interest was asserted against the CSD with which the account was held, there could be a delay in the return of securities in the relevant account, including those clients who had not granted a security interest, and a possible shortfall in the account. In practice however, we would expect that the beneficiary of a security interest over a client's securities would perfect its security by notifying us rather than the relevant CSD, and would seek to enforce the security against us rather than against such CSD, with which it had no relationship. We would also expect the CSDs to refuse to recognise a claim asserted by anyone other than ourselves as account holder.

Corporate actions

Where securities are held in an ICSA and the client is entitled to a fractional entitlement on a corporate action, it is possible that the client would not in practice benefit from that fractional entitlement. However, where securities are held in an OCSA, fractional entitlements may be received on an aggregated basis and therefore it is more likely that the clients may be able to benefit from some or all of those fractional entitlements.

Our insolvency may also have an impact on our ability to collect any entitlements, such as dividends, due on clients' securities held in an ICSA or OCSA or exercise any voting rights in respect of those securities.

CSD Disclosures and Participation

We expect relevant CSDs to make their own disclosures in respect of CSDR Article 38. Any disclosures on the CSD's website is provided by the CSD. We have not investigated or performed due diligence on the disclosures and you will rely on the CSD's disclosures at your own risk.

We are a direct participant of Euroclear in the United Kingdom **www.euroclear.com/en.html**

For business. For family. For life.

Contact Information

Arbuthnot Latham & Co., Limited

Registered Office

Arbuthnot House
7 Wilson Street
London EC2M 2SN

+44 (0)20 7012 2500

banking@arbuthnot.co.uk
arbuthnotlatham.co.uk

Dubai

Gate Precinct 4, Office 308, Level 3
Dubai International Financial Centre
PO BOX 482007, Dubai, UAE

+971 4 377 0900

dubai@arbuthnot.co.uk
arbuthnotlatham.com/dubai

AL111 / 1 July 2020