

Form ADV Part 2A

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September 27, 2024

This Brochure provides information about the qualifications and business practices of City of London Investment Management Company Limited (“CLIM”). If you have any questions about the contents of this Brochure, please contact us at 610-380-2110 or [compliance@citlon.co.uk](mailto:compliance@citlon.co.uk). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

CLIM is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

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

## Item 2 – Material Changes

This Brochure dated September 27, 2024, is an amendment to our previous Brochure dated September 28, 2023, and has been prepared in accordance with SEC rules. There have been no material changes to this Brochure.

Our Brochure can be requested free of charge by contacting [compliance@citlon.co.uk](mailto:compliance@citlon.co.uk). It is also available free of charge to download via our web site [www.citlon.co.uk](http://www.citlon.co.uk) and [www.citlon.com](http://www.citlon.com).

Additional information about CLIM is available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 4 – Advisory Business

### History of the Firm

City of London Investment Management Company Limited, including all its subsidiaries, (“CLIM” or the “Firm”) is a wholly owned subsidiary of City of London Investment Group PLC (“CLIG”) and was founded in 1991 by Barry Olliff. The company was formed out of Olliff & Partners PLC (“O&P”), an agency stockbroker specializing in UK investment trusts founded by Mr. Olliff in 1987. CLIG is listed on the London Stock Exchange.

As part of the brokerage research effort, O&P identified significant pricing inefficiencies particularly in those closed-end funds giving emerging markets exposure. CLIM was established in 1991 to capitalize on these inefficiencies and the first active emerging markets closed-end fund product, a UK unit trust named The Emerging Markets Country Trust, was launched in September 1991. CLIM launched a US institutional product in 1994 and further institutional funds for North American clients were launched as emerging markets benchmarks developed. CLIM has since launched closed-end fund products covering Frontier, Global and Developed markets.

On 1 October 2020, CLIG completed a merger with Karpus Management Inc. (“KIM”), a US-based registered investment adviser, resulting in KIM being a wholly owned subsidiary of CLIG and an affiliate of CLIM.

CLIM operates from three locations: London, Philadelphia and in Singapore through its wholly owned subsidiary, City of London Investment Management (Singapore) Pte. Ltd, managing assets for primarily institutional investors.

### Description of Advisory Services

CLIM provides investment advisory services to pooled investment vehicles, investment companies registered under the Investment Company Act of 1940, as amended (the “Company Act”), and foreign registered mutual funds based on the investment objectives and restrictions as set forth in each prospectus or similar offering document. CLIM serves as the investment manager to certain pooled investment vehicles, each organized as a Delaware Statutory Trust (the “CLIM Funds”). In addition, CLIM provides discretionary investment advisory services to separate account clients based on individual objectives, client restrictions and guidelines of each client, as outlined by the client in the investment management agreement, and other factors deemed relevant by the client and disclosed to CLIM. Certain of these separate account clients may be determined by CLIM to be non-discretionary accounts in that all investment transactions require notification to or pre-approval from the client prior to purchase or sale. In some instances, client accounts have similar investment objectives but are charged different fees. The variation in fee structure of these accounts is generally reflective of asset size, strategy and the

complexity of managing the account. CLIM's fees for advisory services are described under "Fees and Compensation."

Currently, US institutional investors constitute the majority of the Firm's assets under management. As of June 30, 2024, CLIM managed approximately \$6.3 billion of client assets on a discretionary basis.

## Item 5 – Fees and Compensation

### Separate Accounts

The specific manner in which fees are calculated and charged by CLIM is established in a separate account client's written investment management agreement with the Firm. CLIM will generally bill its fees on a monthly or quarterly basis in arrears based on the account value at the close of each month. Ordinarily, management fees will be prorated for each contribution and withdrawal made during the applicable month. Accounts initiated or terminated during a month will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. CLIM offers tiered fee schedules to clients in multiple types of accounts or multiple strategies. Fees for each strategy are generally as set forth below. *Fees are negotiable.*

Emerging Markets Equity Closed-End Fund Strategy (including Special Situations Closed-End Fund Strategy)

1.00% (100 basis points) per annum on the total assets of the Account.

Emerging Markets Plus Equity Closed-End Fund Strategy

1.25% (125 basis points) per annum on the total assets of the Account.

Frontier Markets Equity Closed-End Fund Strategy

1.25% (125 basis points) per annum on the total assets of the Account.

International Equity Closed-End Fund Strategy (including Global Equity, World Equity, World ex US Equity and EAFE Equity Closed-End Fund Strategies)

0.65% per annum on the first US \$50m of account assets; 0.60% per annum on the next US \$50m of account assets; 0.55% per annum on account assets above US \$100m.

Opportunistic Value Closed-End Fund Strategy

0.80% (80 basis points) per annum on the total assets of the Account.

Tactical Income Closed-End Fund Strategy

0.85% (85 basis points) per annum on the total assets of the Account.

China “A” Share Equity Closed-End Fund Strategy  
1.50% (150 basis points) per annum on the total assets of the Account.

Municipal Bond Closed-End Fund Strategy  
0.45% (45 basis points) per annum on the total assets of the Account.

Set-up and operating costs for a separate account will depend on the specific custodian appointed by the client and the client pays these costs. Clients will also incur brokerage and transaction costs as discussed further under “Brokerage Practices.”

### CLIM Funds

The investment management fee for a CLIM Fund is dependent on the following factors:

- The investment strategy;
- The benchmark; and
- Type of investor/overall investor relationship.

The Offering Memorandum for each CLIM Fund sets forth the specific fees to be charged to investors. Administration and custody fees are paid by CLIM, as the investment manager, unless otherwise agreed. The CLIM Fund will bear all expenses incurred in connection with the acquisition, ownership, transfer, or realization of investments (including, but not limited to, transfer and withholding taxes, stamp duties, brokerage commissions, and other settlement charges, and corporate actions, tax reclamation, transaction and holding fees and charges), and any indemnification and related expenses as set forth in each CLIM Fund’s Declaration of Trust and Offering Memorandum. In addition, for certain CLIM Funds, CLIM bears the cost of professional fees and expenses, which include the services of the CLIM Fund’s independent auditors, tax preparers, and legal counsel. Investors in a CLIM Fund may incur wire transfer and electronic fund transfer fees, and other fees and taxes on brokerage accounts and securities transactions.

CLIM has entered into certain “side letter” arrangements with respect to investments in a CLIM Fund, including side letter arrangements in which CLIM agrees to charge a management fee that differs from the fee structure stated in the Offering Memorandum. *Fees are negotiable.*

### All Accounts

The closed-end fund strategies invest in closed-end, open-end and exchange-traded funds (each, a “Third Party Fund”) which also charge internal management fees, which are disclosed in a Third Party Fund’s prospectus. Such charges, fees and commissions are exclusive of and in addition to CLIM’s fee, and the Firm shall not receive any portion of these commissions, fees, and costs. To the extent that CLIM invests client assets in a CLIM Fund, the Firm ensures that clients are not double-charged.

CLIM has different fee schedules for products and services offered in jurisdictions outside of the United States. CLIM will not generally be required to provide notice to, or obtain the consent of, one client when waiving, reducing or varying fees or modifying other contractual terms with any other client. However, some clients wish to negotiate most favored nation (“MFN”) clauses in their side letters or investment management agreements with CLIM. These MFN clauses often require CLIM to notify the client if we subsequently enter into a side letter or an investment management agreement with another client that offers more favorable pricing or other contractual terms than those currently offered to the MFN client. The applicability of an MFN clause will depend on the degree of similarity between clients, including, but not limited to, the type of client, account structure, tax status, scope of investment discretion, amount of assets under management, fee structure and particular investment strategy.

Further descriptions of the factors that CLIM considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions) are found in “Brokerage Practices.”

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

### *Performance-Based Fees*

CLIM does not charge any performance-based fees (i.e., fees based on a share of capital gains on or capital appreciation of the assets of a client).

### *Side-by-Side Management*

Actual or apparent conflicts of interest arise when a portfolio manager has day-to-day management responsibilities with respect to more than one client account. The management of multiple accounts could result in a portfolio manager devoting unequal time and attention to the management of each account. A potential for conflict exists for CLIM to intentionally or unintentionally treat one account more favorably than another, specifically in the instance of client accounts with different management fees.

CLIM has adopted policies and procedures designed to address material conflicts of interest, including the aforementioned potential conflict. In managing client accounts, CLIM’s portfolio managers must determine whether a security is suitable for purchase or sale, on behalf of a given client, based on a variety of factors, including, without limitation, the client’s investment guidelines, any trading restrictions (such as Title I of ERISA or Section 4975 “prohibited transactions”), current portfolio holdings and available cash. All employees of CLIM must act in the best interest of clients. CLIM’s Compliance Department reviews trade allocations designed to identify issues associated with side-by-side management and/or material departures from CLIM’s trading and allocation policies.

## Item 7 – Types of Clients

CLIM generally provides portfolio management services to institutional clients including: corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, state or municipal government entities, registered mutual funds, private investment funds, trust programs, sovereign funds, foreign funds such as UCITS and SICAVs, and other US and international institutions.

The CLIM Funds generally are restricted to investors who are “accredited investors” and “qualified purchasers”, as such terms are defined in the relevant CLIM Fund Offering Memorandum, the Securities Act of 1933, as amended, and the Company Act.

For separate accounts, CLIM generally requires a minimum investment amount for each of the strategies it manages. Such minimum investment amounts will vary depending on the particular investment strategy and type of account. CLIM in its sole discretion can waive the minimum investment requirements.

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

### The Investment Philosophy

CLIM’s investment philosophy is value oriented. CLIM seeks to provide long-term capital growth via active management, primarily via closed-end funds. The Firm’s key objective is to provide above average, long-term outperformance while maintaining a lower or equal level of volatility than peers, and by taking advantage of closed-end fund discount volatility as an uncorrelated source of alpha.

The philosophy and process for implementation of each closed-end fund strategy remains broadly similar across all vehicles, differentiated by benchmark and individual account guidelines. One modification to the broad philosophy is for the Tactical Income strategy, and other customized strategies which are designed for US taxable investors, whereby a lower level of closed-end fund trading can be expected in order to minimize the crystallization of short-term capital gains as CLIM seeks to maximize the post-tax outcome for US taxable investors.

Closed-end funds are the primary investment medium. Closed-end funds, by virtue of their fixed capital structure, trade on the various stock markets at a price that reflects supply and demand. Demand, or lack thereof, is reflected in the closed-end funds trading at a premium or a discount to net asset value (“NAV”). New closed-end funds tend to be offered when a particular investment strategy appears attractive, and might initially trade at a premium. This demand generally causes other similar funds to be launched, causing premiums to erode over time. Further, funds offering similar exposure, listed in different financial centers often trade at vastly different discounts.



CLIM seeks to exploit the persistent pricing inefficiency of the closed-end fund universe, globally. CLIM expects the majority of alpha to be derived from exploiting these anomalies arising from the discount volatility in the closed-end funds in which the strategies primarily invest. Some alpha may also be derived from the outperformance of the closed-end fund managers and also from country and sector allocation.

A synopsis of the three-stage investment process follows. It will be tailored to the specific investment strategy as required.

#### Stage 1

CLIM's macroeconomic team collects relevant economic data on developed, emerging and frontier markets comprising our investment universe as well as data on equity, fixed income and alternative asset classes such as commodities.

#### Stage 2

The collated information is analyzed in depth by the macroeconomic team. Depending on the strategy, markets are ranked based upon their relative attractiveness after considering both quantitative and qualitative inputs. As a result, an asset or country allocation is determined for the relevant strategy based purely on these inputs and without considering the value opportunities available within that strategy's closed-end fund universe.

#### Stage 3

The bottom-up stock selection occurs at Stage 3 of the investment process. Using a dynamic and ongoing process, the investment team reviews the recommendations made by the macroeconomic team at Stage 2, then re-ranks the asset or country allocation based upon the relative value available within the CLIM universe of securities. The stock selection process at this stage will identify a number of closed-end funds to give the desired asset-class or country exposure, subject to a number of criteria.

The following valuation components summarize the key drivers in CLIM's stock selection process:

- The historical, net performance of the closed-end fund in NAV terms, versus its benchmark (i.e. quality of exposure to the desired asset class).
- The current discount to NAV of the fund compared to its historical average and its peer group and its potential to generate alpha.
- The potential for the fund's discount to NAV to narrow due to unitization (conversion to open-ended status), a share buyback program or some other form of corporate activity.
- Extraneous valuation factors such as rights issues, mergers or other event-driven situations that can be accretive to shareholders.

CLIM's closed-end fund investment strategies attempt to capitalize on the pricing inefficiencies and discount anomalies existing in the closed-end fund sector as opposed to traditional analysis of equities, fixed income or other asset classes.

The investment strategies are primarily managed using a team approach across the Firm's offices. CLIM believes its competitive advantage is the fact that the investment team is not based solely in one location. The team can trade throughout a 24-hour day, taking advantage of the cheapness of a security in one market relative to other markets.

**Strategies:**

**Emerging Markets Equity Closed-End Fund Strategy**

The objective of the strategy is to achieve long-term capital growth by investing in emerging markets. Its policy is to make such investments primarily through closed-end funds and investment holding companies whose assets are invested principally in emerging markets. CLIM manages assets in this strategy against the following indices: S&P Emerging Frontier Super Composite Broad Market Index, S&P/IFC Investable Composite Index, S&P Emerging Plus BMI and the MSCI Emerging Markets Index as well as customized benchmarks.

**Special Situations Closed-End Fund Strategy**

The objective of the strategy is to achieve long-term capital growth by investing in special situation securities. Special situation securities are securities that CLIM believes are undervalued and trading at a discount as a result of a security specific factor or due to a country or regional geopolitical situation, which may result in the security or company being subject to an event including, but not limited to, a tender offer, a liquidation or corporate governance restructuring. CLIM will invest primarily in listed closed-end funds that invest in securities issued by companies domiciled or operating in, or that derive a majority of their income from, Emerging Markets, open-end funds, exchange-traded funds, holding companies and listed private equity securities. CLIM manages assets in this strategy against the S&P Emerging Frontier Super Composite Broad Market Index and the MSCI Emerging Markets Index.

**Emerging Markets Plus Equity Closed-End Fund Strategy**

The objective of the strategy is to achieve long-term capital growth by investing in securities providing exposure to global equity markets. Its policy is to make such investments primarily through closed-end funds and investment holding companies whose assets are invested principally in global equity markets. CLIM manages assets in this strategy against the MSCI Emerging Markets Index.

**Frontier Markets Equity Closed-End Fund Strategy**

The objective of the strategy is to achieve long-term capital growth by investing in securities providing exposure to global frontier and emerging markets. Frontier markets are the least developed of developing markets, and include markets in sub-Saharan Africa, South Asia, Eastern Europe and Latin America. Its policy is to make such investments primarily through closed-end

funds, investment holding companies, and open-end funds whose assets are invested principally in frontier markets.

The strategy invests in certain markets determined by CLIM to be “frontier markets,” initially identified as, but not limited to, 32 markets considered Emerging or classified as Frontier by the major index providers (i.e. Morgan Stanley Capital International and/or Standard & Poor’s/International Finance Corporation). CLIM manages assets in this strategy against the S&P/IFCG Extended Frontier 150 Index.

#### *International Equity Closed-End Fund Strategy*

The objective of the strategy is to achieve long-term capital growth by investing in securities providing exposure to international equity markets (excluding US). Its policy is to make such investments primarily through closed-end funds whose assets are invested principally in international equity markets. CLIM manages assets in this strategy against the MSCI All Country World Index ex-US.

#### *Global Equity Closed-End Fund Strategy*

The objective of the strategy is to achieve long-term capital growth by investing in securities providing exposure to global equity markets. Its policy is to make such investments primarily through closed-end funds whose assets are invested principally in global equity markets. CLIM manages assets in this strategy against the MSCI All Country World Index.

#### *World Equity Closed-End Fund Strategy*

The objective of the strategy is to achieve long-term capital growth by investing in securities providing exposure to world equity markets. Its policy is to make such investments primarily through closed-end funds whose assets are invested principally in world equity markets. CLIM manages assets in this strategy against the MSCI World Index.

#### *World ex-US Equity Closed-End Fund Strategy*

The objective of the strategy is to achieve long-term capital growth by investing in securities providing exposure to world ex-US equity markets. Its policy is to make such investments primarily through closed-end funds whose assets are invested principally in world ex-US equity markets. CLIM manages assets in this strategy against the MSCI World ex-US Index.

#### *EAFE Equity Closed-End Fund Strategy*

The objective of the strategy is to achieve long-term capital growth by investing in securities providing exposure to Europe, Australasia and Far East (EAFE) equity markets. Its policy is to make such investments primarily through closed-end funds whose assets are invested principally in EAFE equity markets. CLIM manages assets in this strategy against the MSCI EAFE Index.

### Opportunistic Value Closed-End Fund Strategy

The Opportunistic Value Closed-End Fund strategy seeks to provide long-term capital growth via a value-driven, high-conviction approach. The strategy is maximally opportunistic, seeking to take advantage of the most compelling valuations in the closed-end fund universe globally. The investment philosophy is bottom-up and benchmark agnostic, giving focused exposure to closed-end fund discount dislocations across asset classes and geographies in a concentrated “best ideas” portfolio. CLIM manages assets in this strategy against a blended 50% MSCI ACWI/50% Bloomberg Global Aggregate Bond Index.

### Tactical Income Closed-End Fund Strategy

The Tactical Income Closed-End Fund strategy seeks to provide a high level of after-tax total return for US taxable investors. CLIM’s multi-sector tactical asset allocation approach strives to achieve a cross-asset diversified income stream that is tax-advantaged by investing in closed-end funds that invest significantly in equity, fixed-income or other income-producing securities. CLIM believes that a customizable, multi-asset class approach provides the greatest flexibility to exploit closed-end fund opportunities. CLIM specializes in identifying and capitalizing on discount movements and pricing anomalies to provide above average, long-term outperformance versus an appropriate index whilst seeking to manage exposure to realized short-term capital gains. CLIM manages assets in this strategy against a blended 50% S&P500 / 50% Bloomberg US Aggregate Bond Index.

### China “A” Share Equity Closed-End Fund Strategy

The objective of the strategy is to achieve long-term capital growth by investing in China. Its policy is to make such investments primarily through closed-end China funds whose assets are invested principally in the securities of companies incorporated in China or whose primary activity is based in China. CLIM manages assets in this strategy against the FTSE Xinhua China A 600 Index.

### Municipal Bond Closed-End Fund Strategy

The investment objective of the strategy is to seek current income exempt from Federal income tax, and capital appreciation as a secondary objective. Investments will primarily be listed closed-end funds that invest in fixed income securities issued by United States municipalities. CLIM manages assets in this strategy against the Bloomberg Municipal Bond Total Return Unhedged USD Index.

### Customized Closed-End Fund Strategy

Customized closed-end fund strategies by definition take many forms. Typically, they represent client accounts which opportunistically seek to take advantage of a specific valuation dislocation within a specific segment of the global closed-end fund marketplace. Examples of areas where these accounts have been managed include high-yield bond funds and listed private equity.

## **Risk Factors**

There are risks involved with any type of investment program.

Investment in the strategies managed by CLIM involves certain risks and considerations that investors should evaluate before making a decision to invest. The particular investment risks to which a client is subject will differ depending on the particular strategy, strategies or product in which such client has invested, and the investments comprising such product or strategy. Additional information about each CLIM Fund, as well as the fees and expenses charged to investors by such fund, is provided in that Fund's offering documents. The following is a summary of some of the factors that should be considered by prospective investors.

### **Non-US Investments**

Certain investment strategies will invest in the securities of issuers located in developed markets outside the United States. Investing in such non-US securities involves special risks and considerations not typically associated with investing in US securities. Investors should consider the substantial risks involved when investing in securities issued by non-US companies and governments. These include risks associated with political and economic developments, higher operating expenses, non-US withholding and other taxes that may reduce investment return. Other risks include those resulting from fluctuations in currency exchange rates, revaluation of currencies and the possible imposition of currency exchange blockages.

Non-US securities may trade with less frequency and volume than US securities and therefore may exhibit greater price volatility. Investments in non-US securities may also involve higher custodial costs than US investments and additional transaction costs with respect to currency conversions.

### **Emerging Market Risks**

Emerging securities markets tend to be smaller, less liquid and more volatile than the major securities markets in the United States. Generally, emerging securities markets are characterized by a relatively small number of actively traded issues and high price volatility. These and other factors may make it difficult to dispose of the securities that the strategies hold, particularly when large numbers of investors desire to dispose of securities at the same time. In addition, these factors may limit the supply of securities available for investment by the strategies. This may affect the rate at which the strategies are able to invest in listed securities of issuers in emerging markets, the purchase and sale prices for such securities and the timing of conversions, purchases and sales.

There is less publicly available information about the issuers in emerging markets than is regularly published by issuers in the United States. Also, there is generally less government supervision and regulation of exchanges, brokers and issuers in emerging markets than there is in the United States. The legal infrastructure and accounting, auditing and reporting standards in certain

emerging markets in which the strategies invest do not provide the same degree of investor protection or information to investors as would generally apply in more developed countries.

In certain emerging markets, investments by foreign investors require official consent or may be subject to limitations. In addition, repatriation of investment income, capital and the proceeds of sales may require government registration and/or approval. The strategies could be adversely affected by delays in or a refusal to grant any required government approval or by the lack of availability of foreign exchange. The economies of emerging markets can be heavily dependent on international trade and, accordingly, have been and will likely continue to be adversely affected by trade barriers, managed adjustments in relative currency values, other protectionist measures imposed or negotiated by the countries with which they trade and international economic developments generally.

The strategies will be subject to the risks of government control, political instability and social unrest with respect to their investments in emerging markets that could, in turn, have an adverse effect on the strategies' operations and performance. Governments of many emerging markets have exercised and continue to exercise substantial influence over many aspects of the private sector. In some cases, certain emerging market governments own or control many companies in their respective country. As a result, government actions in the future could have a significant effect on economic conditions in an emerging market, which, in turn, may adversely affect companies in the private sector, general market conditions and prices and yields of certain of the securities held by the strategies. Expropriation, confiscatory taxation, nationalization, government-imposed freezes, political, economic or social instability or other developments, such as military coups, have occurred in the past in certain emerging markets. These conditions or events could adversely affect the assets of the strategies held in particular emerging markets should they recur. The strategies may also experience greater difficulty in their ability to protect and enforce their rights against governmental and private entities in certain emerging markets.

Frontier markets, are subject to the same risks as emerging markets, but such risks tend to be more acute, generally as a result of the smaller capitalization of such markets and being the least developed of emerging markets.

### Currency Risks

The strategies may invest in non-US dollar denominated instruments which may be subject to exchange rate fluctuations. The funds in which the strategies invest may, in turn, invest in securities denominated in the local currency of the relevant market. Because these securities will be generally quoted in local currency, these securities must increase in value at a rate in excess of any rate of decline of the relevant currency against the US dollar in order to avoid a decline in their equivalent US dollar value. Accordingly, a future decline in the value of the local currencies against the US dollar would result in a corresponding decline in the value of the securities held by the strategies that are denominated in local currency. The currencies of certain emerging markets have been subject to significant devaluations in the past, and there can be no assurance that similar devaluations will not take place in the future. Inflation and rapid

fluctuations in inflation rates have had and may continue to have adverse effects on the economies of emerging markets. The returns to investors may be affected by exchange rate fluctuations. Local interest rates and monetary policy, as well as other government fiscal and labor policies can also adversely impact the strategies' currency values.

### Cash Sweep Vehicles

Account custodians generally allow cash proceeds from account transactions or cash deposits to be swept into and/or initially maintained in a cash sweep vehicle (i.e., money market fund). Separate account clients may elect a cash sweep vehicle with their custodians and CLIM has discretion to utilize a cash sweep vehicle available on the custodian's platform for CLIM Funds. Cash sweep vehicles do carry a risk of loss related to the underlying investments held by the cash sweep vehicle. The cash sweep vehicle generally incurs operating expenses and pays a management fee to the investment manager of the cash sweep vehicle separate and in addition to the fees CLIM charges for managing a client's account.

### Counterparty Risk

The Firm seeks to transact with creditworthy counterparties and attempts to mitigate counterparty credit exposures where practicable. The ability to transact business with any one or a number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities, and the absence of a regulated market to facilitate settlement may increase the potential for losses. As certain of the strategies' transactions will be undertaken through local brokers, banks or other organizations in emerging or frontier market countries, the portfolios will be subject to the risk of default, insolvency or fraud of such organizations. The portfolios are also dependent upon the general soundness of the banking systems of these countries. There can be no assurance that any money advanced to such organizations will be repaid or that the strategies would have any recourse in the event of default.

### Third Party Fund Risk

An investment in a Third Party Fund involves substantially the same risks as investing directly in the underlying securities. Third Party Funds are managed by unaffiliated investment managers and the investment performance of a CLIM strategy will depend in part on the performance of these third party investment managers. A Third Party Fund may not achieve its investment objective or execute its investment strategy effectively, which may adversely affect a portfolio's performance. A portfolio must pay its pro-rata portion of a Third Party Fund's fees and expenses. Shares of a closed-end fund often trade at significant discounts from the underlying NAV, and these discounts can increase significantly during certain market conditions. Having regard to the strategy's investment objective, prospective investors should be aware that short-term returns from a strategy's investments may not match the potential long-term returns. In addition, past performance of the portfolio is not necessarily indicative of future performance.

### Municipal Bond Risks

Certain strategies will invest in Third Party Funds that invest in fixed income securities issued by municipalities of the United States. Such investments are typically issued by or on behalf of states, territories and possessions of the United States, the District of Columbia and their political subdivisions, agencies or instrumentalities as well as private and public-private enterprises to obtain funds for a wide range of public facilities including housing projects, industrial projects, hospitals, schools, mass transportation, stadiums, waterworks and sewer systems and highways. The municipal securities market is fragmented, with significant variations in economic conditions, credit quality, and supply-demand fundamentals. Public information in the municipal market is also less available than in other markets, increasing the difficulty of evaluating and valuing securities. Furthermore, because the municipal market is predominantly a retail buyer-driven market, municipal bond prices are very sensitive to retail fund flows from mutual funds and other retail accounts.

Events affecting municipalities and related bond issuers that are distressed or otherwise financially challenged, such as a default or a restructuring by a large municipality, may cause a sell-off in the municipal market as related news headlines will negatively impact municipal bond pricing. Municipal securities risks include the ability of the issuer to repay the obligation, the relative lack of information about certain issuers of municipal securities, and the possibility of future legislative changes which could affect the market for and value of municipal securities.

### REIT and Real-Estate Company (combined as "RECs") Risks

Certain strategies will invest in listed non-U.S. and U.S. RECs which invest in real estate properties, residential developers or real estate-related loans. RECs generally derive their income from rents on the underlying properties, developing and selling residential properties or interest on the underlying loans, and their value is impacted by changes in the value of the underlying property or changes in interest rates affecting the underlying loans owned by the RECs.

An equity REC owns real estate properties directly and generates income from rental and lease payments. Equity RECs also have the potential to generate capital gains as properties are sold at a profit.

Investments in RECs are subject to many of the same risks as direct investments in real estate. In general, real estate values can be affected by a variety of factors, including, but not limited to, fluctuations in the value of underlying properties, defaults by borrowers or tenants, market saturation/oversupply, changes in general and local economic conditions, decreases in market rates for rents/decreases in prices for properties, increases in competition, property taxes, capital expenditures or operating expenses, and other economic, political or regulatory occurrences affecting the real estate industry. Individual RECs may own a limited number of properties and may concentrate in a particular region or property type. RECs whose underlying assets are concentrated in properties used by a particular industry, such as health care, are also subject to risks associated with such industry.



Ultimately, a REC's performance depends on the types and locations of the properties it owns and on how well the properties are managed. For example, rental income could decline because of extended vacancies, increased competition from nearby properties, tenants' failure to pay rent, regulatory limitations on rents, fluctuations in rental income, variations in market rental rates, or incompetent management. Property values could decrease because of overbuilding in the area, environmental liabilities, uninsured damages caused by natural disasters, a general decline in the neighborhood, losses because of casualty or condemnation, increases in property taxes, or changes in zoning laws.

Investing in RECs exposes investors to the risks that relate specifically to the way in which RECs are organized and operated. Operating RECs requires specialized management skills and investors indirectly bear management expenses. RECs may have limited financial resources, may trade less frequently and in a limited volume and may be subject to more abrupt or erratic price movements than larger company securities. Historically RECs have been more volatile in price than larger capitalization stocks.

The value of a REC may also be affected by changes in interest rates. Rising interest rates generally increase the cost of financing for real estate projects, which could cause the value of an equity REIT to decline. RECs are also subject to heavy cash-flow dependency, default by borrowers, and changes in tax and regulatory requirements.

The following are the three main risk elements to each strategy's portfolio that CLIM monitors:

1. Fund Underperformance Relative to the Benchmark

To monitor portfolio performance versus the benchmark, CLIM produces daily internal valuations, which show relative out/underperformance of the portfolio versus the benchmark. The valuations also detail security positions together with country allocation versus the relevant benchmark. These daily portfolio snapshots enable the Investment Management Team to review the performance of the portfolio, evaluate changes in the portfolio's risk profiles and to make any necessary changes to the portfolio. All this information, generated by our Investment Management System, is reviewed by the Investment Management Team.

2. Exceeding Country and Security Limits Set by Investment or Regulatory Guidelines

CLIM's system for monitoring portfolio limits includes pre-trade monitoring of all transactions against the investment guidelines. Investment guidelines are derived from the Investment Management Agreement, fund documentation e.g. offering memorandum or trust deed, any regulatory limits and any internal guidelines such as limits against the benchmark of the strategy. All of this "limit" information is contained within an internal system. Each potential trade is checked via pre-trade compliance modules. The Compliance Department produces a daily control report identifying any potential limit excesses. The Investment Management Team, the Compliance Department and the Fund Accounting Department all review this data to ensure that no limits have been breached.

### 3. Liquidity Risk

The top down stage of the investment process evaluates liquidity in the overall market – markets exhibiting poor liquidity receive a lower allocation, all else being equal, in the investment process. At the security specific level, liquidity is an important screening factor for any prospective purchase. CLIM examines current and historical trading volumes and market capitalization when considering purchases. At the portfolio level, liquidity is analyzed and controlled by a proprietary “liquidity screen.” This screen subdivides the portfolio via market capitalization and historical volume – predetermined bands are established that maintain a level of overall liquidity commensurate with the portfolio structure, objectives and investment guidelines.

CLIM manages cash to a band between 0-5% of the portfolio and a number of factors are used to determine this cash level including portfolio betas, recent underlying market strength and rate of change and the size weighted average discount of the portfolio.

#### Pricing Risk

If market conditions make it difficult to value some investments, CLIM may internally value these investments using more subjective methods such as fair value pricing. In these cases, the value determined for an investment could differ from the value realized upon such investment’s sale.

#### Operational Risk

A portfolio may suffer a loss arising from shortcomings or failures in internal processes, people or systems, or from external events. This risk can arise from many factors ranging from routine processing errors to potentially costly incidents related to, for example, major systems failures.

#### Business Continuity Risk

CLIM has adopted a business continuity plan to maintain critical functions in the event of a partial or total building outage affecting any or all of the Firm’s offices or a technical problem affecting applications, data centers or networks. The plan is designed to limit the impact on clients from any business interruption or disaster. Nevertheless, CLIM’s ability to conduct business may be curtailed by a disruption in the infrastructure that supports operations and the regions in which the Firm’s offices are located.

#### Cybersecurity Risk

CLIM, like all companies, may be susceptible to operational and information security risks. Breaches in cyber security include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cyber-attacks. Cyber security failures or breaches of CLIM or its service providers or the issuers of securities in which CLIM invests have the ability to cause disruptions and impact business operations, potentially resulting in financial

losses, the inability of CLIM's clients to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs. CLIM and its clients could be negatively impacted as a result. While CLIM and its service providers have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified.

### **Item 9 – Disciplinary Information**

Neither CLIM nor its management persons have been subject to legal or disciplinary events that are material to its advisory business or that would be material to its existing or prospective clients' evaluation of its advisory business or the integrity of its management.

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

CLIM's parent, CLIG, is a UK-based asset management group listed on the London Stock Exchange (ticker: CLIG:LN). CLIG, is the partnership representative (for tax purposes) and a de minimis investor in the CLIM Funds.

City of London Investment Management (Singapore) Pte. Ltd ("CLIM Singapore") is 100% owned by CLIM. CLIM Singapore is a separately incorporated and regulated fund management company that is registered with the Monetary Authority of Singapore. CLIM Singapore is exempt from SEC registration and is a participating affiliate of CLIM. CLIM Singapore provides delegated portfolio management services, including research, to CLIM under a delegation agreement.

KIM is registered investment adviser that is a separate wholly owned subsidiary of CLIG. KIM provides investment advisory services to individuals, pension and profit-sharing plans, 401(k) plans, trusts, estates, charitable organizations, corporations, and other business entities. Certain directors of CLIM are also directors of KIM. Neither KIM nor CLIM recommend clients to the other. In addition, there is an information barrier in place between CLIG, CLIM and KIM such that investment and voting powers are exercised independently.

### **Item 11 – Code of Ethics**

CLIM has adopted a Code of Ethics (the "Code") in accordance with Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the "Advisers Act."). The Code is based on CLIM's fiduciary duty to its clients. The fundamental tenants of the Code include: (1) place the interests of clients first at all times; (2) conduct personal securities transactions in a manner so as to be consistent with the Code and avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility; (3) refrain from taking inappropriate advantage of the relationship with the clients; (4) maintain the confidentiality of security holdings and financial circumstances of clients; and (5) maintain independence in the investment decision making process.

As a fiduciary, CLIM and its employees owe an affirmative duty of care, loyalty, honesty, and good faith to act in the best interests of its clients. Generally, the Code imposes the following five basic requirements on CLIM and its employees: (1) they must comply with all applicable federal laws; (2) they must avoid all conflicts of interest and disclose all material facts concerning any conflict that may arise with respect to any client; (3) their conduct must conform with the ethical standards set forth in the Code; (4) their personal securities transactions must comply with the Code; and (5) they must obtain prior approval for securities transactions as required under the Code.

In addition, at the commencement of employment and thereafter annually, all employees must sign an acknowledgment that they have received, read and understand all provisions of the Code and agree to be subject to the Code, and any amendments. The Code requires employees to obtain pre-clearance of all covered securities transactions in their own personal accounts as well as accounts held by relatives that are members of their household. In addition, employees must report all personal securities holdings as defined in Rule 204A-1. The Code also requires that employees report all transactions in securities, with limited exceptions, to the Chief Compliance Officer no later than 30 days after the end of each calendar quarter.

To avoid any potential conflict of interest, the Code prohibits employees from buying or selling shares of closed-end funds, holding companies and listed real estate investment trusts within CLIM's investment universe for his or her account, with limited exceptions.

Employees must obtain pre-clearance to participate in any initial public offering or private placement.

In addition, no employee may engage in short-term trading, as defined in the Code.

A copy of CLIM's Code of Ethics is available upon request at [info@citlon.co.uk](mailto:info@citlon.co.uk) or [usclientservicing@citlon.com](mailto:usclientservicing@citlon.com).

### CLIM's Approach to Potential Conflicts of Interest

Various parts of this brochure discuss potential conflicts of interest that arise from CLIM's asset management business model. CLIM discloses these potential conflicts due to the fiduciary relationship the Firm has with its clients. Where potential conflicts of interest arise from fiduciary activities, CLIM takes steps to mitigate, or at least disclose, them. Conflicts arising from fiduciary activities that cannot be avoided are mitigated through written policies and procedures. Potential conflicts may arise from new products or services, operational changes, new reporting lines and market developments.

### Gifts and Entertainment

CLIM has policies and procedures in place, including the Code, which prohibit employees from accepting gifts, entertainment and other items of material value that may create a conflict of

interest or give the appearance of a conflict of interest. Additionally, employees are prohibited from offering gifts, entertainment or other items of material value that could be viewed as attempting to unduly influence the decision-making of any client or other business partner. In general, CLIM's policy dictates that giving and receiving gifts or participating in entertainment cannot occur if the value and/or the frequency of the gift or entertainment is deemed excessive or extravagant. The policy imposes specific dollar restrictions and requires Compliance approval of gifts and entertainment above certain thresholds.

#### Directorships and Outside Business Activities

Employees are not permitted to serve on the boards of directors of any publicly traded company (non-group), non-profit organizations such as educational institutions, charitable foundations or other civic organizations without prior authorization. Authorization is generally based upon a determination that the board service would be consistent with the interests of the Firm and its clients. In general, all employees' outside business activities are tracked and reviewed by CLIM's Compliance Department to ensure that any such activities do not conflict with the duty owed to clients.

#### Insider Trading and Material Non-Public Information

CLIM's personnel, in the course of research or other related activities, may from time to time acquire confidential or material, non-public information that may prevent CLIM from purchasing or selling particular securities for certain clients. Consequently, certain clients could realize a positive or negative impact to overall performance.

CLIM operates a Market Abuse Prevention Policy which is applicable to all employees located across all its offices which sets out the internal processes for how CLIM deals with the receipt of material non-public information / inside information, including a strict prohibition of trading when in receipt of such information.

#### Participation or Interest in Client or Proprietary Transactions

CLIM provides investment advisory services to the CLIM Funds as described in the applicable offering documents. The CLIM Funds participate in the buying and selling of securities recommended to separate account clients and have a financial interest in these securities. CLIM's role as investment manager to the CLIM Funds is described in detail in the Offering Memorandum that investors receive.

If CLIM invests any portion of a separate account client's assets in a CLIM Fund, CLIM shall provide the separate account client with a rebate of the investment management fee paid to the CLIM Fund either in the form of additional shares in such CLIM Fund or cash. If it is the former, the amount of shares will be based on the CLIM Fund's NAV at the end of each period. The purpose of this rebate is to ensure clients do not pay advisory fees greater than those specified by the investment management agreement. See "Fees and Compensation" for additional information.

In addition, CLIM may take action with respect to its proprietary account(s) that conflicts with the advice that CLIM may give to, or an investment action CLIM may take on behalf of, a CLIM Fund. Such activity gives rise to a potential conflict of interest. CLIM has adopted policies and procedures designed to address material conflicts of interest.

## **Item 12 – Brokerage Practices**

Generally, CLIM has authority to determine, without client consent, the amount of securities or other instruments to be bought and sold and the specific securities or other instruments to be bought and sold. Limitations on the ability of an account to engage in transactions may include restrictions in the registration statement, offering material or investment management agreement applicable to the account and regulatory diversification, concentration or other limitations. In transactions in the United States, brokerage commissions are negotiated and a particular broker-dealer may charge different commissions according to such factors as the difficulty and size of the transaction and the volume of business done with such broker-dealer, whereas on foreign exchanges these commissions are generally fixed and are generally higher than brokerage commissions in the United States.

CLIM is a fiduciary that owes each of its clients a duty of care and loyalty. CLIM is required to execute securities transactions for its clients in a manner such that the net proceeds to the client are the most favorable under the circumstances. It is CLIM's policy to select brokers or counterparties to execute client transactions in a manner that is consistent with the best interests of its clients and to employ a trading process that attempts to maximize the value of a client's portfolio within the client's stated investment objectives and constraints. In selecting a broker-dealer, CLIM will consider various relevant factors, although no one factor is determinative in CLIM's decision-making process. These factors include, but are not limited to, best price, current market conditions, time constraints, liquidity, volatility in the markets, volatility in the particular type of security or asset, size and type of transaction, the nature and character of the market for the security or asset in the transaction, confidentiality, execution efficiency, settlement capabilities, financial condition of the broker-dealer, full range and quality of the broker-dealer's services, the responsiveness, reputation, reliability and experience of the broker-dealer, the reasonableness of any commissions or spreads, difficulty of execution, and past effectiveness in executing orders.

Best execution means that the net proceeds to a client are the most favorable under the circumstances. Best execution does not mean that the client always must obtain the lowest possible commission cost. It is CLIM's policy to establish the methods to be followed to ensure that it is seeking to achieve best execution of its clients' portfolio transactions while complying with all applicable regulatory standards and the investment guidelines of its clients. All brokers are subject to initial vetting and thereafter regular review by the Firm's Trade Management Oversight Committee, which comprises Operations, Portfolio Managers, US Chief Compliance Officer and the Head of Compliance. CLIM seeks brokers that provide efficient service at a commission rate that is competitive and in line with market norms or better. The rate negotiated

is reviewed on a regular basis by the Trade Management Oversight Committee. A copy of CLIM's Order Execution Policy is available via the Form ADV & Disclosures page on CLIM's website.

### Directed Brokerage

CLIM may accept client instructions for directing the client's brokerage transactions to a particular broker-dealer. Clients must acknowledge that such an arrangement may detract from CLIM's ability to obtain best execution and obtain volume discounts given the range of eligible brokers available. There may be a disparity in commission charges with clients who do not have directed brokerage arrangements. Clients must specify the approximate target percentage or dollar amount of transactions to be directed.

### Soft Dollar Arrangements

CLIM may receive unsolicited research from various brokers but does not make use of any soft dollar arrangements.

### Acceptance of Minor Non-monetary Benefits

CLIM does not pay for research via the costs of executing client transactions. It is CLIM's policy to purchase research only using its own funds. Accordingly, CLIM will not be using a 'research payment account' (as defined in the FCA Handbook). Subject to this, CLIM may receive minor non-monetary benefits (including without limitation certain types of investment research, information, training and hospitality) from third parties (including without limitation brokers and dealers) with whom it enters into transactions or other business for clients, where we deem that the receipt of such benefits is in accordance with the Firm's obligations under the rules of the FCA and does not impinge on its ability to act in the best interests of clients. CLIM shall have no obligation to compensate clients for the value of any such benefits.

### Trade Aggregation and Allocation

CLIM's policy is to allocate trades among various client accounts in a manner believed by CLIM to be fair and equitable to each account over time. The trade allocation process is intended to ensure that no one account is favored over another.

CLIM's trading procedures incorporate a systematic allocation model which requires Portfolio Managers to identify and record, on the dealing sheet, the basis of allocation for each trade undertaken.

In making target trade allocations, CLIM will take into account the following factors:

- account investment objectives and strategies;
- the composition, size and characteristics of the accounts;
- account risk tolerances and the relative risk of the investment;

- the liquidity of the investment; and
- a profit on a specific trade for a specific account.

CLIM may hold, or want to invest in, the same security on multiple accounts that have either a similar or different objective or strategy. The Firm's decisions regarding a client's investments and the performance resulting from these decisions may differ from those of other clients.

CLIM will not necessarily purchase or sell the same securities for client accounts at the same time or in the same proportion for all eligible clients. It is expected, however, that client accounts with similar investment objectives will trade many of the same securities at the same time.

Trade aggregation is the process of aggregating a number of like orders together into a single, larger order. This is done to ensure that accounts receive equal treatment and to help reduce trade execution costs. It is noted that some clients can choose to opt out of trade aggregation.

#### *Pro-rata Allocation Method for Partially Executed Trades*

In general, partially executed trades will be allocated using the Pro-Rata Allocation Method. This means that the executed trade will be allocated to accounts, pro-rated downwards in proportion with the percentage of the original aggregated order that was able to be executed. For example if half the aggregated order was able to be filled, under the Pro-Rata Allocation Method each account would receive half their initial order. CLIM's trade order management system automatically allocates the trades using the Pro-Rata Allocation Method.

#### *Exceptions to the Pro-Rata Allocation Method*

In some instances, trades will not be allocated using the Pro-Rata Allocation Method. Examples include:

- Market restrictions: Certain markets do not permit aggregation of orders for multiple accounts. This will limit the ability to pro-rate orders.
- Cash flows and Liquidity: In some instances, the Pro-Rata Allocation Method would be unsuitable due to account cash flows which occur intra-day, such as a notification of a subscription/redemption.
- Changes in circumstances intra-day, including trades executed in other offices.
- Holding sizes post allocation to avoid de minimis positions or attain a specific target holding size. For example, a partially executed trade could be allocated to remove a small holding.

When deviating from the Pro-Rata Allocation Method, CLIM will allocate trades based on factors such as:

- the cash position and future cash position (based on known flows) of accounts;



- account weights relative to target (for example, country, sub-sector, or asset allocation);
- account weights to specific investments; and
- account size weighted average discounts.

### Foreign Exchange (“FX”) Transactions

CLIM may execute currency transactions on an active basis, except where market restrictions in some emerging currencies exist and execution for trade settlement is arranged by the custodian directly. In addition, certain separate account clients could direct their currency trades to their custodian banks for execution via standing instructions, and in such cases as well as in the case of restricted emerging currencies, we would not know the precise execution time of the FX trade and cannot influence the exchange rates applied to these trades.

### Trade Errors

CLIM’s goal is to execute trades seamlessly in the manner intended by the Firm as being in the best interests of the client and consistent with CLIM’s investment decisions. While errors can occur for a variety of reasons, the consequences and the required corrective measures that are appropriate will differ depending upon the nature of the error or the account affected. CLIM’s goals in correcting trading errors are as follows:

- To identify any errors in a timely manner,
- To correct all errors so that any affected account is placed in the same or no worse a position than it would have been had the error not occurred,
- To ensure that all costs associated with correcting an error are borne by CLIM (or another party, if that party is at fault) and are not passed on to the client, and
- To assess what actions are required to prevent a recurrence of the error.

### Cross Trades

CLIM may determine that it is appropriate and in the best interest of each client if one client account purchases a security from another client account that is selling the same security (“cross trades”), such as when an account is redeeming or liquidating, when there are other factors specific to a client or when the Firm is rebalancing client portfolios. In such circumstances, CLIM is usually able to reduce or eliminate transaction costs by arranging for one client account to buy or sell a portfolio security directly from or to another client account. These transactions will generally be affected at the independent current market price determined at the time of the trade. However, there are limitations on the ability of ERISA and certain other benefit plan accounts to participate in cross transactions and CLIM will only propose cross-trades for such accounts when they may be carried out in accordance with an exemption which allows for cross trades under specified circumstances. To the extent that CLIM excludes an ERISA or other account from participation in a cross trade, such account may be disadvantaged for a variety of reasons, including but not limited to higher transaction costs and lower performance relative to participating client accounts.

In no instance does CLIM receive additional compensation when crossing trades for client accounts. CLIM seeks to ensure that the terms of the transaction, including the consideration to be paid or received, is fair and reasonable, and the transactions are done for the sole benefit of all participating clients.

### **Item 13 – Review of Accounts**

Client accounts are monitored regularly based on each client's investment objective and investment guidelines, the Firm's investment policies, and compliance with statutory and regulatory requirements by the Investment Management Team and Compliance Department. Client accounts are monitored daily on a pre- and post-trade basis through CLIM's trade order management system. The system has programmed rules and restrictions that are monitored through daily exception reports.

The performance and attribution of all accounts are reviewed on a daily basis at investment meetings held between all of the Firm's offices. The Investment Management Team also meets formally on a weekly basis to review portfolio weights, country allocations, as well as the performance of each strategy for the prior week, month-to-date, quarter-to-date and year-to-date. In addition, the Chief Executive Officer supervises the accounts and the management of the accounts. CLIM's Board of Directors reviews investment management reports on a quarterly basis.

Clients will receive monthly and/or quarterly reports as well as quarterly economic outlook overviews. The reports include information on CLIM Fund or separate account performance and allocations. Representatives from CLIM meet with each separate account client on a regular basis.

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

In the past, CLIM retained placement agents, by written agreement, to introduce it to potential US based investors for its US investment funds and non-US investors for its offshore and non-US accounts. There are currently no active agreements and all terms of agreements with previous placement agents have been satisfied.

### **Item 15 – Custody**

CLIM does not act as custodian for any assets in accounts managed for separate account clients. Clients must make their own arrangements for custody of securities in their account(s). Such custodians may be broker/dealers, banks, trust companies, or other qualified institutions. Qualified custodians will typically provide clients with account statements no less frequently than quarterly relating to the assets held within the account managed by CLIM.

CLIM urges clients to carefully review the qualified custodian's statement upon receipt to determine that it completely and accurately states all holdings in their account and all account

activity over the relevant period. If a client has any questions, concerns, or notes any discrepancies between the qualified custodian's report and any reports provided by CLIM, clients are encouraged to contact promptly both CLIM and the qualified custodian. Please note that the information on the statements from CLIM and the statements from the qualified custodian could differ slightly for reasons including but not limited to: the use of different pricing sources, pending trades, the use of trade-date data versus settlement-date data, corporate actions, the payment of dividends, and tax reclaims.

CLIM has the ability to deduct advisory fees from client accounts in respect of certain separately managed accounts and CLIM Funds. CLIM does not have actual physical custody of any client assets or monies invested in the CLIM Funds. Rather, the CLIM Funds' assets are held by an independent qualified custodian. The CLIM Funds are audited annually and investors receive annual financial statements prepared by an independent public accounting firm.

CLIM may on occasion inadvertently receive client assets from a third party, such as stock certificates, dividend checks or other checks in the name of a client. In those instances, CLIM will forward the client assets to the client or the qualified custodian as soon as possible, but no later than three business days following CLIM's receipt of such assets. If CLIM does not forward the assets to the client or qualified custodian (because, for example, it cannot identify the appropriate client), CLIM will return the client assets to the third party, no later than three business days following CLIM's receipt of such assets.

#### **Item 16 – Investment Discretion**

CLIM furnishes continuous investment advice to advisory clients pursuant to an investment management agreement under which each client delegates investment management discretion to CLIM. CLIM manages assets according to a variety of closed-end fund strategies. In exercising its judgment in managing client accounts, CLIM takes into account the individual objectives, restrictions and guidelines of each client, as communicated by the client, and other factors deemed relevant by the client and disclosed to CLIM. Generally, to the extent that a client wishes to impose limitations on the management of its account or that CLIM manages an account consistent with its investment policy statement or guidelines, CLIM will review any such documentation provided by a client prior to the inception of an account. To the extent that any such guidelines or limitations are not acceptable to CLIM, it will work with the client to make appropriate revisions to such documentation in a manner that is mutually acceptable to both parties. In addition, CLIM furnishes investment supervisory services to US and Irish registered open-end investment companies and private funds, including the CLIM Funds, based on the investment objectives and restrictions as set forth in each fund's prospectus or similar offering document.

Client portfolios with similar investment objectives within the same investment strategy are generally managed similarly with a goal that each such client account would have the same percentage of the portfolio invested in the same securities (subject to differences arising from a variety of factors, including, but not limited to, client restrictions and liquidity of underlying

securities, when the portfolio was opened and cash flows into and out of the portfolio). Investment opportunities are generally allocated to those accounts, which CLIM determines, in its sole discretion, to have an investment mandate and profile consistent with the type of security which should be included in the portfolio. All such allocation decisions are subject to client guidelines and restrictions. Limited investment opportunities will be allocated to client accounts in a manner in which CLIM, in its sole discretion, determines is equitable to its clients. Factors considered by CLIM include, but are not limited to, the availability of alternative investments, the extent to which the allocation would represent a meaningful position for the account, the liquidity of the security and the availability of cash to settle the transaction. Client requests for particular securities may also be considered.

### **Item 17 – Voting Client Securities**

CLIM has adopted and implemented policies and procedures that it believes are reasonably designed to ensure that proxies are voted in the best interests of clients, in accordance with its fiduciary duties and Rule 206(4)-6 under the Advisers Act. CLIM's authority to vote the proxies of its clients, including clients subject to ERISA, is established by advisory contracts or comparable documents.

As a significant long-term investor in closed-end funds, CLIM seeks to promote growth in the industry by encouraging closed-end funds to make their products more attractive to investors. Good corporate governance is a vital element of CLIM's process. CLIM's approach to corporate governance is a collective process involving the investment management teams located in each of the Firm's offices. CLIM reviews each proxy and generally votes consistent with the Firm's written *Statement on Corporate Governance and Proxy Voting Policy for Closed-End Funds*. All proxy votes are ultimately cast on a case-by-case basis.

CLIM values the right to vote but may abstain as a result of a conscious decision. However, CLIM cannot vote in instances where proxy materials are not received on a timely basis from a client-appointed custodian or due to administrative matters beyond CLIM's control.

CLIM reviews each proxy to assess the extent, if any, to which there may be a material conflict between the interests of clients on the one hand and CLIM's interests (including those of our directors, employees and other similar persons) on the other hand (a "potential conflict"). CLIM performs this assessment on a proposal-by-proposal basis, and a potential conflict with respect to one proposal in a proxy does not indicate that a potential conflict exists with respect to any other proposal in such proxy. If CLIM determines that a potential conflict may exist, it will promptly report the matter to the Compliance Department. The Compliance Department will determine whether a potential conflict exists and is authorized to resolve any such conflict in a manner that is in the collective best interests of clients (excluding any client that has a potential conflict).

Unless otherwise established with a client in writing, CLIM is responsible for voting all proxies related to securities that it manages for clients. Certain clients retain their proxy voting rights. A client can from time-to-time direct CLIM in writing to vote proxies in a manner that is different

from the guidelines set forth in CLIM's Proxy Voting Policies and Procedures. CLIM will follow such written direction for proxy votes only after receipt of such written direction.

Clients can obtain a copy of CLIM's proxy voting policy and/or proxy voting record upon request from their usual contact at the Firm or upon request at [info@citlon.co.uk](mailto:info@citlon.co.uk) or [uscsclientservicing@citlon.com](mailto:uscsclientservicing@citlon.com).

#### **Item 18 – Financial Information**

CLIM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

## **DISCLOSURE FOR ERISA CLIENTS**

### DISCLOSURE STATEMENT IN CONNECTION WITH ERISA SECTION 408(B)(2)

#### **Description of Services and Status**

CLIM provides investment advisory services to certain clients subject to the provisions of ERISA as a registered investment adviser and ERISA fiduciary. For separate account clients, each such client's ("ERISA Client") relevant investment management agreement between the ERISA Client and CLIM (each, an "Agreement") sets forth the provisions and terms relating to such arrangement, including terms and obligations relating to ERISA. For CLIM Funds determined to be "plan assets" subject to Title I of ERISA (due to greater than 25% ownership of the Fund by benefit plan investors ("ERISA Investors")), a Fund's offering documents set forth the provisions and terms relating to such arrangement, including terms and obligations relating to ERISA.

#### **Compensation**

For providing investment advisory services, CLIM receives the fee set forth in the Agreement or offering documents. CLIM does not have any soft dollar arrangements and does not receive any indirect compensation. If an ERISA Client terminates the Agreement, CLIM receives its management fee up to the termination date. The fees and expenses of a CLIM Fund are described in the offering memorandum, financial statements and other materials sent to investors. CLIM does not provide recordkeeping services to any ERISA Client or ERISA Investor. See also "Fees and Compensation."

#### **Gifts and Entertainment**

CLIM does not have any arrangements in place under which it would receive any gifts or entertainment with respect to an ERISA Client or ERISA Investor. In addition, CLIM does not expect to receive any gifts or entertainment solely in connection with providing services to any ERISA Client or ERISA Investor that would cause CLIM to report any such amounts under Schedule C of Form 5500 or to exceed the de minimis exception to compensation disclosable under ERISA Section 408(b)(2). Under its policies, all gifts and entertainment, regardless of amount, must be disclosed to CLIM Compliance.