

**B. ; 208 B6= @>A?@**  
**?@. @2 : 2 ; @ <3 . 116@6< ; . 9 6 ; 3<> : . @6< ;**

**1FXJI : F] )\$\*(\*,**

**B. ; 208 B6= 2 : 2>46 ; 4 : . >82@? / < ; 1 3A ; 1**

**B. ; 208 B6= 2 : 2>46 ; 4 : . >82@? 3A ; 1**

**B. ; 208 B6= 49< / . 9 4<91 3A ; 1**

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<a href="#">&gt;&lt;E&lt;I 8C @E=FID8K@FE</a>	-
<a href="#">@EM&lt;JKD&lt;EK GFC@; @&lt;J 8E; I@JBJ</a>	-
<a href="#">=LE; 8D&lt;EK8C @EM&lt;JKD&lt;EK I&lt;JKI@; K@FEJ</a>	.0
<a href="#">GFIK=FC@F ?FC; @E&gt;J ; @J:CFJLI&lt;</a>	.2
<a href="#">@EM&lt;JKD&lt;EK 8 ; M@JFIP J&lt;IM@: &lt;J</a>	.3
<a href="#">K?&lt; ; @JKI@9LKFI</a>	.4
<a href="#">GC8E F= ; @JKI@9LK@FE %- .9)- GC8E&amp;</a>	.5
<a href="#">GFIK=FC@F D8E8&gt;&lt;I : FDG&lt;EJ8K@FE</a>	.5
<a href="#">GFIK=FC@F D8E8&gt;&lt;I J?8 I&lt; FNE&lt;IJ?@G</a>	/,
<a href="#">FK?&lt;I 8: : FLEKJ D8E8&gt;&lt;; 9P K?&lt;GF I K=FC@F D8E8&gt;&lt;IJ</a>	/,
<a href="#">J&lt;: LI@K@&lt;J C&lt;E; @E&gt; 8 I I 8E&gt;&lt;D&lt;EKJ</a>	/.
<a href="#">GFIK=FC@F KI 8EJ8 : K@FEJ 8E; 9 I FB&lt;I 8&gt;&lt;</a>	/.
<a href="#">KILJK&lt;&lt;J 8E; F==@: &lt;IJ</a>	/0
<a href="#">KILJK&lt;&lt; @E=FID8K@FE</a>	/1
<a href="#">F==@: &lt;I @E=FID8K@FE</a>	/5
<a href="#">KILJK&lt;&lt; J?8 I&lt; FNE&lt;IJ?@G</a>	0-
<a href="#">.../ : FDG&lt;EJ8K@FE K89C&lt;</a>	0.
<a href="#">GI@E; @G8C J?8 I&lt;?FC; &lt;IJ</a>	0/
<a href="#">GIFOP MFK@E&gt; GFC@: @&lt;J 8E; GIF: &lt;; LI&lt;J</a>	02
<a href="#">GFK&lt;EK@8C : FE=C@: KJ F= @EK&lt;I&lt;JK</a>	03
<a href="#">: F; &lt; F= &lt;K?@: J</a>	03
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,QYHVWPHQWV LQ ORZHU UDWHG FRUSRUDWH GHEW VHFUXULWLHV ²KL  
LQFRPH DQG LQFUHDVHG RSSRUWXQLW\ IRU FDSLWDO DSSUHFLDWLRQ WKD  
HQWDLO JUHDWHU SULFH YRODWLWLW\ DQG SULQFLSDO DQG LQFRPH ULVN

7KHVH KLJK \LHOG VHFUXULWLHV DUH UHJDUGHG DV SUHGRPLQDQWO\  
PHHW SULQFLSDO DQG LQWHUHVW SD\PHQWV \$QDO\VLV RI WKH FUHGLWZP  
PRUH FRPSOH[ WKDQ IRU LVVXHUV RI KLJKHU TXDOLW\ GHEW VHFUXULWLHV

+LJK \LHOG VHFUXULWLHV PD\ EH PRUH VXVFHWSWLEOH WR UHDO RU SH  
FRQGLWLRQV WKDQ LQYHVWPHQW JUDGH VHFUXULWLHV 7KH SULFHV RI KLJ  
UDWH FKDQJHV WKDQ KLJKHU UDWHG LQYHVWPHQWV EXW PRUH VHQVLWLY  
GHYHORSPHQWV \$ SURMHFWLRQ RI DQ HFRQRPLF GRZQWXUQ RU RI D SHU  
LQ KLJK \LHOG VHFUXULW\ SULFHV EHFDXVH WKH DGYHQW RI D UHFHVVLRQ  
SULQFLSDO DQG LQWHUHVW SD\PHQWV RQ LWV GHEW VHFUXULWLHV ,I DQ I  
RI DOO RU D SRUWLRQ RI LQWHUHVW DQG SULQFLSDO D )XQG E\ LQYHVWL  
UHFHYHU\ ,Q WKH FDVH RI KLJK \LHOG VHFUXULWLHV VWUXFWXUHG DV ]HU  
WR D JUHDWHU H[WHQW E\ LQWHUHVW UDWH FKDQJHV DQG WKHUHIRUH W  
DQG LQ FDVK

7KH VHFRRGDU\ PDUNHW RQ ZKLFK KLJK \LHOG VHFUXULWLHV DUH WUD  
VHFUXULWLHV /HVV OLTXLGLW\ LQ WKH VHFRRGDU\ WUDGLQJ PDUNHW FRX  
VHFUXULW\ DQG FRXOG DGYHUVHO\ DIIHFW WKH GDLO\ QHW DVVHW YDOXH  
RU QRW EDVHG RQ IXQGDPHQWDO DQDO\VLV PD\ GHFUHDVH WKH YDOXH  
WUDGHG PDUNHW :KHQ VHFRRGDU\ PDUNHWV IRU KLJK \LHOG VHFUXULWLHV  
PD\ EH PRUH GLIILFXOW WR YDOXH WKH VHFUXULWLHV EHFDXVH VXFK YDOX  
SOD\ D JUHDWHU UROH LQ WKH YDOXDWLRQ EHFDXVH WKHUH LV OHVV UHC

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%RUURZLQJ WR LQYHVW PRUH LV FDOOHG ²OHYHUDJH ³ \$ )XQG PD\ ER  
LV QR PRUH WKDQ RQH WKLUG RI WKH QHW DVVHWV RI WKH )XQG SOXV WK

7KH )XQGV PD\ LQYHVW LQ FRPPHUFLDO SDSHU ZLWK WKH SULQFLSDO  
EHWZHHQ WZR IRUHLJQ FXUUHQFLHV 7KH )XQGV VHJUHDWH DVVHW DFFR  
VHFXULWLHV RU RWKHU KLJKO\ OLTXLG VHFXULWLHV HTXDO LQ YDOXH WR

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7KH )XQGV PD\ LQYHVW LQ VHFXULWLHV WKDW DUH FRQYHUWLEOH LQ  
LVVXHU RU LQWR FDUK ZLWKLQ D SDUWLFXODU SHULRG RI WLPH DW D VSH  
LQFRPH VHFXULWLHV EXW PD\ LQFOXGH SUHIHUHG VWRFN DQG JHQHUDL  
VWUXFWXUH DQG WKHUHIRUH HQWDLO OHVV ULVNWKDQ WKH FRUSRUDWL  
RI LWV <sup>2</sup>LQYHVWPHQW YDOXH<sup>3</sup> LWV YDOXH DV LI LW GLG QRW KDYH D FRQ  
LI LW ZHUH WR EH H[FKDQJHG IRU WKH XQGHUO\LQJ VHFXULW\ DW PDUNH

7R WKH H[WHQW WKDW D FRQYHUWLEOH VHFXULW\µV LQYHVWPHQW YD  
EH SULPDULO\ D UHIOHFWLRQ RI VXFK LQYHVWPHQW YDOXH DQG LWV SULF  
ZKHQ LQWHUHVW UDWHV ULVH DV ZLWK D IL[HG LQFRPH VHFXULW\ WKH F  
HIIHFW RQ WKH FRQYHUWLEOH VHFXULW\µV YDOXH ,I WKH FRQYHUVLRQ Y  
VHFXULW\ ZLOO JHQHUDOO\ ULVH DERYH LWV LQYHVWPHQW YDOXH DQG L  
YDOXH 7KLV SUHPLXP UHSUHVHQWV WKH SULFH LQYHVWRUV DUH ZLOOLQ  
ZLWK D SRVVLELOLW\ RI FDSLWDO DSSUHFLDWLRQ GXH WR WKH FRQYHUVL  
ZLOO WHQG WR IOXFWXDWH GLUHFWO\ ZLWK WKH SULFH RI WKH XQGHUO\L  
)XQGV DW YDU\LQJ SULFH OHYHOV DERYH WKHLU LQYHVWPHQW YDOXHV DQ  
REMHFWLYHV

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&UHGLW ULVN LV WKH ULVN WKDW WKH LVVXHU RU JXDUDQWRU RI D C  
FRQWUDFW LQFOXGLQJ PDQ\ GHULYDWLYHV ZLOO EH XQDEOH RU XQZLOO  
RWKHUZLVH KRQRU LWV REOLJDWLRQV 7KH )XQGV LQYHVW LQ GHEW VHFX  
WKH VHFXULWLHV ZLOO KDYH WKHLU FUHGLW UDWLQJV GRZQJUDGHG RU Z  
PD\ HQWHU LQWR ILQDQFLDO WUDQVDFWLRQV WKDW LQYROYH D OLPLWHG  
WR FUHGLW ULVN 7KH )XQG GRHV QRW VSHFLILFDOO\ OLPLW LWV FUHGLW  
WKDW QR VXLWDEOH FRXQWHUSDUWLHV ZLOO EH ZLOOLQJ WR HQWHU LQW  
WKH )XQG PD\ QRW EH DEOH WR DFKLHYH LWV LQYHVWPHQW REMHFWLYH

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\$ FXUUHQF\ IRUZDUG WUDQVDFWLRQ LV D FRQWUDFW WR EX\ RU VHO  
IXWXUH DW D VSHFLILHG SULFH ZKLFK PD\ EH DQ\ IL[HG QXPEHU RI GD\ V I  
&XUUHQF\ IRUZDUG FRQWUDFWV PD\ EH XVHG WR LQFUHDVH RU UHGXFH H

7KH XVH RI FXUUHQF\ IRUZDUG WUDQVDFWLRQV LQYROYHV FHUWDLQ  
GHIDXOWV RQ LWV REOLJDWLRQ WR PDNH SD\PHQWV GXH IURP LW DV D UH  
SD\PHQWV DOWRJHWKHU RU FROOHFW RQO\ D SRUWLRQ WKUHURI ZKLFK F

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&XUUHQF\ PDQDJPHQW VWUDWHJLHV DUH JHQHUDOO\ XVHG LQ DQ DV  
PRYHPHQWV WR SURWHFW WKH YDOXH RI RU VHN WR PLWLJDWH WKH FX  
H[DPSON PLWLJDWLQJ WKH H[SRVXUH WR WKH (XUR WKDW PD\ EH HPEHGG  
LQFOXGLQJ FXUUHQF\ IRUZDUG FRQWUDFWV GHVFULEHG DERYH DQG FUR  
FXUUHQF\ H[FKDQJH UDWHV DQG FRXOG UHVXOW LQ ORVVHV WR WKH )XQG  
FXUUHQF\ PDQDJPHQW VWUDWHJLHV WR WKH H[WHQW WKDW VXFK VWUD  
WKH )XQGµV DELOLW\ WR EHQHILW IURP IDYRUDEOH FKDQJHV LQ FXUUHQF  
FXUUHQF\ PDQDJPHQW VWUDWHJLHV ZLOO EHQHILW D )XQG RU WKDW WK  
PD\ QRW EH D SHUIHFW FRUOHODWLRQ EHWZHHQ WKH DPRXQW RI H[SRVXU  
SRUWIROLR GHQRPLQDWHG LQ WKDW FXUUHQF\ RU H[SRVHG WR WKDW FXU  
VHFXULWLHV PDUNHWV 'HULYDWLYHV WUDQVDFWLRQV HVSHFLDOO\ FXUU  
DJUHHPHQWV PD\ LQYROYH VLJQLILFDQW DPRXQWV RI FXUUHQF\ PDQDJPH

%RQG )XQG ZKLFK PD\ XWLOLJH WKHVH W\SHV RI LQVWUXPHQWV WR D VLJ  
PDQDJHPHQW VWUDWHJLHV ULVN

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7KH )XQGV DQG WKHLU VHUYLFH SURYLGHUV DUH VXVFHSWLEOH WR F  
XQDXWKRULJHG PRQLWRULQJ UHOHDVH PLVXH ORVV GHVWUXFWLRQ RU  
VHUYLFH DWWDFNV XQDXWKRULJHG DFFHVV WR UHOHYDQW V\WHPV FRP

'HSRVLWDU\ 5HFHLSWV PD\ EH ²VSRQVRUHG³ RU ²XQVSRQVRUHG ³ 6SR  
GHSRVLWDU\ DQG WKH XQGHUO\LQJ LVVXHU ZKHUHDV XQVSRQVRUHG 'HSR  
SDUWLFLSDWLRQ E\ WKH XQGHUO\LQJ LVVXHU +ROGHUV RI XQVSRQVRUHG  
HVVDEOLVKLQJ XQVSRQVRUHG 'HSRVLWDU\ 5HFHLSWV ,Q DGGLWLRQ WKH  
5HFHLSWV DUH QRW REOLJDWHG WR GLVFORVH PDWHULDO LQIRUPDWLRQ I  
DYDLODEOH UHJDUGLQJ VXFK LVVXHU DQG WKHUH PD\ QRW EH D FRUUHO  
'HSRVLWDU\ 5HFHLSWV

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7KH )XQGV PD\ DOVR XVH GHULYDWLYHV VXFK DV IXWXUHV FRQWUDF  
YDULRXV LQYHVWPHQW WHFKQLTXHV DQG VWUDWHJLHV VXFK DV FUHDWL  
OL(W)1(V)(H)1(J)(V)(F)1(U)(H)1(D)1(W)1(L)1(Q)(J)(O)(L)1(W)1(K)( ]TJET/F1 10Tf000RG00(

DV GHILQHG LQ WKH GHULYDWLYHV UXOH 8QGHU WKH GHULYDWLYHV UXOH  
ILQDQFLQJ WUDQVDFWLRQV LQFOXGLQJ FHUWDLQ WHQGHU RSWLRQ ERQG  
WKH UHYHUVH UHSXUFKDVH DJUHHPHQWV RU VLPLODU ILQDQFLQJ WUDQV  
UHSUHVHQWLQJ LQGHEWHGQHVV ZKHQ FDOFXODWLQJ WKH IXQGµV DVVHW  
WUDQVDFWLRQV 5HYHUVH UHSXUFKDVH DJUHHPHQWV RU VLPLODU ILQDQF  
WR EH LQFOXGHG LQ WKH FDOFXODWLRQ RI ZKHWHHU D IXQG LV D OLPLWH  
UHSXUFKDVH DJUHHPHQWV DQG VLPLODU ILQDQFLQJ WUDQVDFWLRQV PXV  
GHULYDWLYHV WUDQVDFWLRQV RU QRW 7KH 6HFXULWLHV DQG ([FKDQJH &  
WKH GHULYDWLYHV UXOH UHJDUGLQJ XVH RI VHFXULWLHV OHQGLQJ FROO  
XQGHU WKH GHULYDWLYHV UXOH WKH )XQG LV SHUPLWWHG WR LQYHVW L  
QRQ VWDQGDUG VHWWOHPHQW F\FOH DQG WKH WUDQVDFWLRQ ZLOO EH G  
WKDW L WKH )XQG LQWHQGV WR SK\VLFDQ\ VHWWOH WKH WUDQVDFWLR  
2'HOD\HG 6HWWOHPHQW 6HFXULWLHV 3URYLVLRQ<sup>3</sup> 7KH )XQG PD\ RWKHUZI  
FRQLWLRLQV RI WKH 'HOD\HG 6HWWOHPHQW 6HFXULWLHV 3URYLVLRQ VR C  
WUDQVDFWLRQ<sup>3</sup> IRU SXUSRVHV RI FRPSOLDQFH ZLWK WKH GHULYDWLYHV U  
SHUPLWWHG WR HQWHU LQWR DQ XQIXQGHG FRPLWPHQW DJUHHPHQW DQ  
WKH DVVHW FRYHUDJH UHTXLUHPHQWV XQGHU WKH \$FW LI WKH )XQG  
WKDW LW ZLOO KDYH VXILFLHQW FDK DQG FDK HTXLYDOHQWV WR PHHW  
GXH

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7KH )XQGV H[FHSW 9DQ(FN 9,3 (PHUJLQJ 0DUNHWV %RQG )XQG PD\ Q  
GLUHFV LQYHVWPHQWV 'LUHFV LQYHVWPHQWV LQFOXGH L WKH SULYDW  
DQG LL WKH SXUFKDVH RI VXFK DQ HTXLW\ LQWHUHVW LQ DQ HQWHUSUL  
WKH WLPH RI PDNLQJ DQ LQYHVWPHQW HQWHU LQWR D VKDUHKROGHU RU  
KROGHUV RI HTXLW\ LQWHUHVWV LQ WKH HQWHUSULVH

&HUWDLQ RI WKH )XQGVµ GLUHFV LQYHVWPHQWV PD\ LQFOXGH LQYHV  
FRPSDQLHV PD\ KDYH OLPLWHG SURGXFW OLQHV PDUNHWV RU ILQDQFLDO  
JURXS ,Q VRPH FDVHV WKH )XQGVµ GLUHFV LQYHVWPHQWV PD\ IXQG QH

'LUHFV LQYHVWPHQWV PD\ LQYROYH D KLJK GHJUHH RI EXVLQHVV DQ  
%HFDXVH RI WKH DEVHQFH RI DQ\ SXEOLF WUDGLQJ PDUNHW IRU WKHVH L  
SRVLWLRLQV WKDQ ZRXOG EH WKH FDVH IRU SXEOLFO\ WUDGHG VHFXULWL  
WUDQVDFWLRQV WKH SULFHV RQ WKHVH VDOHV FRXOG EH OHVV WKDQ WK  
VHFXULWLHV DUH QRW SXEOLFO\ WUDGHG PD\ QRW EH VXEMHFW WR SXEO  
WR SXEOLFO\ WUDGHG VHFXULWLHV ,I VXFK VHFXULWLHV DUH UHTXLHG  
EHIRUH EHLQJ UHVROG WKH )XQGV PD\ EH UHTXLHG WR EHDU WKH H[SHO  
FRQLGHUHG LOOLTXLG DQG ZLOO EH DJJUHJDWHG ZLWK RWKHU LOOLTXL  
'LUHFV LQYHVWPHQWV FDQ EH GLIILFXOW WR SULFH 7KH SULFLQJ RI GLU  
DVVHWV FRXOG EH OLTXLGDWHG

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7KH )XQGV PD\ LQYHVW LQ HTXLW\ VHFXULWLHV (TXLW\ VHFXULWLHV  
WKH ULJKW WR DFTXLUH DQ RZQHUVKLS LQWHUHVW LQ DQ LQYHVW

&RPPRQ VWRFN JHQHUDOO\ WDNHV WKH IRUP RI VKDUHV LQ D FRUSRU  
RI IDFWRUV GLUHFWO\ UHODWLQJ WR WKDW FRPSDQ\ VXFK DV GHFLVLRQV  
SURGXFWV RU VHUYLHV \$ VWRFNµV YDOXH DOVR PD\ IDOO EHFDXVH RI II



'LIIHUHQW W\SHV RI HTXLW\ VHFXULWLHV SURYLGH GLIIHUHQW YRWLG  
EDQNUXSWF\ DQG RU LQVROYHQF\ RI WKH LVVXHU ,Q DGGLWLRQ WR FRPP  
FRQYHUWLEOH VHFXULWLHV DQG ZDUUDQWV ZKLFK DUH GLVFXVVHG HOVH  
,QIRUPDWLRQ (TXLW\ VHFXULWLHV RWKHU WKDQ FRPPRQ VWRFN DUH VXE  
SRVVLEO\ WR GLIIHUHQW GHJUHHV

(QYLURQPHQWDO VRFLDO DQG JRYHUQDQFH <sup>2</sup>(6\*<sup>3</sup> FRQVLGHUDWLRQ  
LQYHVWPHQW SURFHVV WR LPSOHPHQW LWV LQYHVWPHQW VWUDWHJ\ LQ S  
WR HYDOXDWH DQ LVVXHU DV SDUW RI ULVN DQDO\VLV RSSRUWXQLW\ DQ  
LQYHVWPHQWV DQG LVVXHUV DQG QRW HYHU\ (6\* IDFWRU PD\ EH LGHQWL  
D )XQGµV H[SRVXUH WR FHUWDLQ LVVXHUV RU LQGXVWULHV DQG PD\ QRW  
QRW DVVHV V DQ LVVXHUµV (6\* IDFWRUV DV SDUW RI WKH LQYHVWPHQW SU  
LQFRUSRUDWH (6\* IDFWRUV %HFDXVH (6\* FRQVLGHUDWLRQV PD\ EH XVHG  
VWLOO LQYHVW LQ VHFXULWLHV RI LVVXHUV WKDW DUH QRW FRQVLGHUHGH  
\$V LQYHVWRUV FDQ GLIIHU LQ WKHLU YLHZV UHJDUGLQJ (6\* IDFWRUV D )X  
UHVSHFW WR (6\* RI DQ\ SDUWLFXODU LQYHVWRU ,QIRUPDWLRQ XVHG E\ D  
UHOLDQFH RQ WKLUG SDUW\ UHVHDFK DQG RU SURSULHWDU\ UHVHDFK  
DFURVV SURYLGHUV DQG LVVXHUV DV (6\* LV QRW D XQLRUPO\ GHILQHGH F  
DFFXUDWHO\ DVVHV V DQ LVVXHU ZKLFK FRXOG QHJDWLYHO\ LPSDFW D )X  
(6\* FRQVLGHUDWLRQV ZLOO EH DGGLWLYH WR D )XQGµV SHUIRUPDQFH

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DQG RU FRQWUROV PD\ DW WLP HV OLPLW RU SUHYHQW IRUHLJQ LQYHVWPH  
FRXQWULHV ,Q DGGLWLRQ D )XQG PD\ QRW EH DEOH WR EX\ RU VHOO VH  
FHUWDLQ HPHUJLQJ PDUNHW FRXQWULHV PD\ UHTXLUH JRYHUQPHQWDO DS  
LQYHVWRUV DQG PD\ OLPLW WKH DPRXQW RI LQYHVWPHQWV E\ IRUHLJQ LC  
IRUHLJQ LQYHVWPHQW WR D FHUWDLQ FODVV RI VHFUXULWLHV RI DQ LVVXH  
IRU SXUFKDVH E\ GRPLFLOLDULHV RI VXFH HPHUJLQJ PDUNHW FRXQWULHV  
GHOD\ LQ REWDLQLQJ D UHTXLUHG JRYHUQPHQW DSSURYDO RU D OLFHQVH  
DQG DV D UHVXOW D )XQG PD\ QRW EH DEOH WR LQYHVW LQ FHUWDLQ VH  
HPHUJLQJ PDUNHW FRXQWULHV PD\ DOVR ZLWKGUDZ RU GHFOLQH WR UHQ  
IDFWRUV PDNH LQYHVWLQJ LQ LVVXHUV ORFDWHG RU RSHUDWLQJ LQ HPHU  
ORFDWHG RU RSHUDWLQJ LQ PRUH GHYHORSHG FRXQWULHV DQG DQ\ RQH

\$GGLWLRQDO\ LQYHVWPHQWV LQ LVVXHUV ORFDWHG LQ FHUWDLQ H  
ULVN DVVRFLDWHG ZLWK JRYHUQPHQWDO DSSURYDO LQ FRQQHFWRQ ZLW  
VDOHV RI VHFUXULWLHV E\ IRUHLJQ LQYHVWRUV ORUHRYHU WKHUH LV WKH  
FRXQWU\ GHFOLQHV WKH JRYHUQPHQW RI VXFH FRXQWU\ PD\ LPSRVH WHF  
&RQVHTXHQWO\ D )XQG FRXOG EH DGYHUVHO\ DIIHFWHG E\ GHOD\ LQ RU  
UHSWULDWLRQ RI FDSLWDO DV ZHOO DV E\ WKH DSSOLFDWLRQ WR WKH  
HPHUJLQJ PDUNHW FRXQWULHV PD\ UHTXLUH D )XQG WR DGRSW VSHFLDO  
DFWLRQV HDFK RI ZKLFK PD\ LQYROYH DGGLWLRQDO FRVWV WR D )XQG

7KH VHFUXULWLHV PDUNHWV LQ HPHUJLQJ PDUNHWV DUH VXEVDQWLDO  
VHFUXULWLHV PDUNHWV LQ WKH 8QLWHG 6WDWHV \$ KLJK SURSRUWLRQ RI  
SHUVRQV DQG ILQDQFLDO LQVWLWXWLRQV ZKLFK PD\ OLPLW WKH QXPEHU  
YROXPH DQG OLTXLGLW\ LQ WKH ERQG PDUNHWV LQ \$VLD (DVWHUQ DQG 8  
8QLWHG 6WDWHV DQG DW WLP HV SULFH YRODWLQW\ FDQ EH JUHDWHU V  
HPHUJLQJ PDUNHW VHFUXULWLHV PDUNHWV PD\ UHSUHVHQW D GLVSURSRU  
YDOXH 7KH OLPLWHG OLTXLGLW\ RI VHFUXULWLHV PDUNHWV LQ WKHVH UH  
VHFUXULWLHV DW WKH SULFH DQG WLP LW ZLVKHV WR GR VR \$FFRUGLQJ  
UHJLRQV VHFUXULWLHV PDUNHWV D )XQG DELOLW\ WR SDUWLFLSDWH IX  
RI LQYHVWLQJ QRW PRUH WKDQ RI LWV QHW DVVHWV LQ LOOLTXLG LQY  
SURPSWO\ RI SRVLWLRQV LQ GHFOLQLQJ PDUNHWV PD\ FDXVH D )XQG Q  
DUH PDUNHG WR ORZHU SULFHV ,Q DGGLWLRQ WKHVH VHFUXULWLHV PDUN  
VLJQLILFDQW EORFN RI VHFUXULWLHV \$OVR VWRFNURNHUV DQG RWKHU  
ZD\ DV WKHLU FRXQWHUSDUWV LQ WKH 8QLWHG 6WDWHV DQG RWKHU PRUH  
DFTXLUH LQYHVWPHQWV PD\ EH DIIHFWHG E\ WUDGLQJ E\ SHUVRQV ZLWK  
E\ EURNHUV LQ DQWLFLSDWLRQ RI WUDQVDFWLRQV E\ WKH )XQG LQ SDUW

6WDWHV 7KHVH IDFWRUV FRPELQHG ZLWK WKH 8 6 UHJXODWRU\ UHTXLU  
IHZHU LQYHVWPHQW RSSRUWXQLWLHV IRU WKH )XQG DQG PD\ KDYH DQ DG

ODQ\ RI WKH GHYHORSLOJ PDUNHW \$VLD 3DFLILF FRXQWULHV PD\ EH  
VRFLDO LQVWDELWLW\ WKDQ LV WKH FDVH LQ WKH 8QLWHG 6WDWHV DQG :  
RWKHU WKLQJV L DXWKRULWDULDQ JRYHUQPHQWV RU PLOLWDU\ LQYROY  
FKDQJHV LQ JRYHUQPHQW WKURXJK H[WUD FRQVWLWXWLRQDO PHDQV LL  
HFRQRPLF DQG VRFLDO FRQGLWLRQV LLL LQWHUQDO LQVXUJHQFLHV LY  
UHOLJLRXV DQG UDFLDO GLVDIIHFWLRQ 3XEOLF KHDOWK FULVHV RU PDMF  
HFRQRP\ RI FHUWDLQ \$VLDQ 3DFLILF FRXQWULHV 2XWEUHDNV RI FRQWJ  
FRPPRQO\ NQRZQ DV 6\$56 0(56 DQG &RYLG &RURQDYLUXV PD\ UHGXF  
KDYH WKH SRWHQWLDO WR H[DFHUEDWH PDUNHW ULNV VXFK DV YRODWL  
GRPHVWLFDOO\ RU DEURDG ,Q DGGLWLRQ WKH JRYHUQPHQWV RI PDQ\ R  
UHJXODWLQJ DQG VXSHUYLVLQJ WKH HFRQRP\ \$QRWKHU ULVN FRPPRQ WR  
RULHQWHG DQG DFFRUGLQJO\ LV GHSHQGHQW XSRQ LQWHUQDWLRQDO W  
ILQDQFLDO V\VWHPV DOVR SUHVHQWV ULNV LQ FHUWDLQ FRXQWULHV DV  
VLJQLILFDQW GHJUHH XSRQ H[SRUWV RI SULPDU\ FRPPRGLWLHV DQG WKH  
WXUQ PD\ EH DIIHFWHG E\ D YDULHW\ RI IDFWRUV

\*RYHUQPHQWV RI PDQ\ GHYHORSLOJ PDUNHW \$VLD 3DFLILF FRXQWULHV  
LQIOXHGFH RYHU PDQ\ DVSHFWV RI WKH SULYDWH VHFWRU ,Q FHUWDLQ F  
WKH ODUJHVW LQ WKH FRXQWU\ \$FFRUGLQJO\ JRYHUQPHQW DFWLRQV LQ  
LQ GHYHORSLOJ PDUNHW \$VLD 3DFLILF FRXQWULHV ZKLFK FRXOG DIIHFW  
RI VHFUXLWLHV LQ WKH )XQG SRUWIROLR ,Q DGGLWLRQ HFRQRPLF VW  
UHOLDEOH WKDQ HFRQRPLF VWDWLWLVFV RI PRUH GHYHORSHG QDWLRQV

,QYHVWPHQWV WKURXJK 6WRFN (BRQDQJW) DUNHWV )XQG PD\ LQYHVW  
WKH 6KDQJKDL 6WRFN ([FKDQJH DQG WKH 6KHQ]KHQ 6WRFN ([FKDQJH WKU  
WKH 6KHQ]KHQ +RQJ .RQJ 6WRFN &RQQHFW 3URJUDP WRJHWKHU 26WRFN  
ZKLFK SDUWLFLSDWH LQ 6WRFN &RQQHFW IURP WLPH WR WLPH RU LQ WKH

JDLQV IURP LQYHVWPHQWV LQ 6WRFN &RQQHFW \$ VKDUHV FRXOG UHVXOW  
ODUNHWV )XQG

7KH 9DQ(FN 9,3 (PHUJLQJ ODUNHWV )XQG PD\ WKURXJK WKH 6WRFN &  
PDUNHW DQG 67\$5 %RDUG RI WKH 6=6( /LVWHG FRPSDQLHV RQ WKH &KL1H  
QDWXUH ZLWK VPDOO VWRUHSFRPSDQLHVFRDOWKH &KL1H[W ODUNHW DQG 67\$5  
IOXFXWDWLRQ OLPLWV DQG GXH WR KLJKHU HQWU\ WKUHVKROGVWRU LQYH  
DUH VXEWHFW WR KLJKHU IOXFXWDWLRQ LQ VWRFN SULFHV DQG OLTXLGLV  
WKH PDLQ ERDUG RI WKH 6=6( 6HFXULWLHV OLVWHG RQ WKH &KL1H[W 0DU  
PD\ QRW EH VXVWDLQDEOH 6WRFN SULFHV PD\ EH PRUH VXVFHSWLEOH WF  
FRPPRQ DQG IDVWHU IRU FRPSDQLHV OLVWHG RQ WKH &KL1H[W WR GHOLV  
(PHUJLQJ ODUNHWV )XQG LI WKH FRPSDQLHV WKDW LW LQYHVWV LQ DUH G  
OLVWHG RQ &KL1H[W ODUNHW DQG 67\$5 %RDUG DUH OHVV VWULQJHQW LQ  
ERDUG ,QYHVWPHQWV LQ WKH &KL1H[W ODUNHW DQG 67\$5 %RDUG PD\ UHV  
ODUNHWV )XQG DGG\$5WRDOWGHVWBUVHZO\ HVDDEOLVKHG ERDUG DQG PD\ K  
GXULQJ WKH LQLWLDV WDJH ,QYHVWPHQWV LQ 67\$5 ERDUG PD\ EH FRQF  
KLJKHU FRQFHQWUDWLRQ ULVN

7KH 6WRFN &RQQHFW RQO\ RSHUDWHV RQ GD\ V ZKHQ ERWK WKH 35& D  
EDQNV LQ ERWK PDUNHWV DUH RSHQ RQ WKH FRUHVSRQGLQJ VHWWOHPH  
QRUPDO WUDGLQJ GD\ IRU WKH 35& PDUNHW EXW WKH )XQG FDQQRW FDUU  
)XQG PD\ EH VXEWHFW WR D ULVN RI SULFH IOXFXWDWLRQV LQ &KLQD \$ 6K  
WUDGLQJ DV D UHVXOW

35& UHJXODWLRQV UHTXLUH WKDW EHIRUH DQ LQYHVWRU VHOOV DQ\  
RWKHUZLVH WKH 66( RU 6=6( ZLOO UHMFW WKH VHOO RUGHU FRQFHUQH  
RUGHUV RI LWV SDUWLFLSDQWV L H WKH VWRFN EURNHUV WR HQVXUH W  
6KDUHV LW KROGV LW PXVW WUDQVIHU WKRVH &KLQD \$ 6KDUHV WR WKH U  
GD\ RI VHOOLQJ <sup>2</sup>WUDGLQJ GD\<sup>3</sup> ,I LW IDLOV WR PHHW WKLV GHDGOLQH  
RI WKLV UHTXLUPHQW WKH )XQG PD\ QRW EH DEOH WR GLVSRVH RI LWV

7KH 6WRFN &RQQHFW SURJUDP LV D UHODWLYHO\ QHZ SURJUDP DQG  
7KHUH FDQ EH QR DVVXUDQFH DV WR WKH SURJUDPµV FRQLQXHG H[LVWH  
UHVWULFW RU DGYHUVHO\ DIIHFV WKH 9DQ(FN 9,3 (PHUJLQJ ODUNHWV )XQ  
LQWHUSUHDWLRQ RI WKH ODZV DQG UHJXODWLRQV RI +RQJ .RQJ DQG WK  
E\ UHOHYDQW UHJXODWRUV DQG H[FKDQJHV LQ UHVSHFW RI WKH 6WRFN &  
HIIHFV RQ WKH 9DQ(FN 9,3 (PHUJLQJ ODUNHWV )XQGµV LQYHVWPHQWV DQ  
SRWHQWLDU UHWURVSHFWLYH HIIHFV 7KHUH FDQ EH QR DVVXUDQFH WKD  
&KLQD PDUNHWV WKURXJK WKH 6WRFN &RQQHFWV PD\ DGYHUVHO\ DIIHFV  
FKDQJHV

,QYHVWPHQWV WKURXJK9DQ(FN &RQQHFWµV JLQJ ODUNHWV %RQG )XQG PD  
<sup>2</sup>50%<sup>3</sup> GHQRPLQDWHG ERQGV LVVXH LQ WKH 35& E\ &KLQHVH FUHGLW J  
%RQGV<sup>3</sup> 50% %RQGV DUHDYDLODEOH WKURXJK WKH <sup>2</sup>0XWXDO %RQG ODUN  
.RQJ<sup>3</sup> <sup>2</sup>%RQG &RQQHFW<sup>3</sup> SURJUDP 7KH 9DQ(FN 9,3 (PHUJLQJ ODUNHWV %R  
QXPEHU RI DGGLWLRQDO ULVNV DQG UHVWULFWLRQV WKDW PD\ DIIHFV WK  
UHWXUQV

%RQG &RQQHFWµV (FLN 19)3 (PHUJLQJ ODUNHWV %RQG )XQG RQO\  
HFDV

7KH <sup>2</sup>0XWXDO %RQG ODUNHW \$FFHVV EHWZHHQ 0DLQODQG &KLQD DQG  
LQLWLDWLYH HVDDEOLVKHG E\ &KLQD )RUHLJQ ([FKDQJH 7UDGH 6\ VWHP  
6KDQJKDL &OHDULQJ +RXVH <sup>2</sup>6+&+<sup>3</sup> DQG +RQJ .RQJ ([FKDQJHV DQG &OHD  
8QLW <sup>2</sup>&08<sup>3</sup> RI WKH +RQJ .RQJ 0RQHWDU\ \$XWKRULW\ <sup>2</sup>+0\$<sup>3</sup> WR IDFLOLV  
WR WUDGH LQ HDFK RWKHUµV ERQG PDUNHWV WKURXJK FRQFHFWLRQ EHW

/DZV UXOHV UHJXODWLRQV SROLFLHV QRWLFHV FLUFXODUV RU JX



7KH ,QGLDQ VHFUXULWLHV PDUNHWV DUH VPDOOHU DQG OHVV OLTXLG  
VXEMHFW WR JUHDWHU SULFH YRODWLWLW\ ,VVXHUV LQ ,QGLD DUH VXEM  
ILQDQFLDO UHSRUWLQJ WKDQ DUH LVVXHUV LQ PRUH GHYHORSHG PDUNHW  
UHQDEOH ,QGLD DOVR KDV OHVV GHYHORSHG FOHDUDQFH DQG VHWWOHF  
EHHQ XQDEOH WR NHHS SDFH ZLWK WKH YROXPH RI VHFUXULWLHV DQG KDV

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\$OWKRXJK WKH )XQGV YDOXH WKHLU DVVHWV GDLO\ LQ WHUPV RI 8 6  
KROGLQJV RI IRUHLJQ FXUUHQFLHV LQWR 8 6 GROOMUV RQ D GDLO\ EDVLY  
EH DZDUH RI WKH FRVWV RI FXUUHQF\ FRQYHUVLRQ \$OWKRXJK IRUHLJQ H  
UHDOL]H D SURILW EDVHG RQ WKH GLIIHUHQFH WKH <sup>2</sup>VSUHDG<sup>3</sup> EHWZHHQ  
FXUUHQFLHV 7KXV D GHDOHU PD\ RIIHU WR VHOO D IRUHLJQ FXUUHQF\ W  
VKRXOG WKH )XQGV GHVLUH WR UHVHOO WKDW FXUUHQF\ WR WKH GHDOHU  
IRUHLJQ H[FKDQJH VZDSV DQG SXW DQG FDOO RSWLRQV DOO W\SHV RI GH  
JHQHUDOO\ FRQGXFW WKHLU IRUHLJQ FXUUHQF\ H[FKDQJH WUDQVDFWLRQ  
WKH IRUHLJQ FXUUHQF\ H[FKDQJH PDUNHW RU WKURXJK SXUFKDVLRQ SXW  
IRUZDUG FRQWUDFWV WR SXUFKDVH RU VHOO IRUHLJQ FXUUHQFLHV 6HH

&KDQJHV LQ FXUUHQF\ H[FKDQJH UDWHV PD\ DIIHFV WKH )XQGVµ QHW  
DEOH WR DQWLFLSDWH FXUUHQF\ IOXFWXDWLRQV LQ H[FKDQJH UDWHV DFI  
LQWR KHGJLQJ WUDQVDFWLRQV WR DWWHPSW WR PRGHUDWH WKH HIIHFV  
FDOO RSWLRQV RQ RU HQWHU LQWR IXWXUHV FRQWUDFWV RU IRUZDUG F  
)XQGVµV ORVVHV RQ D VHFUXLW\ ZKHQ D IRUHLJQ FXUUHQF\µV YDOXH FKDQ  
FXUUHQF\ GRHV QRW HOLPLQDWH IOXFWXDWLRQV LQ WKH SULFHV RI SRUW  
GHFOLQH )XUWKHUPRUH VXFH KHGJLQJ WUDQVDFWLRQV UHGXFH RU SUHF  
VKRXOG FKDQJH UHODWLYH WR WKH RWKHU FXUUHQF\ )LQDOO\ ZKHQ WK  
D SRUWIROLR VHFUXLW\ WR KHGJH DJDLQVW DGYHUVH PRYHPHQWV LQ WK  
LV VXEVTXHQWO\ GHHPHG XQGHVLUDEOH D )XQG PD\ LQFXU D JDLQ RU C

7KH)XQGV PD\ HQWHU LQWR IRUZDUG FRQWUDFWV WR GXSOLFDWH D  
:DUUDQWV DQG 6XEVFULSWLRQ 5LJKWV <sup>3</sup>

\$ )XQG PD\ EXW LV QRW UHTXLUH WR HQJDJH LQ WKHVH WUDQVDFV  
IXWXUH IRUHLJQ H[FKDQJH UDWHV LQ WKH SXUFKDVH DQG VDOH RI VHFUX  
FXUUHQF\ IRUZDUG FRQWUDFWV WR LQFUHDVH H[SRVXUH WR D IRUHLJQ FX  
RQH FRXQWU\ WR DQRWKHU 6XLWDEOH FXUUHQF\ KHGJLQJ WUDQVDFWLRQ  
GHFLGH QRW WR XVH KHGJLQJ WUDQVDFWLRQV WKDW DUH DYDLODEOH

,Q WKRVH VLWXDWLRQV ZKHUH IRUHLJQ FXUUHQF\ RSWLRQV RU IXWX  
UHDGLO\ SXUFKDVHG RU ZKHUH WKH\ PD\ EH GHHPHG LOOLTXLG RU XQDW  
WKH KHGJH PD\ EH REWDLQHG E\ SXUFKDVLRQ RU VHOOHQJ DQ RSWLRQ IX  
7KHUH FDQ EH QR DVVXUDQFHV WKDW WKH H[FKDQJH UDWH RU WKH SULPD  
UHODWLRQV KLS EHWZHHQ WKH KHGJH VHFUXLW\ DQG WKH KHGJLQJ LQVW  
UHODWLRQV KLS GRHV QRW FRQLQXH D ORVV PD\ UHVXOW WR D )XQG RQ

\$ IRUZDUG IRUHLJQ FXUUHQF\ H[FKDQJH FRQWUDFW LQYROYHV DQ RE  
GDWH ZKLFK PD\ EH DQ\ IL[HG QXPEHU RI GD\ V IURP WKH GDWH RI WKH F  
RI WKH FRQWUDFW \$OWKRXJK IRUZDUGV DUH LQWHQGHG WR PLQLPL]H W  
FXUUHQFLHV DW WKH VDPH WLPH WKH\ WHQG WR OLPLW DQ\ SRWHQWLD  
LQFUHDVH

,I D )XQG UHWDLQV WKH SRUWIROLR VHFUXULW\ DQG HQJDJHV LQ DQ R  
WKH H[WHQW WKDW WKHUH KDV EHHQ PRYHPHQW LQ IRUZDUG FRQWUDFW  
ULVN RI ORVV GXH WR D GHFOLQH LQ WKH YDOXH RI WKH KHGJHG FXUUHQ  
PLJKW UHVXOW VKRXOG WKH YDOXH RI VXFK FXUUHQF\ LQFUHDVH

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7KH )XQGV PD\ WDNH DGYDQWDJH RI RSSRUWXQLWLHV LQ WKH DUHD  
ZDUUDQWV VZDSV DQG DQ\ RWKHU LQYHVWPHQWV ZKLFK DUH QRW SUHVH  
EXW ZKLFK PD\ EH GHYHORSHG WR WKH H[WHQW VXFK LQYHVWPHQWV DUH

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\*OREDO UHVRXUFHV VHFUXULWLHV LQFOXGH VHFUXULWLHV RI JOREDO U  
IURP JOREDO UHVRXUFHV \*OREDO 5HVRXFHV LQFOXGH SUHFLRXV PHWDOV  
EXW QRW OLPLWHG WR JDV SHWUROHXP SHWURFKHPLFDQV DQG RWKHU  
JHRWKHUPDO RU ELRIXHO QDWXUDO UHVRXUFHV DQG RWKHU FRPPRGLW  
GLUHFWO\ RU LQGLUHFWO\ DW OHDVW RI LWV UHYHQXHV IURP H[SORU  
SURFHVVHV UHODWLQJ WR JOREDO UHVRXUFHV

6LQFH WKH PDUNHW DFWLRQ RI JOREDO UHVRXUFHV VHFUXULWLHV PD\  
LQGXVWULDO VKDUHV WKH DGGLWLRQ RI VXFK VHFUXULWLHV WR DQ RYHU  
RI VXFK D SRUWIROLR ~~7KH OREDO UHVRXUFHV RI JOREDO UHVRXUFHV~~ (DQ1E QFUHDVH  
ZLOO EH DFKLHYHG \*OREDO UHVRXUFHV VHFUXULWLHV DUH DIIHFWHG E\ PD\  
PD\ FDXVH D GHFOLQH LQ WKH PDUNHW LQFOXGLQJ JOREDO UHVRXUFH V  
IXQGDPHQWDO SROLF\ RI FRQFHQWUDWLQJ LQ <sup>2</sup>JOREDO UHVRXUFH<sup>3</sup> LQGXV  
)XQGV DVVHWV PD\ EH LQYHVWHG LQ DQ\ RQH RI WKH DERYH VHFWRUV <sup>3</sup>  
YRODWLOH DQG WKHUH PD\ EH VKDUS IOXFWXDWLRQV LQ SULFHV HYHQ G

+('\*,1\*

+HGJLQJ LV D VWUDWHJ\ LQ ZKLFK D GHULYDWLYH RU RWKHU LQVWUX  
RWKHU )XQG KROGLQJV /RVVHV RQ WKH RWKHU LQYHVWPHQW PD\ EH VXE  
RSSRVLWH PDQQHU WR PDUNHW PRYHPHQWV +HGJLQJ FDQ UHGXFH RU HO  
GLIIHUHQW IURP WKDW DQWLFLSDWHG SH(W)1(Q)(R)(I)(L)1(WO)(D)1 340.32001Td[(C



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7KH )XQGV PD\ LQYHVW LQ LQGH[HG VHFXULWLHV L H VWUXFWXUHG  
RQH RU PRUH FXUUHQFLHV LQWHUHVW UDWHV FRPPRGLWLHV RU ILQDQF



2WKHU HTXLW\ VHFUXULWLHV LQ ZKLFK WKH 9DQ(FN 9,3 \*OREDO 5HVRX  
SDUWQHUVKLSV 20/3V<sup>3</sup> 0/3V DUH OLPLWHG SDUWQHUVKLSV LQ ZKLFK WKH  
UHJLVWHUHG ZLWK WKH 6(& DQG DUH IUHHO\ WUDGHG RQ D VHFUXULWLHV H  
SURSHUWLHV RU EXVLQHVVHV RU RZQ LQWHUHVWV WKDW DUH UHODWHG  
GHYHORSPHQW DQG RWKHU SURMHFWV \*HQHUDOO\ DQ 0/3 LV RSHUDWHG  
SDUWQHUV /LPLWHG SDUWQHUV DUH QRW LQYROYHG LQ WKH GD\ WR GD\  
DUH JHQHUDOO\ WKRVLH LQYROYHG LQ LQYHVWLQJ LQ D SDUWQHUVKLS DV  
LQYROYH ULVNV WKDW GLIIHU IURP DQ LQYHVWPHQW LQ FRPPRQ VWRFN +  
OLPLWHG ULJKWV WR YRWH RQ PDWWHUV DIIHFWLQJ WKH SDUWQHUVKLS  
RI 0/3V ,Q DGGLWLRQ FRQIOLFWV RI LQWHUHVW PD\ H[LVW EHWZHHQ FRP  
SDUWQHUV RI DQ 0/3 LQFOXGLQJ D FRQIOLFW DULVLQJ DV D UHVXOW RI LQ

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2SWLRQV 7UDQD(DF)WQRQPD\ SXUFKDVH DQG VHOO ZULWH H[FKDQJH V  
GRPHVLF DQG IRUHLJQ VHFUXULWLHV IRUHLJQ FXUUHQFLHV VWRFN DQG  
5HVRXUFHV )XQG PD\ DOVR EX\ DQG VHOO RSWLRQV OLQNHG WR WKH SULF

3XUFKDVHQJ &DOO (DQK 3XQG2BD)LRQVHVW XS WR RI LWV WRWDO DV  
RSWLRQV 7KH SXUFKDVH RI D FDOO RSWLRQ ZRXOG HQDEOH D )XQG LQ U  
VHFUXULW\ RU FXUUHQF\ GXULQJ WKH WHUP RI WKH RSWLRQ 7KH SXUFKDV  
SDLG WR ORFN LQ D SULFH DW ZKLFK LW PD\ VHOO D VHFUXULW\ RU FXUUH  
SXUFKDVHG IURP RU VROG ZULWWHQ WR GHDOHUV RU ILQDQFLDO LQVWL  
27& RSWLRQV VXFK YDULDEOHV DV H[SLUDWLRQ GDWH H[HUFLVH SULFH D  
WUDQVDFWLQJ GHDOHU

7KH SULQFLSDO IDFWRUV DIIHFWLQJ WKH PDUNHW YDOXH RI D SXW R  
FXUUHQW PDUNHW SULFH RI WKH XQGHUO\LQJ VHFUXULW\ RU LQGH[ LQ UHO  
XQGHUO\LQJ VHFUXULW\ RU LQGH[ DQG WKH WLPH UHPDLQLQJ XQWLO WKH  
GHSHQGV RQ WKH DELOLW\ RI WKH \$GYLVHU WR IRUHFDVW FRUHFWO\ LQ

:KHQ D )XQG VHOOV SXW RU FDOO RSWLRQV LW KDV SUHYLRXVO\ SXU  
RQ ZKHUWKHU WKH DPRXQW UHDOLJHG RQ WKH VDOH LV PRUH RU OHVV WKD  
RSWLRQ ZKLFK LV VROG 7KHUH LV QR DVVXUHQFH WKDW D OLTXLG VHFRR  
RSWLRQV ,Q WKH HYHQW RI WKH EDQNUXSWF\ RI D EURNHU WKURXJK ZKL  
H[SHULHQFH GHOD\V DQG RU ORVVHV LQ OLTXLGDWLQJ RSHQ SRVLWLRQV  
SDUW RI LWV PDUJLQ GHSRVLWV ZLWK WKH EURNHU ,Q WKH FDVH RI 27& I  
WKH VHFUXULWLHV XQGHUO\LQJ DQ RSWLRQ LW KDV ZULWWHQ LQ DFFRUGD  
)XQG ZRXOG ORVH WKH SUHPLXP SDLG IRU WKH RSWLRQ DV ZHOO DV DQ\ D  
LQ DQ RSWLRQ SXUFKDVHG E\ D )XQG WKH )XQG ZRXOG QRW EH DEOH WR  
WKH )XQG PLJKW EH XQDEOH WR H[HUFLVH DQ RSWLRQ LW KDV SXUFKDVH

\$ FDOO RSWLRQ RQ D IRUHLJQ FXUUHQF\ JLYHV WKH SXUFKDVHU RI W  
SULFH XQWLO WKH RSWLRQ H[SLUHV \$ SXW RSWLRQ RQ D IRUHLJQ FXUUH  
FXUUHQF\ DW WKH H[HUFLVH SULFH XQWLO WKH RSWLRQ H[SLUHV 7KH PD  
)XQGμV DELOLW\ WR HVWDEOLVK DQG FORVH RXW SRVLWLRQV RQ VXFK RS  
&XUUHQF\ RSWLRQV (W) (D) (G) (K) (Q) (R) (S) (T) (U) (V) (W) (X) (Y) (Z) (AA) (AB) (AC) (AD) (AE) (AF) (AG) (AH) (AI) (AJ) (AK) (AL) (AM) (AN) (AO) (AP) (AQ) (AR) (AS) (AT) (AU) (AV) (AW) (AX) (AY) (AZ) (BA) (BB) (BC) (BD) (BE) (BF) (BG) (BH) (BI) (BJ) (BK) (BL) (BM) (BN) (BO) (BP) (BQ) (BR) (BS) (BT) (BU) (BV) (BW) (BX) (BY) (BZ) (CA) (CB) (CC) (CD) (CE) (CF) (CG) (CH) (CI) (CJ) (CK) (CL) (CM) (CN) (CO) (CP) (CQ) (CR) (CS) (CT) (CU) (CV) (CW) (CX) (CY) (CZ) (DA) (DB) (DC) (DD) (DE) (DF) (DG) (DH) (DI) (DJ) (DK) (DL) (DM) (DN) (DO) (DP) (DQ) (DR) (DS) (DT) (DU) (DV) (DW) (DX) (DY) (DZ) (EA) (EB) (EC) (ED) (EE) (EF) (EG) (EH) (EI) (EJ) (EK) (EL) (EM) (EN) (EO) (EP) (EQ) (ER) (ES) (ET) (EU) (EV) (EW) (EX) (EY) (EZ) (FA) (FB) (FC) (FD) (FE) (FF) (FG) (FH) (FI) (FJ) (FK) (FL) (FM) (FN) (FO) (FP) (FQ) (FR) (FS) (FT) (FU) (FV) (FW) (FX) (FY) (FZ) (GA) (GB) (GC) (GD) (GE) (GF) (GG) (GH) (GI) (GJ) (GK) (GL) (GM) (GN) (GO) (GP) (GQ) (GR) (GS) (GT) (GU) (GV) (GW) (GX) (GY) (GZ) (HA) (HB) (HC) (HD) (HE) (HF) (HG) (HH) (HI) (HJ) (HK) (HL) (HM) (HN) (HO) (HP) (HQ) (HR) (HS) (HT) (HU) (HV) (HW) (HX) (HY) (HZ) (IA) (IB) (IC) (ID) (IE) (IF) (IG) (IH) (II) (IJ) (IK) (IL) (IM) (IN) (IO) (IP) (IQ) (IR) (IS) (IT) (IU) (IV) (IW) (IX) (IY) (IZ) (JA) (JB) (JC) (JD) (JE) (JF) (JG) (JH) (JI) (JJ) (JK) (JL) (JM) (JN) (JO) (JP) (JQ) (JR) (JS) (JT) (JU) (JV) (JW) (JX) (JY) (JZ) (KA) (KB) (KC) (KD) (KE) (KF) (KG) (KH) (KI) (KJ) (KL) (KM) (KN) (KO) (KP) (KQ) (KR) (KS) (KT) (KU) (KV) (KW) (KX) (KY) (KZ) (LA) (LB) (LC) (LD) (LE) (LF) (LG) (LH) (LI) (LJ) (LK) (LL) (LM) (LN) (LO) (LP) (LQ) (LR) (LS) (LT) (LU) (LV) (LW) (LX) (LY) (LZ) (MA) (MB) (MC) (MD) (ME) (MF) (MG) (MH) (MI) (MJ) (MK) (ML) (MN) (MO) (MP) (MQ) (MR) (MS) (MT) (MU) (MV) (MW) (MX) (MY) (MZ) (NA) (NB) (NC) (ND) (NE) (NF) (NG) (NH) (NI) (NJ) (NK) (NL) (NM) (NO) (NP) (NQ) (NR) (NS) (NT) (NU) (NV) (NW) (NX) (NY) (NZ) (OA) (OB) (OC) (OD) (OE) (OF) (OG) (OH) (OI) (OJ) (OK) (OL) (OM) (ON) (OO) (OP) (OQ) (OR) (OS) (OT) (OU) (OV) (OW) (OX) (OY) (OZ) (PA) (PB) (PC) (PD) (PE) (PF) (PG) (PH) (PI) (PJ) (PK) (PL) (PM) (PN) (PO) (PP) (PQ) (PR) (PS) (PT) (PU) (PV) (PW) (PX) (PY) (PZ) (QA) (QB) (QC) (QD) (QE) (QF) (QG) (QH) (QI) (QJ) (QK) (QL) (QM) (QN) (QO) (QP) (QQ) (QR) (QS) (QT) (QU) (QV) (QW) (QX) (QY) (QZ) (RA) (RB) (RC) (RD) (RE) (RF) (RG) (RH) (RI) (RJ) (RK) (RL) (RM) (RN) (RO) (RP) (RQ) (RR) (RS) (RT) (RU) (RV) (RW) (RX) (RY) (RZ) (SA) (SB) (SC) (SD) (SE) (SF) (SG) (SH) (SI) (SJ) (SK) (SL) (SM) (SN) (SO) (SP) (SQ) (SR) (SS) (ST) (SU) (SV) (SW) (SX) (SY) (SZ) (TA) (TB) (TC) (TD) (TE) (TF) (TG) (TH) (TI) (TJ) (TK) (TL) (TM) (TN) (TO) (TP) (TQ) (TR) (TS) (TT) (TU) (TV) (TW) (TX) (TY) (TZ) (UA) (UB) (UC) (UD) (UE) (UF) (UG) (UH) (UI) (UJ) (UK) (UL) (UM) (UN) (UO) (UP) (UQ) (UR) (US) (UT) (UU) (UV) (UW) (UX) (UY) (UZ) (VA) (VB) (VC) (VD) (VE) (VF) (VG) (VH) (VI) (VJ) (VK) (VL) (VM) (VN) (VO) (VP) (VQ) (VR) (VS) (VT) (VU) (VV) (VV) (VW) (VX) (VY) (VZ) (WA) (WB) (WC) (WD) (WE) (WF) (WG) (WH) (WI) (WJ) (WK) (WL) (WM) (WN) (WO) (WP) (WQ) (WR) (WS) (WT) (WU) (WV) (WW) (WX) (WY) (WZ) (XA) (XB) (XC) (XD) (XE) (XF) (XG) (XH) (XI) (XJ) (XK) (XL) (XM) (XN) (XO) (XP) (XQ) (XR) (XS) (XT) (XU) (XV) (XW) (XZ) (YA) (YB) (YC) (YD) (YE) (YF) (YG) (YH) (YI) (YJ) (YK) (YL) (YM) (YN) (YO) (YP) (YQ) (YR) (YS) (YT) (YU) (YV) (YW) (YX) (YY) (YZ) (ZA) (ZB) (ZC) (ZD) (ZE) (ZF) (ZG) (ZH) (ZI) (ZJ) (ZK) (ZL) (ZM) (ZN) (ZO) (ZP) (ZQ) (ZR) (ZS) (ZT) (ZU) (ZV) (ZW) (ZX) (ZY) (ZZ)

'XULQJ WKH RSWLRQ SHULRG WKH )XQG JLYHV XS LQ UHWXUQ IRU W  
DSSUHFLDWLRQ DERYH WKH H[HUFLVH SULFH VKRXOG WKH PDUNHW SULFH  
FXUUHQF\ LQFUHDVH EXW UHWDLQV WKH ULVN RI ORVV VKRXOG WKH SUL  
FXUUHQF\ GHFOLQH

)XWXUHV &RQWUDFWV

:DUUDQWV DQG 6XEVRUHSXUHQV\ULJKWV\HVVW LQ ZDUUDQWV ZKLFK DUH  
REOLJDWH WKH KROGHU WR VXEVFULEH IRU RWKHU VHFUXULWLHV 6XEVFU  
GXUDWLRQ DQG DUH GLVWULEXWHG GLUHFWO\ E\ WKH LVVXHU WR LWV VK  
DQG GR QRW KDYH YRWLQJ ULJKWV OLNH FRPPRQ VWRFN 7KH\ DOVR GR Q  
ZDUUDQWV DQG ULJKWV PD\ EH FRQVLGHUHG PRUH VSHFXODWLYH WKDQ G  
ULJKWV GR QRW QHFHVVDULO\ FKDQJH ZLWK WKH YDOXH RI WKH XQGHUO\  
H[HUFLVHG SULRU WR WKHLU H[SLUDWLRQ GDWHV

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6HFXULWLHV SDLG IRU RQ DQ LQVWDOOPHQW EDVLV \$ SDUWO\ SDLG  
EX\HU ²WDNHV RYHU SD\PHQWV ³ 7KH EX\HUµV ULJKWV DUH W\SLFDOO\ UH  
SDLG VHFUXULW\ GHFOLQHV EHIRUH D )XQG ILQLVKHV SD\LQJ IRU LW WKH  
DV D UHVXOW PD\ LQFXU D ORVV

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7KH )XQGV PD\ DFTXLUH HTXLW\ VHFUXULWLHV RI DQ LVVXHU WKDW DU  
3,3( WUDQVDFWLRQ LQFOXGLQJ RQ D ZKHQ LVVXHG EDVLV 6HH ²:KHQ \$  
RI FDK RU KLJK TXDOLW\ VHFUXULWLHV HTXDO RQ D GDLO\ PDUN WR PDUN  
LVVXHG VHFUXULWLHV 3,3( WUDQVDFWLRQV W\SLFDOO\ LQYROYH WKH SXUF  
DILOLDWHV LQ D SULYDWH SODFPHQW WUDQVDFWLRQ W\SLFDOO\ DW D  
²LUHFV ,QYHVPHQWV ³ 7KHUH LV D ULVN WKDW LI WKH PDUNHW SULFH R  
KDYH WR LVVXH DGGLWLRQDO VWRFN DW D VLJQLILFDQWO\ UHGXFHG SULF  
3,3(6 JHQHUDOO\ DUH QRW UHJLVWHUHG ZLWK WKH 6(& XQWLO DIWHU D FH  
7KLV UHVWULFWHG SHULRG FDQ ODVW PDQ\ PRQWKV 8QWLO WKH SXEOLF  
DQG D )XQG FDQQRW IUHHO\ WUDGH WKH VHFUXULWLHV \*HQHUDOO\ VXF  
PD\ FRQWDLQ SURYLVLQRV WKDW WKH LVVXHU ZLOO SD\ VSHFLILHG ILQDQ  
WKH UHVWULFWHG HTXLW\ VHFUXULWLHV ZLWKLQ D VSHFLILHG SHULRG RI V  
EH SXEOLFO\ UHJLVWHUHG RU WKDW WKH UHJLVWUDWLRQ ZLOO UHPDLQ L

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7KH )XQGV PD\ LQYHVW LQ SUHIHUHG VWRFN 3UHIHUHG VWRFN UH  
HQWLWOHV WKH KROGHU WR UHFHLYH LQ SUHIHUHQFH WR WKH KROGHUV  
WKH SURFHGGV UHVXOWLQJ IURP D OLTXLGDWLRQ RI WKH FRPSDQ\ 6RPH  
OLTXLGDWLRQ SURFHGGV RQ WKH VDPH EDVLV DV KROGHUV RI D FRPSDQ\  
LQ WKDW FRPSDQ\

3UHIHUHG VWRFN PD\ SD\ IL[HG RU DGMXVWDEOH UDWHV RI UHWXU  
ULVNV DSSOLFDEOH JHQHUDOO\ WR HTXLW\ VHFUXULWLHV ,Q DGGLWLRQ D  
FRPSDQ\ PDNHV UHTXLUH SD\PHQWV WR KROGHUV RI LWV ERQGV DQG RW  
XVXDOO\ UHDFW PRUH VWURQJO\ WKDQ ERQGV DQG RWKHU GHEW WR DFW\  
SURVSHFWV 3UHIHUHG VWRFN RI VPDOOHU FRPSDQLHV PD\ EH PRUH YXO  
FRPSDQLHV

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7KH )XQGV PD\ QRW SXUFKDVH RU VHOO UHDO HVWDWH H[FHSW WKDV  
UHDO HVWDWH RU LQWHUHVW WKHUHLQ 7KHVH LQFOXGH HTXLW\ VHFUXUL  
LQGXFVWU\ FRPSDQLHV RU FRPSDQLHV ZLWK VXEVWDQWLDO UHDO HVWDWH  
PRUH WKDQ RI LWV DVVHWV LQ VXFV VHFUXULWLHV 7KH )XQGV DUH WKH  
RI UHDO HVWDWH DQG ZLWK WKH UHDO HVWDWH LQGXFVWU\ LQ JHQHUDO 7  
UHDO HVWDWH SRVVLEOH ODFN RI DYDLODELOLW\ RI PRUWJDJH IXQGV H  
HFRQRPLF FRQGLWLRQV RYHUEXLOGLQJ LQFUHDVHV LQ FRPSHWLWLRQ S  
FRVWV UHVXOWLQJ IURP WKH FOHDQ XS RI DQG OLDELOLW\ WR WKLUG SD  
RU FRQGHQDWRQ ORVVHV XQLQVXUH GDPDJHV IURP IORRGV HDUWKT  
UHQWV DQG FKDQJHV LQ LQWHUHVW UDWHV

5(,7V DUH SRROHG LQYHVPHQW YHKLFOHV ZKR VH DVVHWV FRQVLVW  
5(,7V DUH JHQHUDOO\ FODVVLILHG DV HTXLW\ 5(,7V PRUWJDJH 5(,7V RU K





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7KH )XQGV PD\ OHQG VHFXULWLHV WR DSSURYHG ERUURZHUV LQFOX  
6WUHHW %DQN DQG 7UXVW &RPSDQ\ <sup>2</sup>6WDWH 6WUHHW<sup>3</sup> 6HFXULWLHV OHG  
DQG DW WKH VDPH WLPH HDUQ DGGLWLRQDO LQFRPH 7KH ERUURZHU SU  
IRU IRUHLJQ VHFXULWLHV RI WKH YDOXH RI WKH VHFXULWLHV ORDQHG &  
UHFHLYHG DV FROODWHUDO WKURXJK ORDQ WUDQVDFWLRQV LV JHQHUDOC  
VXEMHFWV WKDW LQYHVWPHQW DV ZHOO DV WKH VHFXULWLHV ORDQHG V  
VHFXULWLHV LVVXH RU JXDUDQWHHG E\ WKH 8QLWHG 6WDWHV JRYHUQPH  
)XQGV 7KH )XQGV PDLQWDLQ WKH DELOLW\ WR YRWH RU FRQVHFW RQ SU



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7KH 9DQ(FN 9,3 \*OREDO \*ROG )XQGµV LQYHVWPHQW LQ WKH 6XEVLGLD  
FRPPRGLW\ PDUNHWV ZLWKLQ WKH OLPLWDWLRQV RI 6XEFKDSWHU 0 RI WK  
UXOLQJV DV GLVFXVVHG EHORZ XQGHU ²7D[DWLRQ ³ 7KH 6XEVLGLDU\ LV D  
DQG LV RYHUVHHQ E\ LWV RZQ ERDUG RI GLUHFWRUV 7KH 9DQ(FN 9,3 \*OR  
LW LV QRW FXUUHQWO\ H[SHFWHG WKDW VKDUHV RI WKH 6XEVLGLDU\ ZLOO  
6XEVLGLDU\ ZLOO SULPDULO\ LQYHVW LQ JROG EXOOLRQ JROG IXWXUHV D  
JROG LQFOXGLQJ (7)V DQG DOVR PD\ LQYHVW LQ VLOYHU SODWLQXP DQ  
9,3 \*OREDO \*ROG )XQG LQYHVW LQ WKH 6XEVLGLDU\ LW PD\ EH VXEMHFW  
VHFXULWLHV

:KLOH WKH 6XEVLGLDU\ PD\ EH FRQVLGHUHG VLPLODU WR LQYHVWPHQ  
XQOHVV RWKHUZLVH QRWHG LQ WKH 9DQ(FN 9,3 \*OREDO \*ROG )XQGµV 3UR  
SURWHFWLRQV RI WKH \$FW DQG RWKHU 8 6 UHJXODWLRQV &KDQJHV L  
FRXOG UHVXOW LQ WKH LQDELOLW\ RI WKH 9DQ(FN 9,3 \*OREDO \*ROG )XQG  
DQG WKLV 6\$, DQG FRXOG HOLPLQDWH RU VHYHUHO\ OLPLW WKH )XQGµV D  
)XQG DQG LWV VKDUHKROGHUV

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7KH )XQGV PD\ HQWHU LQWR VZDS DJUHHPHQWV \$ VZDS LV D GHULYD  
JHQHUDWHG E\ RQH LQVWUXPHQW IRU WKH UHWXUQ JHQHUDWHG E\ DQRWH  
D VSHFLILHG LQGH[ DQG DJUHHG XSRQ QRWLRQDO DPRXQW 7KH WHUP ²VS  
WRWDO UHWXUQ RQ LQWHUHVW UDWLQJ LQGLFHV IL[HG LQFRPH LQGLFHV V  
DULWKPHWLF RSHUDWLRQV RQ WKHVH LQGLFHV )RU H[DPSOH D )XQG PD  
IRU WKH UHWXUQ JHQHUDWHG E\ D VHFRQG IL[HG LQFRPH LQGH[ 7KH FXU  
DQ DJUHHPHQW WR SD\ LQWHUHVW VWUHDV LQ RQH FXUUHQF\ EDVHG RQ

D )XQG ZRXOG EH OHVV IDYRUDEOH WKDQ LW ZRXOG KDYH EHHQ LI WKLW L  
FUHGLWZRURWKLQHV GHFOLQHV WKH YDOXH RI WKH VZDS ZRXOG OLNHO\

&HUWDLQ VWDQGDUGLJHG VZDSV DUH VEMHFW WR PDQGDWRU\ FHQW  
LQWHQGHR WR UHGXFH FRXQWHUSDW\ FUHGLW ULVN DQG LQFUHDVH OLT  
LQYROYH DGGLWLRQDO FRVWV DQG ULNV QRW LQYROYHG ZLWK XQFOHDU  
D IHZ FOHDULQJRXVHV DQG WKH FRQVHTXHQFHV RI LQVROYHQF\ RI D FO  
)XQG RI WKH LQLWLDO DQG YDULDWLRQ PDUJLQ GHSRVLWV LQ WKH HYHQW  
SRVLWLRQ RU WKH FHQWUDO FRXQWHUSDW\ LQ D VZDS FRQWUDFW

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8 6 JRYHUQPHQW REOLJDWLRQV LQFOXGH 8 6 7UHDVXU\ REOLJDWLR  
RI WKH 8 6 JRYHUQPHQW RU E\ YDULRXV LQVWUXPHQWDOLWLHV ZKLFK KD  
7UHDVXU\ REOLJDWLRQV DQG VHFUXULWLHV LVVXH RU JXDUDQWHHG E\ YD  
UDWHV PDWXULWLHV DQG WLPH RI LVVXDQFH DV ZHOO DV ZLWK UHVSHFV  
JRYHUQPHQW DQG UHODWHG REOLJDWLRQV PD\ EH VWUXFWXUHG DV IL[HG

:KLOH 8 6 7UHDVXU\ REOLJDWLRQV DUH EDFNHG E\ WKH <sup>2</sup>IXOO IDLWK  
JXDUDQWHHG E\ IHGHUDO DJHQFLHV DQG 8 6 JRYHUQPHQW VSRQVRUHG L  
DQG FUHGLW RI WKH 8 6 JRYHUQPHQW 7KHVH VHFUXULWLHV PD\ EH VXSSR  
E\ WKH FUHGLW RI WKH LVVXLQJ DJHQF\ RU LQVWUXPHQWDOLW\ DQG DV D  
RU JXDUDQWHHG E\ WKH 8 6 7UHDVXU\ 2EOLJDWLRQV RI 8 6 JRYHUQPHQ  
HQWHUSULVHV KLVWRULFDOO\ KDYH LQYROYHG OLPLWHG ULVN RI ORVV RI  
WKDW WKH 8 6 JRYHUQPHQW ZRXOG SURYLGH ILQDQFLDO VXSSRUW WR DG  
\$GGLWLRQDOO\ IURP WLPH WR WLPH XQFHUWDLQW\ UHJDUGLQJ WKH VWD  
GHEW OLPLW FRPPRQO\ FDOOHG WKH <sup>2</sup>GHEW FHLQLQJ <sup>3</sup>FRXOG LQFUHDVH  
FHUWDLQ 8 6 JRYHUQPHQW VHFUXULWLHV FDXVH WKH FUHGLW UDWLQJ RI  
VWRFN DQG ERQG PDUNHWV UHVXOW LQ KLJKHU LQWHUHVW UDWHV UHG

(QJDJH LQ WKH EXVLQHV RI XQGHUZULWLQJ VHFVULWLHV LVVXH E  
FRQVLGHUHG DQ XQGHUZULWHU ZLWKLQ WKH PHDQLQJ RI WKH 6HF  
LQ FRQQHFWLRQ ZLWK LWV LQYHVWPHQWV LQ RWKHU LQYHVWPHQW  
ODNH ORDQV H[FHSW WKDW WKH )XQG PD\ L OHQG SRUWIROLR VHF  
DOO RU D SRUWLRQ RI DQ LVVXH RI GHEW VHFVULWLHV EDQN ORDQ  
DFFHSWDQFHV GHEHQWXUHV RU RWKHU VHFVULWLHV ZKHWHU RU  
VHFVULWLHV DQG LY SDUWLFLSDWH LQ DQ LQWHUHQG OHQGLQJ SU  
,VVXH VHQLRU VHFVULWLHV H[FHSW DV SHUPLWWHG XQGHU WKH  
UHJXODWLRQ IURP WLPH WR WLPH

3XUFKDVH RU VHOO UHDO HVWDWH H[FHSW WKDW WKH )XQG PD\ L  
LQWHUHVW WKHUHLQ LL LQYHVW LQ PRUWJDJH UHODWHG VHFVUL  
WKHUHLQ DQG LLL KROG DQG VHOO UHDO HVWDWH DFTXLUHG E\ WK

(DFK )XQG H[FHSW 9DQ(FN 9,3 \*OREDO \*ROG )XQG PD\ QRW

3XUFKDVH RU VHOO FRPPRGLWLHV XQOHVV DFTXLUHG DV D UHVXOW  
SXUFKDVH VHOO RU HQWHU LQWR ILQDQFLDO RSWLRQV DQG IXWXUH  
RWKHU ILQDQFLDO FRQWUDFWV RU GHULYDWLYH LQVWUXPHQWV DQG  
FRPPRGLWLHV

3XUFKDVH DQ\ VHFVULW\ LI DV D UHVXOW RI WKDW SXUFKDVH R  
LQYHVUV KDYLQJ WKHLU SULQFLSDO EXVLQHV DFWLYLWLHV LQ WKH  
ZLOO LQYHVW RU PRUH RI LWV WRWDO DVVHWV LQ JOREDO UHVX  
QRW DSSO\ WR VHFVULWLHV LVVXH RU JXDUDQWHHG E\ WKH 8 6 JRY

9DQ(FN 9,3 \*OREDO \*ROG )XQG PD\ QRW

3XUFKDVH RU VHOO FRPPRGLWLHV XQOHVV DFTXLUHG DV D UHVXOW  
SXUFKDVH VHOO RU HQWHU LQWR ILQDQFLDO RSWLRQV DQG IXWXUH  
RWKHU ILQDQFLDO FRQWUDFWV RU GHULYDWLYH LQVWUXPHQWV DQG  
FRPPRGLWLHV H[FHSW WKDW WKH )XQG PD\ LQYHVW LQ JROG DQG VL  
DQG JROG DQG VLOYHU EXOOLRQ DQG SDOODGLXP DQG SODWLQXP J

3XUFKDVH DQ\ VHFVULW\ LI DV D UHVXOW RI WKDW SXUFKDVH R  
LQYHVUV KDYLQJ WKHLU SULQFLSDO EXVLQHV DFWLYLWLHV LQ WKH  
LWV WRWDO DVVHWV LQ WKH JROG PLQLQJ LQGXVWU\ 7KLV OLPLW G  
JRYHUQPHQW LWV DJHQFLHV RU LQVWUXPHQWDOLWLHV RU LL VHF

)RU SXUSRVHV RI 5HVWULFWLRQ WKH \$FW JHQHUDOO\ SHUPLWV  
D )XQG<sup>μ</sup>V WRWDO DVVHWV IURP EDQNV DQG WR ERUURZ XS WR RI D )XQ  
SXUSRVHV 7R OLPLW WKH ULNV DWWHQGDQW WR ERUURZLQJ WKH \$F  
FRYHUDJH<sup>3</sup> RI DW OHDVW RI WKH DPRXQW RI LWV ERUURZLQJV \$VVHW  
WRWDO DVVHWV PLQXV OLDELOLWLHV RWKHU WKDQ ERUURZLQJV EHDUV

)RU SXUSRVHV RI 5HVWULFWLRQ <sup>2</sup>VHQLRU VHFVULWLHV<sup>3</sup> DUH JHQHU  
VKDUHV ZLWK UHVSHFW WR WKH SD\PHQW RI GLYLGHQGV RU WKH GLVWUL  
IURP LVVXLQJ VHQLRU VHFVULWLHV H[FHSW WKDW WKH )XQG PD\ ERUURZ  
IURP EDQNV 7KH )XQG DOVR PD\ ERUURZ DQ DPRXQW HTXDO WR XS WR  
WHPSRUDU\ SXUSRVHV DQG WKHVH ERUURZLQJV DUH QRW FRQVLGHUHG V

)RU WKH SXUSRVHV RI 5HVWULFWLRQ FRPSDQLHV LQ GLIIHUHQW JH  
LQGXVWU\ LI WKH LQYHVWPHQW ULNV DVVRFLDWHG ZLWK WKH VHFVULW  
DOWKRXXJK JHQHUDOO\ FRQVLGHUHG WR EH <sup>2</sup>LQWHUHVW UDWL VHQVLWLYH  
GHSHQGHHQW XSRQ VXEVDQWLDQOO\ GLIIHUHQW ULNV IDFWRUV VXFK DV V  
DQG LQ SDUWLFXODU LQGXVWULHV DQG SROLWLFDO FRQGLWLRQV 6LPLO  
DJHQFLHV DQG LQVWUXPHQWDOLWLHV ZLOO EH WUHDWHG DV D VHSUDW  
FRPSDQLHV DUH QRW FRQVLGHUHG WR EH SDUW RI DQ LQGXVWU\ 7R WKH  
FRPSDQLHV RU PRUH RI WKHLU WRWDO DVVHWV PD\ EH LQGLUHFWO\ H  
WKURXXJK WKHLU LQYHVWPHQWV LQ RQH RU PRUH XQGHUOLQJ LQYHVWPHQ

,Q DGGLWLRQ HDFK RI 9DQ(FN 9,3 (PHUJLQJ 0DUNHWV )XQG DQG 9DQ  
PDQQHU LQFRQVLVWHQW ZLWK HDFK RI WKHLU FODVVLILFDWLRQV DV D <sup>2</sup>G



FRXQVHO WR WKH )XQGVμ LQGHSHQGHQW WUXVWHHV UHJXODWRU\ DXWKR  
DGGLWLRQ WKH )XQGV PD\ SURYLGH QRQ SXEOLF SRUWIROLR KROGLQJV L  
IDLU YDOXDWLRQ VHUYLFHV 7KH HQWLWLHV WR ZKLFK WKH )XQGV YROXQ  
E\ H[SOLFV DJUHHPHQW RU E\ YLUWXH RI WKHLU UHVSHFWLYH GXWLHV W  
GLVFORVHG

7KHUH FDQ EH QR DVVXUDQFH WKDW WKH )XQGVμ SROLFLHV DQG SUR  
SRUWIROLR KROGLQJV ZLOO SURWHFW WKH )XQGV IURP SRWHQWLDO PLVX  
GLVFORVHG

7KH %RDUG VKDOO EH UHVSQVLEOH IRU RYHUVHHLQJ WKH LPSOHPHQ  
SURFHGXUHV VKDOO EH UHYLHZHG E\ WKH %RDUG RQ DQ DQXDO EDVLV I

\$GGLWLRQDOO\ WKH )XQGV VKDOO PDLQWDLQ DQG SUHVHUYH SHUPD  
SROLFLHV DQG SURFHGXUHV 7KH )XQG VKDOO DOVR PDLQWDLQ DQG SUHV  
HDVLO\ DFFHVVLEOH SODFH DOO 3RUWIROLR 5HODWHG ,QIRUPDWLRQ GLV

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7KH IROORZLQJ LQIRUPDWLRQ VXSSOHPHQWV DQG VKRXOG EH UHGD L  
2+RZ WKH )XQG LV ODQDJHG ° ODQDJHPPHQW RI WKH )XQG 3

9DQ (FN \$VVRFLDWHV &RUSRUDWLRQ WKH \$GYLVHU DFWV DV LQYHV  
RI WKH %RDUG LV UHVSQVLEOH IRU WKH GD\ WR GD\ LQYHVWPHQW PDQD  
KHDGTXDUWHUV LQ 1HZ <RUN DQG DFWV DV DGYLVHU RU VXE DGYLVHU WR  
VHSDUDWH DFFRXQWV

7KH \$GYLVHU VHUYHV DV LQYHVWPHQW PDQDJHU WR HDFK )XQG SXUV  
7UXVW DQG WKH \$GYLVHU HDFK DQ 2\$GYLVRU\ \$JUHHPHQW<sup>3</sup> 7KH DGYLV  
FRPSXWHG GDLO\ DQG SDLG PRQWKO\ WR WKH \$GYLVHU E\ HDFK )XQG DW

9DQ(FN 9,3 (PHUJLQJ 0DUNHWV )XQG

,QLWLDO &ODVV

0D\

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9DQ(FN 9,3 \*OREDO 5HVRXUFHV )XQG

,QLWLDO &ODVV

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9DQ(FN 9,3 \*OREDO \*ROG )XQG

&ODVV 6

0D\



SULFHV RI WKH )XQGµV VHFUXULWLHV PD\ EH QHJDWLYHO\ DIIHFWHG 7KH F  
PDQDJLQJ RWKHU FOLHQW DFFRXQWV PD\ EH KLJKHU WKDQ WKH FRPSHQVD  
7KH SRUWIROLR PDQDJHUV GR QRW EHOLHYH WKDW WKHLU DFWLYLWLHV P  
SURFHGXUHV WR PRQLWRU WUDGLQJ DFURVV IXQGV DQG LWV 2WKHU &OLH

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\$V RI 'HFHPEHU QRQH RI WKH SRUWIROLR PDQDJHUV RU GHSXW

27+(5 \$&&28176 0\$1\$\*(' %< 7+( 3257)2/,2 0\$1\$\*(56

7KH IROORZLQJ WDEOH SURYLGHV WKH QXPEHU RI RWKHU DFFRXQWV  
RI VXFK DFFRXQWV E\ HDFK )XQGµV SRUWIROLR PDQDJHU V DQG GHSXW\  
DV RI 'HFHPEHU



			2WKHU \$FFRXQWV ZLWK UHV 0DQDJHG WVK WKH DGYLVRU \$V RI 'HFHPEHU SHUIRUPDQFH RI WH DFFRXQW
)XQG	1DPH RI 3RUWIROLR 0DQDJHUV 'HSXW\ 3RUWIROLR 0DQDJHUV	&DWHJRUM RIRI \$FFRXQW \$FFRXQW	1XPEHU 7RWDO 1XPEHU \$VVHWV LQRI 7RWDO \$VVHWV \$FFRXQW \$FFRXQW
9DQ(FN 9,3 (PHUJLQJ 0D )XQG	\$QJXV 6KL UNISXW\ 3R 0DQDJHU	5HJLVWHUHG LQYHVWPHQW FRPSDQLHV 2WKHU SRROHG LQYHVWPHQW YHKL	0LOOLRQ FOHMOOLRQ
		2WKHU DFFRXQWV	7KRXVDQG
9DQ(FN 9,3 (PHUJLQJ 0D )XQG	2OD (O 6K UNISXW\ 3R 0DQDJHU	5HJLVWHUHG LQYHVWPHQW FRPSDQLHV 2WKHU SRROHG LQYHVWPHQW YHKL	0LOOLRQ FOHMOOLRQ
		2WKHU DFFRXQWV	7KRXVDQG
9DQ(FN 9,3 5HVRXUFHV	&KDUOHV 7 UNISXW\ 3R 0DQDJHU	5HJLVWHUHG LQYHVWPHQW FRPSDQLHV 2WKHU SRROHG LQYHVWPHQW YHKL	0LOOLRQ FOHMOOLRQ
		2WKHU DFFRXQWV	±
9DQ(FN 9,3 5HVRXUFHV	*KEDZQ 5H\ UNISXW\ 3R 0DQDJHU	5HJLVWHUHG LQYHVWPHQW FRPSDQLHV 2WKHU SRROHG LQYHVWPHQW YHKL	0LOOLRQ FOHMOOLRQ
		2WKHU DFFRXQWV	±
9DQ(FN 9,3 (PHUJLQJ 0D %RQG )XQG	(ULF )LQH UNISXW\ 3R 0DQDJHU	5HJLVWHUHG LQYHVWPHQW FRPSDQLHV 2WKHU SRROHG LQYHVWPHQW YHKL	0LOOLRQ FOHMOOLRQ
		2WKHU DFFRXQWV	±
9DQ(FN 9,3 (PHUJLQJ 0D %RQG )XQG	'DYLG \$XVW UNISXW\ 3R 0DQDJHU	5HJLVWHUHG LQYHVWPHQW FRPSDQLHV 2WKHU SRROHG LQYHVWPHQW YHKL	0LOOLRQ FOHMOOLRQ
		2WKHU DFFRXQWV	±
9DQ(FN 9,3 *ROG )XQG	*PDUX &DV UNISXW\ 3R 0DQDJHU	5HJLVWHUHG LQYHVWPHQW FRPSDQLHV 2WKHU SRROHG LQYHVWPHQW YHKL	0LOOLRQ FOHV <sup>±</sup>
		2WKHU DFFRXQWV	±

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3XUVXDQW WR D VHFUXULWLHV OHQGLQJ DJUHHPHQW WKH 26HFXULWL  
LQ VXFK FDSDFLW\ WKH 26HFXULWLHV /HQGLQJ \$JHQW<sup>3</sup> WKH )XQGV PD\  
FHUWDLQ TXDOLILHG ERUURZHUV 7KH 6HFXULWLHV /HQGLQJ \$JHQW DGPLC  
\HDU HQGHG 'HFHPEHU WKHVH VHUYL FHV LQFOXGH DUUDQJLQJ WKH  
IHHV DQG UHEDWHV GXH WR WKH )XQGV IURP HDFK ERUURZHU 7KH 6HFXU  
LQFRPH GHULYHG WKHUHIURP DQG PDNHV DYDLODEOH VXFK UHFRUGV WKD  
SURJUDP

)RU WKH ILVFDO \HDU HQGHG 'HFHPEHU HDFK RI WKH )XQGV C  
IROORZLQJ FRVWV DQG H[SHQVHV GXULQJ LWV UHVSFWLYH ILVFDO \HDU

	*URV )XQG	5HYH ,QFRPH	QXPH 6SOLW	&DVK &ROODWHUD QXPH )HHV	PSGPH )HHV	CPM )HHV	QLVW )HHV	QDWR )HHV	CHIL %RUURZHU	5EDW HVV	WBY HVV	WKR HVV	6HFXULWLHV \$FWLYLWLHV	WHQG HQGLQJ	6HFXULWLHV \$FWLYLWLHV
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9DQ(FN 9,3 (PHUJLQJ 0DUNHWV )XQG				±			±		±				±		
9DQ(FN 9,3 *ORED *ROG )XQG				±			±		±				±		
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7KH %RDUG KDV JHQHUDO RYHUVLJKW UHVSQRVLELOLW\ ZLWK UHVSH  
HQJJDJHG WKH \$GYLVHU WR VHUYH DV WKH LQYHVWPHQW DGYLVHU IRU WK  
VHUYLFHV WR WKH 7UXVW DQG WKH )XQGV E\ WKH \$GYLVHU DQG WKH RWK  
\$FW DQG RWKHU DSSOLFDEOH ODZV 7KH %RDUG LV FXUUHQWO\ FRPSRVHG  
DGGLWLRQ WR ILYH UHJXODUO\ VFKHGXOHG PHHWLQJV SHU \HDU WKH  
WKHPVHOYHV DQG ZLWK WKHLU FRXQVHO WR FRQVLGHU D YDULHW\ RI PDV  
GXULQJ VFKHGXOHG %RDUG PHHWLQJV DQG DW VXFK RWKHU WLPHV DV W

VHUYLFH SURYLGHUV VXFH DV WKH \$GYLVHU DQG 'LVWULEXWRU WKH %RD  
 FRQWLQXLW\ DQG GLVDVWHU UHFVRYHU\ SODQV DV ZHOO DV DFWLRQV EHL  
 ULVNV :LWK UHVSHFW WR YDOXDWLRQ WKH %RDUG DSSURYHV DQG SHULF  
 YDOXLQJ WKH )XQGVµ VKDUHV 7KH \$GYLVHU LV UHVSQRVLEOH IRU WKH LF  
 SROLFLHV DQG SURFHGXUHV DQG SURYLGHV UHSRUWV SHULRGLFDOO\ WR  
 %RDUG RU WKH \$XGLW &RPPLWVHH RI WKH %RDUG UHFHLYHV UHSRUWV DV  
 ILUP IRU WKH )XQGV UHJDUGLQJ WHVWV SHUIRUPHG E\ VXFH ILUP RQ WKH  
 DQG WKH LQGHSHQGHQW UHJLVWHUHG SXEOLF DFFRXQWLQJ ILUP DVVLVW  
 DFWLYLWLHV DQG UHODWHG ULVNV

7KH %RDUG UHFRJQLJHV WKDW QRW DOO ULVNV WKDW PD\ DIIHFW WK  
 SUDFWLFDO RU FRVW HIIHFWLYH WR HOLPLQDWH RU PLWLJDWH FHUWDLQ  
 )XQGVµ RU 7UXVWµV JRDOV DQG WKDW WKH SURFHVVHV SURFHGXUHV DQ  
 WKHLU HIIHFWLYHQHVV 0RUHRYHU UHSRUWV UHFHLYHG E\ WKH %RDUG W  
 VXPPDULHV RI WKH UHOHYDQW LQIRUPDWLRQ \$V D UHVXOW RI WKH IRUHJ  
 ULVN PDQDJHPHQW LV RQH RI RYHUVLJKW DQG QRW DFWLYH LQYROYHPHQ  
 IRU WKH )XQGV RU 7UXVW 7KH %RDUG PD\ DW DQ\ WLPH DQG LQ LWV GLV  
 RYHUVLJKW UROH

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7KH 7UXVWVHH RI WKH 7UXVW WKHLU DGGUHVV SRVLWLRQ ZLWK WK  
 \HDUV DUH VHW IRUWK EHORZ

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<p>,1'(3(1'(17 75867((6</p>				
<p>-D\HVK %KDC          \$ * ,</p>	<p>7UXVWVHH VL          QVDO</p>	<p>QVDO          &amp;KHLHI ,QYHVW          PHQW 2IILFH          ,5,4,9 // &amp; D PXOWL          IDPLO\ RIILFH )RUPHUO\          0DQDJLQJ 'LUHFWRU DQG          /HDG 3RUWIROLR 0DQDJHU          1XYHHQ D 7,\$\$          FRPSDQ\</p>	<p>PHQW 2IILFH          )XQG 7UXVWVHH RI -XG          %DNHU &amp;KLOGUHQµV &amp;          'LUHFWRU RI 8QGHU 2          5RRI</p>	<p>7UXVWVHH &lt;0&amp;\$ 5HWLU          )XQG 7UXVWVHH RI -XG          %DNHU &amp;KLOGUHQµV &amp;          'LUHFWRU RI 8QGHU 2          5RRI</p>

-RQ /XNRPQL7UXVWHH VLODQDJLQJ 3DUWQHU 0HPEHU RI WKH 'HORL  
\$ \* , &KDLUSHUVRQIRQVWHLU &DSLWDO //& \$XGLW 4XDOLW\ \$GYLV  
\$XGLW &RPPLWFRQXOWLQH ILUP &RPPLWWHH 'LUHFWR  
\$GMXQFW 6KDUHKROGHU &RPPRO  
3URIHVVRU 6FKRRO RI 'LUHFWRU RI 9DQ(FN ,  
,QWHUQDWLRQDO DQG 3XEOLF ,ULVK 8&,76 9DQ  
\$IIDLUV &ROXPELD 9HFWRUV 8&,76 (7) SO  
8QLYHUVLW\ ,ULVK 8&,76 )RUPHUO  
)RUPHUO\ 3HPEURNH 'LUHFWRU RI 9DQ(FN  
9LVLWLQJ 3URIHVVRU RI /X[HPERXUJ 8&,76  
,QWHUQDWLRQDO )LQDQFH 0HPEHU RI WKH 6WDQ  
-XGJH %XVLQHVV 6FKRRO DQG (PHUJLQJ ,VXHV  
&DPEULGJH \$GYLVRU\ \*URXS WR W  
3XEOLF &RPSDQ\  
\$FFRXQWLQJ 2YHUVLJ  
%RDUG

-DQH 'L5HQ]RUXVWHH VLODQDJLQJ 'LUHFWRU 5 %RDUG PHPEHU IRU  
\$ \* , &KDLUSHUVRQURRVS& FRQVXOWLQJ \*UDWLWXGH  
%RDUG VLQFH LUP 5DLOURDG //& DQG ,PS  
(QJLQH 0DQDJH PHQW  
7UXVWHH RI 1RUWKZH  
8QLYHUVLW\ /ULF 2S  
&KLFDJR DQG WKH &KI  
6\PSKRQ\ 2UFKHVVUD

5 \$ODVWDLU 6XVWH VLQFH VLGHQW \$SH[ &DSLWDO KDLUPDQ DQG ,QGHS  
\$ \* , &RUSRUDWLRQ SHUVRQDO'LUHFWRU (8/\$9 \$VVH  
LQYHVWPHQW YHKLFOH 0DQDJHPHQW /HDG  
, QGHSHQGHW 'LUHFWRU  
)XQG 6ROXWLRQ , QGH  
'LUHFWRU &RQWLQJH  
&DSLWDO // & 7UXVWH  
.HQ\ RQ 5HYLHZ 7UXVWH  
&KLOGUHQ V 9LOODJH  
)RUPHUO\  
, QGHSHQGHW 'LUHFWRU  
7UHPRQW RIIVKRUH IX

5LFKDUG ' 7UXVWH VLQFH LRU 9LFH &DSLWDO 892(L)1SS( ) (V%.69Td[( &)1Tf000  
6WDPEHUJHU &KDLUSHUVRQ RI WKH  
\$ \* , \*RYHUQDQFH &RPPLWWH  
VLQFH





VKDOO UHWDLQ FRSLHV RI DQ\ VKDUHKROGHU UHFRPPHQGDWLRQV ZKLFK P  
PRQWKV IROORZLQJ UHFHLSW 7KH 6HFUHWDU\ VKDOO KDYH QR REOLJDWL

,QYHVWPHQW 2YHUVLJKH & RPPLWWHH LQFOXGH WKH U  
)XQGV PHHWLQJ ZLWK UHOHYDQW \$GYLVHU SHUVRQQHO DQG RXWVLGH H[  
VHUYLFHV IRU WKH )XQGV ,Q DGGLWLRQ WKH &RPPLWWHH ZLOO UHYLHZ  
SURSRVHG PDWHULDO FKDQJHV WR HDFK )XQGV LQYHVWPHQW VWUDWHJ  
SHUVRQQHO UHVRXUFHV DQG UHOHYDQW LQYHVWPHQW PDUNHWV 7KH ,Q  
%RDUG HIIHFWLYH -DQXDU\ 7KLV &RPPLWWHH PHW IRXU WLPHV GXU  
7UXVWHHV DQG 0U YDQ (FN VHUYHV DV &KDLUSHUVRQ

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7KH H[HFXYLYH RIILFHUV RI WKH 7UXVW WKHLU DJH DQG DGGUHVV V



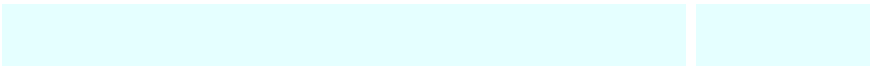
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)RU HDFK 7UXVWHH WKH GROODU UDQJH RI HTXLW\ VHFUXULWLHV EHQ  
UHJLVWHUHG LQYHVWPHQW FRPSDQLHV DGYLVHG E\ WKH \$GYLVHU RU LWV  
E\ WKH 7UXVWHH LV VKRZQ EHZ

	\$JJUHJDWH 'ROODU 5DQJH RI (TXLW\ VHFUXULWLHV LQ DOO 5HJLVWHUHG LQYHVWPHQW FRPSDQLHV 2YHUVHHQ %\ 7UXVW	
1DPH RI 7UXVWHH	\$V RI 'HFHPEHU	
-D\HVK %KDQVDOL	1RQH	
-RQ /XNRPQLN	1RQH	2YHU
-DQH 'L5HQJR 3LJRWW	1RQH	2YHU
5 \$ODVWDLU 6KRUW	1RQH	2YHU
5LFKDUG ' 6WDPEHUJHU	1RQH	2YHU
-DQ ) YDQ (FN	1RQH	2YHU

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7KH 7UXVWHHV DUH SDLG IRU VHUYLFHV UHQGHUHG WR WKH 7UXVW  
LQYHVWPHQW FRPSDQ\ PDQDJHG E\ WKH \$GYLVHU RU LWV DIILOLDWHV Z  
RQ WKHLU DYHUDJH GDLO\ QHW DVVHWV (DFK ,QGSHQGHW 7UXVWHH L  
IRU UHJXODUO\ VFKHGXOHG PHHWLQJV RI WKH %RDUG DQG D SHU F  
PHHWLQJV 7KH 9DQ(FN 7UXVWV SD\ WKH &KDLUSHUVRQ RI WKH %RDUG D  
&RPPLWWHH DQ DQQXDO UHWDLQHU RI DQG WKH &KDLUSHUVRQ RI V  
7KH 9DQ(FN 7UXVWV DOVR UHLPEXUVH HDFK 7UXVWHH IRU WUDYHO DQG M  
PHHWLQJV 1R SHQVLRQ RU UHWLUHPHQW EHQHILWV DUH DFFUXHG DV SD  
7KH WDEOH EHORZ VKRZV WKH FRPSHQVDWLRQ SDLG WR WKH ,QHS  
\$QQXDO ,QGSHQGHW 7UXVWHH IHHV PD\ EH UHYLHZHG SHULRGLFD



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3ULQFLSDO +ROGHUV 2ZQHUVKLS

\$V RI 0DUFK VKDUHKROGHUV RI UHFRUG RI RU PRUH RI WKH IROORZV

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9,3 (PHUJLQJ 0DUNHWV )XQG1DWLRQZLGH /LIH 1:33  
,QLWLDO &ODVV F R ,32 3RUWIROLR \$FFRXQWLQJ  
32 %R[  
&ROXPEXV 2+

9,3 (PHUJLQJ 0DUNHWV )XQG-HIIHUVRQ 1DWLRQDO /LIH ,QVXUDQFH & F  
,QLWLDO &ODVV F R ,32 3RUWIROLR \$FFRXQWLQJ  
32 %R[  
&ROXPEXV 2+

9,3 (PHUJLQJ 0DUNHWV )XQG1DWLRQZLGH /LIH 30/, & 9/  
,QLWLDO &ODVV F R ,32 3RUWIROLR \$FFRXQWLQJ  
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,QLWLDO &ODVV F R ,32 3RUWIROLR \$FFRXQWLQJ  
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,QLWLDO &ODVV F R ,32 3RUWIROLR \$FFRXQWLQJ  
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&ODVV 6 F R ,32 3RUWIROLR \$FFRXQWLQJ  
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&ROXPEXV 2+

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&ODVV 6 F R ,32 3RUWIROLR \$FFRXQWLQJ  
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&ROXPEXV 2+

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,QLWLDO &ODVV F R ,32 3RUWIROLR \$FFRXQWLQJ  
32 %R[  
&ROXPEXV 2+

9,3 (PHUJLQJ 0DUNHWV %RQG)XQV 1DWLRQDO /LIH ,QVXUDQFH & R  
,QLWLDO &ODVV F R ,32 3RUWIROLR \$FFRXQWLQJ  
32 %R[  
&ROXPEXV 2+

9,3 (PHUJLQJ 0DUNHWV %RQG)XQV 3QZLGH /LIH 30/, & 9/  
,QLWLDO &ODVV F R ,32 3RUWIROLR \$FFRXQWLQJ  
32 %R[  
&ROXPEXV 2+

9,3 (PHUJLQJ 0DUNHWV %RQG)XQV :HVW 2QH6RXUFH  
,QLWLDO &ODVV ( 2UFKDUG 5G  
\*UHHQZRRG 9LOODJH &2

9,3 (PHUJLQJ 0DUNHWV %RQG)XQV :HVW 6HOHFW  
,QLWLDO &ODVV ( 2UFKDUG 5G  
\*UHHQZRRG 9LOODJH &2

9,3 (PHUJLQJ 0DUNHWV %RQG)XQV 3QZLGH /LIH ,QVXUDQFH & R 9\$  
,QLWLDO &ODVV \$WWQ 3HQQ\ 'RROH\ 0  
2QH 1DWLRQDO /LIH 'U  
0RQWSHOLHU 97

9,3 \*OREDO 5HVRXUFHV )XQV 3DFLILF /LIH 6HOH[G '  
,QLWLDO &ODVV F R 3DFLILF /LIH ,QVXUDQFH &RPSDQ\  
1HZSRUW &HQWHU 'U  
1HZSRUW %HDFK &\$



LPSHGH VKDUHKROGHU DSSURYDO RI SURSRVDOV LW RSSRVHV ,I D FRQWU  
H[FHHGV WKHQ IRU FHUWDLQ VKDUHKROGHU SURSRVDOV VXFK FRQWU  
SURSRVDOV ZLWKRXW UHJDUG WR YRWHV E\ RWKHU )XQG VKDUHKROGHUV

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9,3 \*OREDO \*ROG )XQGYHUVRXUFH /LIH ,QVXUDQFH &RPSDQ\  
\$WWQ ,QYHVWPHQW \$FFRXQWLQJ  
\$PHULSULVH )LQDQFLDO &WU  
0LQQHDSROLV 01

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7KH )XQGVμ SUR[\ YRWLQJ UHFRUG LV DYDLODEOH XSRQ UHTXHVW DQ  
HDFK )XQGVμ SRUWIROLR VHFUXULWLHV DUH YRWHG LQ DFFRUGDQFH ZLWK  
IRUWK LQ \$SSHQGL[ \$ WR WKLV 6\$,

7KH 7UXVW LV UHTXLUHG WR GLVFORVH DQQXDOO\ HDFK )XQGVμ FRPS  
SHULRG -XO\ WKURXJK -XQH DQG ILOH LW ZLWK WKH 6(& QR ODWHU WK  
WKH )XQGVμ ZHEVLWH DW YDQHFN FRP RU E\ ZULWLQJ WR 7KLUG \$YHO  
)RUP 1 3; LV DOVR DYDLODEOH RQ WKH 6(&μV ZHEVLWH DW ZZZ VHF JRY



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,QYHVWPHQWV LQ &KLQHVH %RQGV

7KH 9DQ(FN 9,3 (PHUJLQJ 0DUNHWV %RQG )XQG PD\ LQYHVW LQ 50% G

7KHUH DUH VRPH XQFHUWDLQWLHV LQ WKH 35& WD[ UXOHV JRYHUQLQ  
35& GXH WR WKH ODFN RI IRUPDO JXLGDQFH IURP WKH 35&μV WD[ DXWKRUV  
EDVLV WKDW QRQUHVLGHQWV HQWHUSULVHV L GR QRW KDYH SODFHV RI  
DQG LL DUH QRW 35& WD[ UHVLGHQW HQWHUSULVHV &KLQD JHQHUDOO\  
ZKLFK PD\ EH UHGXFHG E\ WKH GRXEOH WD[DWLRQ DJUHHPHQW DUUDQJHV  
UHVLGHQW LQ WKH 35& +RZHYHU RQ 1RYHPEHU WKH 35& 0LQLVWU  
7D[DWLRQ 6\$7 MRLQWO\ LVVXHG &DLVKXL &LUFXODU WR FODU  
LQWHUHVW GHULYHG E\ IRUHLJQ LQVWLWXWLRQDO LQYHVWRUV ),,V 3XU  
LQFRPH WD[ DQG YDOXH DGGHG WD[ ZLWK UHVSHFW WR ERQG LQWHUHVW  
.RQJ %RQG &RQQHFW IURP 1RYHPEHU WR 1RYHPEHU 2Q 1RYH  
35& 6WDWH 7D[DWLRQ \$GPLQLVWUDWLRQ MRLQWO\ LVVXHG &DLVKXL > @



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\$'9,6(5µ6 352;< 927,1\* 32/,&,(6

9\$1(&. 352;< 927,1\* 32/,&,(6

9DQ(FN WKH ²\$GYLVHU³ RU ²9DQ(FN³ KDV DGRSWHG WKH IROORZLQJ SROL  
HQVXUH WKDW SUR[LHV DUH YRWHG LQ D PDQQHU WKDW LV FRQVLVWHQW  
GXWLHV DQG 5XOH XQGHU WKH ,QYHVWPHQW \$GYLVHUV \$FW RI  
E\ D FOLHQW WKH DGYLVHU RZHV LWV FOLHQWV WKH GXWLHV RI FDUH DQ  
UHTXLUHV WKH DGYLVHU WR PRQLWRU FRUSRUDWH DFWLRQV DQG YRWH F  
SUR[\ YRWHV LQ D PDQQHU WKDW LV FRQVLVWHQW ZLWK WKH EHVW LQWH

5XOH DOVR UHTXLUHV WKH \$GYLVHU WR GLVFORVH LQIRUPDWLRQ D  
FOLHQWV KRZ WR REWDLQ LQIRUPDWLRQ DERXW KRZ WKHLU SUR[LHV ZHUH  
WKH \$GYLVHU WR PDLQWDLQ FHUWDLQ SUR[\ YRWLQJ UHFRUGV

\$Q DGYLVHU WKDW H[HUFLVHV YRWLQJ DXWKRULW\ ZLWKRXW FRPSO\LQJ Z  
²IUDXGXOHQW GHFHSWLYH RU PDQLSXODWLYH³ DFW SUDFWLFH RU FRXU  
\$GYLVHUV \$FW

7KH \$GYLVHU LQWHQGV WR YRWH DOO SUR[LHV LQ DFFRUGDQFH ZLWK DSS  
ZLWKRXW LQIOXHQFH E\ UHDO RU DSSDUHQW FRQIOLFWV RI LQWHUHVW 7  
SURFHVV WKH \$GYLVHU KDV HQJDJHG DQ LQGHSHQGHQW WKLUG SDUW\ SU  
SURLGHG E\ \*ODVV /HZLV LQFOXGH LQ GHSWK UHVHDFK JOREDO LVVXH  
H[HFXWLRQ UHSRUWLQJ DQG UHFRUGNHSLQJ

5HVROYLQJ ODWHULDO &RQIOLFWV RI ,QWHUHVW

:KHQ D PDWHULDO FRQIOLFW RI LQWHUHVW H[LVV SUR[LHV ZLOO EH YRWH

6WULFW DGKHUHQFH WR WKH \*ODVV /HZLV JXLGHOLQHV RU

7KH SRWHQWLDO FRQIOLFW ZLOO EH GLVFORVHG WR WKH FOLHQW

D ZLWK D UHTXHVW WKDW WKH FOLHQW YRWH WKH SUR[\

E ZLWK D UHFRPPHQGDWLRQ WKDW WKH FOLHQW HQJDJH DQRWKHU

F LI WKH IRUHJRLQJ DUH QRW DFFHSWDEOH WR WKH FOLHQW GLV  
FRQVHQW WR WKDW YRWH E\ WKH FOLHQW

\$Q\ GHYLDWLRQV IURP WKH IRUHJRLQJ YRWLQJ PHFKDQLVPV PXVW EH DSS  
H[SODQDWLRQ RI WKH UHVRQ IRU WKH GHYLDWLRQ

\$PDWHULDO FRQIOLFWV WR WKH UHFRUGV RI D EXVLQHVV UHODWLRQV KLS E  
WKH \$GYLVHU DQ\ DIILOLDWH RU VXEVGLDU\ RU DQ ²DIILOLDWHG SHUVR  
FRQIOLFW RI LQWHUHVW H[LVV LQFOXGH D VLWXDWLRQ ZKHUH WKH DGYL  
VHUFLHV WR D FRPSDQ\ ZKR VH PDQDJHPHQW LV VROLFLWLQJ SUR[LHV D  
RUJDQL]DWLRQ WKDW UHFHLYHV FKDULWDEOH FRQWULEXWLRQV IURP WKH  
\$GYLVHU D SRUWIROLR FRPSDQ\ WKDW LV D VLJQLILFDQW VHOOLQJ DJHQ  
GHDOHU RU LQVXUDQFH FRPSDQ\ WKDW FRQWUROV RU PRUH RI WKH \$GYL  
LQYHVWPHQW DGYLVHU WR WKH SHQVLRQ RU RWKHU LQYHVWPHQW DFFRX  
KDYH D OHQGLQJ UHODWLRQV KLS ,Q HDFK RI WKHVH VLWXDWLRQV YRWLQ  
RWKHU EHQHILW

&OLHQW ,QTXLULHV

\$OO LQTXLULHV E\ FOLHQWV DV WR KRZ WKH \$GYLVHU KDV YRWHG SUR[LH  
'LVFORVXUH WR &OLHQWV

1RWLILFDWLRQ RI \$YDLODELOLW\ RI ,QIRUPDWLRQ

D &OLHQW %URFKXUH 7KH &OLHQW %URFKXUH RU 3DUW ,, RI )RUP  
LQIRUPDWLRQ IURP WKH \$GYLVHU RQ KRZ WKHLU SUR[LHV ZHUH  
ZLOO EH PDLOHG WR HDFK FOLHQW DQQXDOO\ 7KH /HJDO 'HSDU  
ZLWK 6DOHV ODUNHWLQJ 'HSDUWPHQWV

\$YDLODELOLW\ RI 3UR[\ 9RWLQJ ,QIRUPDWLRQ

\$W WKH FOLHQWµV UHTXHVW RU LI WKH LQIRUPDWLRQ LV QRW DYDLODEOH  
ZLOO EH PDLOHG WR HDFK FOLHQW

5HFRUGNHHSLSLQJ 5HTXLUHPHQWV







\*RYHUQDQFH )ROORZLQJ D %XVLQHVV &RPELQDWLRQ ZLWK D 6SHFLDO  
'XDO /LVWHG RU )RUHLJQ ,QFRUSRUDWHG &RPSDQLHV  
27& OLVWHG &RPSDQLHV  
0XWXDO )XQG %RDUGV  
'HFODVVLILHG %RDUGV  
%RDUG &RPSRVLWLRQ DQG 5HIUHVKPHQW  
%RDUG 'LYHUVLW\  
%RDUG \*HQGHU 'LYHUVLW\  
%RDUG 8QGHHUHSUHVHQWHG &RPPXQLW\ 'LYHUVLW\  
6WDWH /DZV RQ 'LYHUVLW\  
'LVFORVXUH RI 'LUHFWRU 'LYHUVLW\ DQG 6NLOOV  
6WRFN ([FKDQJH 'LYHUVLW\ 'LVFORVXUH 5HTXLUHPHQWV  
3UR[\ \$FFHVV  
0DMRULW\ 9RWH IRU (OHFWLRQ RI 'LUHFWRUV  
7KH 3OXUDOLW\ 9RWH 6WDQGDUG  
\$GYDQWDJHV RI D 0DMRULW\ 9RWH 6WDQGDUG  
&RQIOLFWLQJ DQG ([FOXGHG 3URSRVDOV  
7UDQVSDUHQF\ DQG ,QWHJULW\ LQ )LQDQFLDO 5HSR  
\$XGLWRU 5DWLILFDWLRQ  
9RWLQJ 5HFRPPHQGDWLRQV RQ \$XGLWRU 5DWLILFDWLRQ  
3HQVLRQ \$FFRXQWLQJ ,VVXH  
7KH /LQN %HWZH HQ &RPSHQVDWLRQ DQG 3HUIRUPDQ  
\$GYLVRU\ 9RWH RQ ([HFXWLYH &RPSHQVDWLRQ 6D\ RQ 3D\  
6D\ RQ 3D\ 9RWLQJ 5HFRPPHQGDWLRQV  
&RPSDQ\ 5HVSRQVLYHQHV  
3D\ IRU 3HUIRUPDQFH  
6KRUV 7HUP ,QFHQWLYHV  
/RQJ 7HUP ,QFHQWLYHV

%HQFKPDUN 3ROLF\ \*XLGHOLQHV 8QLWHG 6WDWHV

\*UDQWV RI )URQW /RDGHG \$ZDUGV

/LQNLQJ ([HFXWLYH 3D\ WR (QYLURQPHQWDO DQG 6RFLDO &ULWHULD

2QH 7LPH \$ZDUGV

&RQWUDFWXDO 3D\PHQWV DQG \$UUDQJHPHQWV

6LJQ RQ \$ZDUGV DQG 6HYHUDQFH %HQHILWV

4XRUXP 5HTXLUHPHQWV

'LUHFWRU DQG 2IILFHU ,QGHPQLILFDWLRQ

2IILFHU ([FXOSDWLRQ

5HLQFRUSRUDWLRQ

([FOXVLYH )RUXP DQG )HH 6KLIWLQJ %\ODZ 3URYLVLRQV

\$XWKRULJHG 6KDUHV

\$GYDQFH 1RWLFH 5HTXLUHPHQWV

9LUWXDO 6KDUHKROGHU 0HHWLQJV

9RWLQJ 6WUXFWXUH

0XOWL &ODVV 6KDUH 6WUXFWXUHV

&XPXODWLYH 9RWLQJ

6XSHUPDMRULW\ 9RWH 5HTXLUHPHQWV

7UDQVDFWLRQ RI 2WKHU %XVLQHVV

\$QWL \*UHHQPDLO 3URSRVDOV

0XWXDO )XQGV ,QYHVWPHQW 3ROLFLHV DQG \$GYLVRU\ \$JUHHPHQ

5HDO (VWDWH ,QYHVWPHQW 7UXVWV

3UHIHUHG 6WRFN ,VVXDQFHV DW 5(,7V

# \$ERXW \*ODVV /HZLV

\* DW/HZLV\VMHZRUCVFKRIFIRURYHUCQFVROMRQ\ : HHQDEHLCMMXMRQDQYHMRU/DGGSXEFO  
Q\MGFRP SDQHMRP DNHLQRP HGGFLVRQVEDMGRQUHMDUKDGGEDD : HFRYHU PHMQJVHDK\HJU  
DFURVV DSSUR[LPDWHO\ JOREDO PDUNHWV 2XU WHDP KDV EHHO  
UHO\LQJ VROHO\ RQ SXEOLFO\ DYDLODEOH LQIRUPDWLRQ WR L

\* XLGHOLQHV , QWURGXFWLF

6XPPDU\ RI &KDQJHV IRU

\*ODVV /HZLV HYDOXDWHV WKHVH JXLGHOLQHV RQ DQ RQJRLQJ EDV  
\HDU ZH!YH PDGH QRWHZRUK\ UHYLVLRQV LQ WKH IROORZLQJ DUH  
JUHDWHU GHWDLO LQ WKH UHOHYDQW VHFWRU RI WKLV GRFXPHQ

ODWHULDO :HDNQHVVHV

WHFKQLFDO GHWDLOV WKDW FRXOG LPSHGH WKH FRPSDQ\!V UHVS  
WКУHDW DFWRUV

,Q LQVWDQFHV ZKHUH D FRPSDQ\ KDV EHHQ PDWHULDOO\ LPSDFWH  
DSSURSULDWH GLUHFWRUV VKRXOG ZH ILQG WKH ERDUG!V RYHUVL  
UHODWHG LVVXH WR EH LQVXIILFLHQW RU DUH QRW SURYLGHG W

**%RDUG 2YHUVLJKW RI (QYLURQPHQWDO DQG 6RFLDO**

:H KDYH XSGDWHG RXU GLVFXVLRQ RI ERDUG RYHUVLJKW RI HQYL  
WKH ERDUG!V UROH LQ RYHUVHHLQJ HQYLURQPHQWDO DQG VRFLDO

## ([HFXWLYH 2ZQHUVKLS \*XLGHOLQHV

:H KDYH DGGHG D GLVFXVVLRQ WR IRUPDOO\ RXWOLQH RXU DSSUR  
WKDW FRPSDQLHV VKRXOG IDFLOLWDWH DQ DOLJQPHQW EHWZHHQ  
ORQJ WHUP VKDUHKROGHUV E\ DGRSWLQJ DQG HQIRUFLQJ PLQLPXP  
RIILFHUV &RPSDQLHV VKRXOG SURYLGH FOHDU GLVFORVXUH LQ W  
SUR[\ VWDWHPHQW RI WKHLU H[HFXWLYH VKDUH RZQHUVKLS UHTXL  
DUH WUHDWHG ZKHQ GHWHUPLQLQJ DQ H[HFXWLYH!V OHYHO RI RZQ  
,Q WKH SURFHVV RI GHWHUPLQLQJ DQ H[HFXWLYH!V OHYHO RI VKDU  
IXOO YDOXH DZDUGV DQG RU XQH[HUFLVHG VWRFN RSWLRQV LV LQ  
UDWLRQDOH VKRXOG WKH\ FRXQW WKHVH DZDUGV WRZDUGV VKDUH

## 3URSRVDOV IRU (TXLW\ \$ZDUGV IRU 6KDUHKROGHUV

5HJDUGLQJ SURSRVDOV VHHNLQJ DSSURYDO IRU LQGLYLGXDO HTXL



WKHP WR EH YRWHG RU LL WKH KROGHU RI WKH #FRQWURO VKDU  
LQWHUHVWHG\$ VKDUHKROGHUV

'HSHQGLQJ RQ WKH VWDWH RI LQFRUSRUDWLRQ FRPSDQLHV PD\ D  
IXQG!V ERDUG RI WUXVWHHV HOLPLQDWHV WKH DSSOLFDWLRQ RI W  
DFTXLVLWLRQV WKURXJK DGRSWLRQ RI D SURYLVLQR LQ WKH IXQ  
,Q FHUWDLQ RWKHU VWDWHV FRPSDQLHV PXVW DGRSW FRQWURO V

,Q RXU YLHZ FRQWURO VKDUH VWDWXHV GLVHQBUDQFKLVH VKDUHK  
WKHLU HFRQRPLF LQWHUHVW DQG HIIHFWLYHO\ IXQFWLRQ DV DQ D  
KDYH DQ RSSRUWXQLW\ WR YRWH DOO RI WKHLU VKDUHV ORUHRYH  
VKDUHKROGHUV IURP UHFHLYLQJ D EX\ RXW SUHPLXP IRU WKHLU V

\$V VXFK ZH ZLOO JHQHUDOO\ UHFRPPHQG YRWLQJ IRU SURSRVDOV  
XQOHVV GRLQJ VR ZRXOG DOORZ WKH FRPSOHWLRQ RI D WDNHRYH  
UHFRPPHQG YRWLQJ DJDLQVW SURSRVDOV WR DPHQG WKH FKDUDO

8QGHUUHSUHVHQWHG &RPPXQLW\ 'LYHUVLW\

:H KDYH FODULILHG RXU SROLF\ RQ XQGHUUHSUHVHQWHG FRPPXQLWYRWLQJ UHFRPPHQGDWLRQV ZH ZLOO FDUHIXOO\ UHYLHZ D FRPSDUHIUDLQ IURP UHFRPPHQGLQJ WKDW VKDUHKROGHUV YRWH DJDLQVUDWLRQDOH RU SODQ WR DGGUHVV WKH ODFN RI GLYHUVLW\ RQ WDSSRLQW DGGLWLRQDO GLUHFWRUV IURP DQ XQGHUUHSUHVHQWHG VRRQ DV LV UHDVQRQDEO\ SUDFWLFDEOH

)XUWKHUPRUH ZH KDYH UHYLVHG RXU GHILQLWLRQ RI #XQGHUUHSUHIHUHQFH WR DQ LQGLYLGXDO ZKR VHOI LGHQWLILHV DV JD\ OHVHOI LGHQWLILHV DV D PHPEHU RI WKH /\*%74,\$ FRPPXQLW\

1RQ \*\$\$\$ WR \*\$\$\$ 5HFRQFLOLDWLRQ 'LVFORVXUH

:H KDYH H[SDQGHG WKH GLVFXVVLQJ RI RXU DSSURDFK WR WKH XVWUGHU WR HPSKDV]H WKH QHHG IRU WKRURXJK DQG WUDQVSDUHQVKDUHKROGHUV LQ UHFRQFLOLQJ WKH GLIIHUHQFH EHWZHHQ QRQ DQG UHSRUWHG \*\$\$\$ UHVXOWV 3DUWLFXODUO\ LQ VLWXDWLRQV ZHLPDFWV LQFHQWLYH SD\ RXWFRPHV WKH ODFN RI VXFK GLVFORVXUH[HFXWLYH SD\ GLVFORVXUH DQG PD\ EH D IDFWRU LQ RXU UHFRPP

3D\ 9HUVXV 3HUIRUPDQFH 'LVFORVXUH

:H KDYH UHYLVHG RXU GLVFXVVLQJ RI WKH SD\ IRU SHUIRUPDQFH GLVFORVXUH PDQGDWHG E\ WKH 6(& PD\ EH XVHG DV SDUW RI RXU RXU SULPDU\ SD\ IRU SHUIRUPDQFH JUDGH

&RPSDQ\ 5HVSRQVLYHQHV IRU 6D\ RQ 3D\ 2SSRVLWLW

)RU LQFUHDVHG FODULW\ ZH DPHQGHG RXU GLVFXVVLQJ RI FRPSDQRSSRVLWLRQ WR QRWH WKDW RXU FDOFXODWLRQ RI RSSRVLWLRQ IZLWK RSSRVLWLRQ RI RU KLJKHU WUHDWHG DV VLJQLILFDQW

\$ % RDUG RI 'LUHFWRUV WK, QWHUHVW

(OHFWLRQ RI 'LUHFWRUV

7KH SXUSRVH RI \*ODVV /HZLV! SUR[\ UHVHDFK DQG DGylfH LV WRVWUXFWXUHV WKDW ZLOO GULYH SHUIRUPDQFH FUHDWH VKDUHKR/HZLV ORRN IRU WDOHQWHG ERDUGV ZLWK D UHFRUG RI SURWHFWDQG ORQJ WHUP :H EHOLHYH WKDW D ERDUG FDQ EHVW SURWHFW

VXIILFLHQWO\ LQGSHSHQGHQW KDV D UHFRUG RI SRVLWLYH SHUIRU  
EDFNJURXQGV DQG D EUHDGWK DQG GHSWK RI UHOHYDQW H[SHULH

## , QGSHSHQGHQFH

7KH LQGSHSHQGHQFH RI GLUHFWRUV RU ODFN WKUHRI LV XOWLP  
DVVHVVLQJ WKH LQGSHSHQGHQFH RI GLUHFWRUV ZH ZLOO WDNH LG  
KDV D WUDFN UHFRUG LQGLFDWLYH RI PDNLQJ REMHFWLYH GHFLVL  
GLUHFWRUV ZH ZLOO DOVR H[DPLQH ZKHQ D GLUHFWRU!V WUDFN U  
GHFLVLRQ PDNLQJ 8OWLPDWHO\ ZH EHOLHYH WKH GHWHUPLQDWL  
WDNH LQWR FRQVLGHUDWLRQ ERWK FRPSOLDQFH ZLWK WKH DSSOL  
MXGJPHQWV PDGH E\ WKH GLUHFWRU

:H ORRN DW HDFK GLUHFWRU QRPLQH WR H[DPLQH WKH GLUHFWRU  
H[HFXYLYHV DQG RWKHU GLUHFWRUV :H GR WKLW WR HYDOXDWH  
LQFOXGLQJ GLUHFWRU FRPSHQVDWLRQ PD\ LPSDFW WKH GLUHFWRU  
GLIILFXOW IRU D GLUHFWRU WR SXW VKDUHKROGHUV! LQWHUHVWV  
EHOLHYH WKDW D GLUHFWRU ZKR RZQV PRUH WKDQ RI D FRPSDQ  
ERDUG DQG WKUHIRUH EHOLHYH VXFK D GLUHFWRU!V LQGSHSHQGHQ  
WKH DXGLW FRPPLWV

7KXV ZH SXW GLUHFWRUV LQWR WKUHH FDWHJRULHV EDVHG RQ DQ  
WKH FRPSDQ\

, QGSHSHQGHQW\$ QUDH\ WRLDWHG LQGSHSHQGHQW GLUHFWRU KDV QR PDWHULD  
UHODWLRQVKLSV ZLWK WKH FRPSDQ\ LWV H[HFXYLYHV RU RWKHU  
VWDQGDUG IHHV SDLG IRU WKDW VHUYLFH 5HO\ WILRUH\ WLSHV W  
LQTXLU\ DUH XVXDOO\ FRQVLGHUHG #FXUUHQW\$ IRU SXUSRVHV  
ZLWK WKH FRPSDQ\ ZH DSSO\ D WKUHH \HDU ORRN EDFN DQG  
FRPSDQ\ ZH DSSO\ D ILYH \HDU ORRN EDFN

\$IILOLDWHG\$ QUDH\ WRLDWHG GLUHFWRU KDV RU ZLWKLQ WKH S  
IDPLOLDO RU RWKHU UHODWLRQVKLS ZLWK WKH FRPSDQ\ RU LWV  
FRPSDQ\ KLV LQFOXGHV GLUHFWRUV ZKR VH HPSOR\HUV KDYH D

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1\$6'\$4 RULJLQDOO\ SURSRVHG D ILYH \HDU ORRN EDFN SHULRG EXW ERV  
EDFN SULRU WR ILQDOLJLQJ WKHLU UXOHV \$ ILYH \HDU VWDQGDUG IRU IF  
YLHZ EHFDXVH ZH EHOLHYH WKDW WKH XZLQGLQJ RI FRQIOLFNLQJ UHO  
LV PRUH OLNHO\ WR EH FRPSOHWH DQG ILQDO DIWHU ILYH \HDU +RZHYH  
WR GLUHFWRUV ZKR KDYH SUHYLRXVO\ VHUYHG DV H[HFXYLYHV RI WKH F  
, I D FRPSDQ\ GRHV QRW FRQVLGHU D QRQ HPSOR\HH GLUHFWRU WR EH  
DIILOLDWH



WKH FRPSDQ\ DQG UHFHLYHQ ~~FRPSDQ~~ PSHQVDWLRQ RU LL KH  
ZKR LV HPSOR\HG E\ WKH FRPSDQ\ DQG WKH FRPSDQ\ GRHV QRW G  
'HILQLW ~~FRPSDQ~~ FRPSDQ\ LQFOXGHV DQ\ SDUHQW RU VXEVLGLDU\

3XUVXDQW WR 6HFWLRQ RI WKH 'RGG )UDQN \$FW DV RI -DQXDU  
&RPPLVVLRQ 6(& DSSURYHG QHZ OLVWLQJ UHTXLUHPHQWV IRU ER  
DSSO\ HQKDQFHG VWDQGDUGV RI LQGSHQGHQFH ZKHQ PDNLQJ DQ  
FRPSHQVDWLRQ FRPPLWWHH PHPEHUV 6SHFLILFDOO\ ZKHQ PDNLQ  
FRQVLGHUHG ZKHQ DVVHVVLQJ JHQHUDO GLUHFWRU LQGSHQGHQFH  
VRXUFH RI FRPSHQVDWLRQ RI WKH GLUHFWRU LQFOXGLQJ DQ\ FRQ  
WKH OLVWHG FRPSDQ\ WR WKH GLUHFWRU WKH #)HHV )DFWRU\$ D  
FRPSDQ\ LWV VXEVLGLDULHV RU DILOLDWHV RI LWV VXEVLGLDUL

\*ODVV /HZLV EHOLHYHV LW LV LPSRUWDQW IRU ERDUGV WR FRQVLQ  
FRPSHQVDWLRQ FRPPLWWHH PHPEHUV +RZHYHU DV GLVFXVVHG D  
RXU RZQ VWDQGDUGV ZKHQ DVVHVVLQJ WKH LQGSHQGHQFH RI GL  
FRQVXOWLQJ DQG DGYLVRU\ IHHV SDLG WR WKH GLUHFWRU DV ZH  
VXEVLGLDULHV DQG DILOLDWHV :H PD\ UHFRPPHQG YRWLQJ DJDLQ  
LQGSHQGHQW EDVHG RQ RXU VWDQGDUGV

## , QGSHQGHQW & KDLU

\*ODVV /HZLV EHOLHYHV WKDW VHSUDUDWLQJ WKH UROHV RI &(2 RU  
FUHDWHV D EHWWHU JRYHUQDQFH VWUXFWXUH WKDQ D FRPELQHG  
DFFRUGLQJ WR D FRXUVH WKH ERDUG FKDUWV ([HFXWLYHV VKRXO  
DFKLHYLQJ JRDOV VHW E\ WKH ERDUG 7KLV LV QHHGOHVVO\ FRPS  
SUHVXPDEO\ ZLOO KDYH D VLJQLILFDQW LQIOXHQFH RYHU WKH ERD

:KLOH PDQ\ FRPSDQLHV KDYH DQ LQGSHQGHQW OHDG RU SUHVLGL  
IXQFWLRQV RI DQ LQGSHQGHQW FKDLU H J VHWWLQJ WKH ERDU  
IRUP RI LQGSHQGHQW ERDUG OHDGHUVKLS SURYLGHV DV UREXVW

,W FDQ EHFRPH GLILFXOW IRU D ERDUG WR IXOILOO LWV UROH RI  
DJHQGD DQG WKH ERDUGURRP GLVFXVVLRQ 6XFK FRQWURO FDQ D  
ORQJHU WKDQ RSWLPDO WHUPV IHZHU FKHFNV RQ PDQDJHPHQW C  
OLPLWDWLRQV RQ LQGSHQGHQW VKDUHKROGHU IRFXVHG JRDO V

\$ &(2 VKRXOG VHW WKH VWUDWHJLF FRXUVH IRU WKH FRPSDQ\ ZLV  
WKH &(2 WR FDUU\ RXW WKH &(2!V YLVLRQ IRU DFFRPSOLVKLQJ WK









( ,I WKHUH LV QR FRPPLWWHH FKDLU ZH UHFRPPHQG YRWLQJ D.  
LI WKH ORQJHVW VHUYLQJ FRPPLWWHH PHPEHU FDQQRW EH GH  
VHUYLQJ RQ WKH FRPPLWWHH L H LQ HLWKHU FDVH WKH #V  
( ,I WKHUH LV QR FRPPLWWHH FKDLU EXW PXOWLSOH VHQLRU G  
YRWLQJ DJDLQVW ERWK RU DOO VXFV VHQLRU GLUHFWRUV

,Q RXU YLHZ FRPSDQLHV VKRXOG SURYLGH FOHDU GLVFORVXUH RI  
FRPPLWWHH ,Q FDVHV ZKHUH WKDW VLP SOH IUDPHZRUN LV LJQRU  
FRPPLWWHH PHPEHU LV WKH GHVLJQDWHG OHDGHU ZH EHOLHYH V  
FRPPLWWHH PHPEHU V LV ZDUUDQWHG \$JDLQ WKLV RQO\ DSSOLH  
WKH FRPPLWWHH FKDLU EXW WKHUH LV HLWKHU QR VXFV SRVLWLR

## \$XGLW & RPPLWWHHV DQG SHUIRUPDQFH

\$XGLW FRPPLWWHHV SOD\ DQ LQWHJUDO UROH LQ RYHUVHHLQJ WK  
PDUNHWV GHSHQG RQ UHOLDEOH WUDQVSDUHQW DQG REMHFWLYH  
HIIHFWLYH FDSLWDO PDUNHW SURFHVV \$XGLW FRPPLWWHHV SOD\

:KHQ DVVHVVLQJ DQ DXGLW FRPPLWWHH!V SHUIRUPDQFH ZH DUH D  
ILQDQFLDO VWDWHPHQW LV QRW UHVSQRVLEOH IRU PDNLQJ WKH  
VWDWHPHQW DQG GRHV QRW DXGLW WKH QXPEHUV RU WKH GLVF  
FRPPLWWHH PHPEHU PRQLWRUV DQG RYHUVHHV WKH SURFHVV DQG  
7KH 5HSRUW DQG 5HFRPPHQGDWLRQV RI WKH %OXH 5LEERQ & R  
& RUSRUDWH \$XGLW & RPPLWWHHV VWDWHG LW EHVW

~ ~~686~~8 4\* =+2; 4:544 99+3 +>99: +8,58° =. +4: +: 8+3' /4-8; 6989549(2,58

FRPSOHWHQHVV RI GLVFORVXUHV QHFHVVDU\ IRU LQYHVWRUV WR P  
LQWHUQDO FRQWUROV VKRXOG SURYLGH UHDVRQDEOH DVVXUDQFH  
HUURUV 7KH LQGHSHQQGHQFH RI WKH H[WHUQDO DXGLWRUV DQG W  
ZKLFK WR DVVHV V WKH DXGLW FRPPLWWHH

:KHQ DVVHVVLQJ WKH GHFLVLRQV DQG DFWLRQV RI WKH DXGLW FR  
JHQHUDOO\ UHFRPPHQG YRWLQJ LQ IDYRU RI LWV PHPEHUV +RZHY  
VKDUHKROGHUV YRWH DJDLQVW WKH IROORZLQJ

\$OO PHPEHUV RI WKH DXGLW FRPPLWWHH ZKHQ RSWLRQV ZHUH  
LQ SODFH WKHUH ZDV D UHVXOWLQJ UHVWDWHPHQW DQG GLV  
ZLWK UHVSHFW WR WKH RSWLRQ JUDQWV  
7KH DXGLW FRPPLWWHH FKDLU LI WKH DXGLW FRPPLWWHH GR  
ILQDQFLDO H[SHUW GRHV QRW KDYH D GHPRQVWUDEOH ILQDQF  
ILQDQFLDO LVVXH XQLTXH WR SXEOLF FRPSDQLHV  
7KH DXGLW FRPPLWWHH FKDLU LI WKH DXGLW FRPPLWWHH GL  
7KH DXGLW FRPPLWWHH FKDLU LI WKH FRPPLWWHH KDV OHVV  
\$Q\ DXGLW FRPPLWWHH PHPEHU ZKR VLWV RQ PRUH WKDQ WКУ



(IIHFWLYH LQWHUQDO FRQWUROV RYHU ILQDQFLDO UHSRUWLQJ VK  
ILQDQFLDO UHSRUWLQJ

7KH 6(& JXLGDQFH UHJDUGLQJ 0DQDJHPHQW V 5HSRUW RQ ,QWHUQ  
UHSRUWV RQ LQWHUQDO FRQWURO VKRXOG LQFOXGH L D VWDWH  
PDLQWDLQLQJ DGHTXDWH LQWHUQDO FRQWURO RYHU ILQDQFLDO U  
RI WKH HIIHFWLYHQHV RI WKH FRPSDQ\ V LQWHUQDO FRQWURO RY  
PRVW UHFHQW ILVFDO \HDU LLL D VWDWHPHQW LGHQWLI\LQJ WK  
HIIHFWLYHQHV RI WKH FRPSDQ\ V LQWHUQDO FRQWURO RYHU ILQ  
SXEOLF DFFRXQWLQJ ILUP WKDW DXGLWHG WKH FRPSDQ\ V ILQDQF  
DQ DWWHVWDWLRQ UHSRUW RQ PDQDJHPHQW V DVVHVVPHQW RI WK

\$ PDWHULDO ZHDNQHVV RFFXUV ZKHQ D FRPSDQ\ LGHQWLIHV D GH  
FRQWUROV RYHU ILQDQFLDO UHSRUWLQJ VXFK WKDW WKHUH LV D  
FRPSDQ\ V DQQXDO RU LQWHULP ILQDQFLDO VWDWHPHQWV ZLOO Q  
PDLQWDLQ HIIHFWLYH LQWHUQDO FRQWUROV FDQ FUHDWH GRXEW  
SUHSDUDWLRQ RI ILQDQFLDO VWDWHPHQWV LQ DFFRUGDQFH ZLWK

&RPSHQVDWLRQ FRPPLWWHHV DUH DOVR UHVSQRVLEOH IRU WKH RY  
RYHUVLJKW LQFOXGHV GLVFORVXUH RI FRPSHQVDWLRQ DUUDQJHPH  
DQG WKH XVH RI FRPSHQVDWLRQ FRQVXOWDQWV , Q RUGHU WR HQ  
FRQVXOWDQW ZH EHOLHYH WKH FRPSHQVDWLRQ FRPPLWWHH VKRX  
DOVR SURYLGLQJ DQ\ VHU\LFHV WR WKH FRPSDQ\ RU PDQDJHPHQW  
FRPPLWWHH , W LV LPSRUWDQW WR LQYHVWRUV WKDW WKH\ KDYH  
RI FRPSHQVDWLRQ DUUDQJHPHQWV LQ RUGHU WR PDNH LQIRUPHG  
RI WKH FRPSHQVDWLRQ FRPPLWWHH

)LQDOO\ FRPSHQVDWLRQ FRPPLWWHHV DUH UHVSQRVLEOH IRU RY  
FRPSHQVDWLRQ SURFHVV 7KLV LQFOXGHV FRQWUROV RYHU JDWKH  
HVWDEOLVKPHQW RI HTXLW\ DZDUG SODQV DQG JUDQWLQJ RI HTXL  
FRQVXOWDQW ZKR PDLQWDLQV D EXVLQHVV UHODWLRQVKLS ZLWK  
PDNH GHFLVLRQV EDVHG RQ LQIRUPDWLRQ WKDW LV FRPSURPLVHG  
FDQ DOVR FRQWULEXWH WR LPSURSHU DZDUGV RI FRPSHQVDWLRQ  
RSWLRQV RU JUDQWLQJ RI ERQXVHV ZKHQ WULJJHUV IRU ERQXV S

&HQWUDO WR XQGHUVWDQGLQJ WKH DFWLRQV RI FRPSHQVDWLRQ F  
LQFOXGHG LQ HDFK FRPSDQ\!V SUR\ :H UHYLHZ WKH &' \$ LQ RXU  
RI D FRPSDQ\ DV RYHUVHHQ E\ WKH FRPSHQVDWLRQ FRPPLWWHH  
FRPSHQVDWLRQ SURSRVDOV DW FRPSDQLHV VXFK DV DGYLVRU\ YR  
VKDUHKROGHUV WR YRWH RQ WKH FRPSHQVDWLRQ SDLG WR D FRPS

:KHQ DVVHVVLQJ WKH SHUIRUPDQFH RI FRPSHQVDWLRQ FRPPLWWH  
VKDUHKROGHUV YRWH DJDLQVW WKH IROORZLQJ

\$OO PHPEHUV RI D FRPSHQVDWLRQ FRPPLWWHH GXULQJ ZKRVH  
VKDUHKROGHU FRQFHUQV IROORZLQJ PDMRULW\ VKDUHKROGHU  
SUHYLRXV \HDU :KHUH WKH SURSRVDO ZDV DSSURYHG EXW WK  
JUHDWHU WKDQ RI YRWHV FDVW DJDLQVW WKH VD\ RQ SD\  
UHVSRRG VXIILFLHQWO\ WR WKH YRWH LQFOXGLQJ DFWLYHO\ F  
FRQVLGHU UHFRPPHQGLQJ YRWLQJ DJDLQVW WKH FKDLU RI WK  
FRPSHQVDWLRQ FRPPLWWHH GHSHQGLQJ RQ WKH VHYHULW\ D  
OHYHO RI VKDUHKROGHU RSSRVLWLRQ

\$OO PHPEHUV RI WKH FRPSHQVDWLRQ FRPPLWWHH ZKR DUH XS  
IDLQHG WR DOLJQ SD\ ZLWK SHUIRUPDQFH LI VKDUHKROGHUV  
FRPSHQVDWLRQ DW WKH DQQXDO PHHWLQJ

\$Q\ PHPEHU RI WKH FRPSHQVDWLRQ FRPPLWWHH ZKR KDV VHU  
OHDVW WZR RWKHU SXEOLF FRPSDQLHV WKDW KDYH FRQVLVWH  
RYHUVLJKW RI FRPSHQVDWLRQ DW WKH FRPSDQ\ LQ TXHVWLRQ  
\$OO PHPEHUV RI WKH FRPSHQVDWLRQ FRPPLWWHH GXULQJ WK  
LQWR H\FHVVLVH HPSOR\PHQW DJUHHPHQWV DQG RU VHYHUDQ

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, I D FRPSDQ\ SURYLGHV VKDUHKROGHUV ZLWK D VD\ RQ SD\ SURSRVDO  
FRPSDQ\ V VD\ RQ SD\ SURSRVDO DQG ZLOO QRW UHFRPPHQG YRWLQJ DJD  
XQOHVV WKHUH LV D SDWWHUQ RI IDLOLQJ WR DOLJQ SD\ DQG SHUIRUPDQ  
SUDFWLFHV )RU FDVHV LQ ZKLFK WKH GLVFRQQHFW EHWZHHQ SD\ DQG S  
LVV SHHUV ZH ZLOO FRQVLGHU QRW UHFRPPHQGLQJ DJDLQVW FRPSHQVD

\$OO PHPEHUV RI WKH FRPSHQVDWLRQ FRPPLWWHH ZKHQ SHUIR  
ZKHQ HPSOR\HHV IDLOHG RU ZHUH XQOLNHO\ WR PHHW RULJLQ  
SDLG GHVSLWH JRDOV QRW EHLQJ DWDDLQHG  
\$OO PHPEHUV RI WKH FRPSHQVDWLRQ FRPPLWWHH LI H[FHVVL  
ZHUH DOORZHG  
7KH FRPSHQVDWLRQ FRPPLWWHH FKDLU LI WKH FRPSHQVDWLR  
\$OO PHPEHUV RI WKH FRPSHQVDWLRQ FRPPLWWHH ZKHQ WKH F  
WHQGHU RIIHU\$ ZLWKRXW VKDUHKROGHU DSSURYDO ZLWKLQ W  
\$OO PHPEHUV RI WKH FRPSHQVDWLRQ FRPPLWWHH ZKHQ YHVW  
\$OO PHPEHUV RI WKH FRPSHQVDWLRQ FRPPLWWHH ZKHQ RSWL  
ZLOO UHFRPPHQG YRWLQJ DJDLQVW DQ H[HFXWLYH GLUHFWRU





DQG RU WKH PRQHWDU\ DPRXQWV LQYROYHG DUH XQFOHDU RU  
KROGHU IURP EHLQJ DEOH WR UHDVRQDEO\ LQWHUSUHW WKH L  
EH\RQG ZKDW WKH FRPSDQ\ PDLQWDLQV LV FRPSOLDQW ZLWK  
UHTXLUHPHQWV  
7KH JRYHUQDQFH FRPPLWWHH FKDLU ZKHQ GXULQJ WKH SDVW



FRPSHWHQFH RI WKH ERDUG DQG WKDW DGGLWLRQDO GLVFORVXUH  
XQGHUVWDQGLQJ RI WKH UROH RI WKH ERDUG LQ WKH RUJDQL]DWL  
EHFDPH HIIHFWLYH RQ )HEUXDU\ QRZ H[SOLFLWO\ UHTXLUH  
DOORZLQJ IRU VRPH GHJUHH RI IOH[LELOLW\ WKH ERDUG!V UROH I  
:KHQ DQDO\]LQJ WKH ULVN PDQDJHPHQW SUDFWLFHV RI SXEOLF FR  
ZULWHGRZQV RQ ILQDQFLDO DVVHWV DQG RU VWUXFWXUHG WUDQV

PDLQWDLQHG D PHDQLQJIXO OHYHO RI RYHUVLJKW RI DQG DFFRXQ  
VRFLDO LPSDFWV

## &\EHU 5LVN 2YHUVLJKW

&RPSDQLHV DQG FRQVXPHUV DUH H[SRVHG WR D JURZLQJ ULVN RI  
RU HPSOR\HH GDWD EUHDFKHV KDUP WR D FRPSDQ\!V UHSXWDWLR  
FRPSDQ\!V RSHUDWLRQV )XUWKHU LQ VRPH LQVWDQFHV F\EHU EU  
DV WKRVH LPSDFWLQJ FRPSDQLHV RSHUDWLQJ DV XWLOLWLHV GH

,Q UHVSQRVH WR WKHVH LVVXH V UHJXODWRUV KDYH LQFUHDVLQJ  
DSSURSULDWH DQG WLPHO\ GLVFORVXUHV DQG SURWHFWLRQV WR  
D EUHDFK LQ D FRPSDQ\!V F\EHU LQIUDVWUXFWXUH

2Q -XO\ WKH 6(& DSSURYHG ILQDO UXOHV UHTXLULQJ SXEOL  
GHHPHG PDWHULDO ZLWKLQ IRXU GD\V RI LGHQWLI\LQJ WKHP GHW  
XQGHU ,WHP RQ )RUP .

)XUWKHUPRUH LQ DQXDO UHSRUWV FRPSDQLHV PXVW GLVFORVH  
PDQDJLQJ PDWHULDO F\EHUVHFXULW\ ULNV DORQJ ZLWK WKHLU  
SULRU LQFLGHQWV KDYH PDWHULDOO\ DIIHFWHG LWV EXVLQHVV VV

,Q VXFH LQVWDQFHV ZH PD\ UHFRPPHQG DJDLQVW DSSURSULDWH  
UHVSRQVH RU GLVFORVXUH FRQFHUQLQJ F\EHUVHFXULW\ UHODWHG  
VKDUHKROGHUV

**%RDUG \$FFRXQWDELOLW\ IRU (QYLURQPHQWDO DQG**

\*ODVV /HZLV FDUHIXOO\ PRQLWRUV FRPSDQLHV! SHUIRUPDQFH ZLW  
LQFOXGLQJ WKRVH UHODWHG WR FOLPDWH DQG KXPdq FDSLWDO P  
FRPSDQ\ KDV QRW SURSHUO\ PDQDJHG RU PLWLJDWHG PDWHULDO  
VKDUHKROGHU YDOXH RU ZKHQ VXFH PLVPDQDJHPHQW KDV Wkuhd  
UHFRPPHQG WKDW VKDUHKROGHUV YRWH DJDLQVW WKH PHPEHUV F  
HQYLURQPHQWDO DQG VRFLDO ULNVN ,Q WKH DEVHQFH RI H[SOLF  
\*ODVV /HZLV PD\ UHFRPPHQG WKDW VKDUHKROGHUV YRWH DJDLQV  
GHHUPLQDWLRQV \*ODVV /HZLV ZLOO FDUHIXOO\ UHYLHZ WKH VLV  
FRUHFHFWLYH DFWRQ RU RWKHU UHVSRQVH PDGH E\ WKH FRPSDQ\

)RU PRUH LQIRUPDWLRQ RQ KRZ \*ODVV /HZLV HYDOXDWHV HQYLUR  
2YHUDOO \$SSURDFK WR (6 \* D ~~V 827 6 811 219 58# F8 528 869 2 117~~  
"+2: + 199 +9 DYLDO [DZOHODWVOHZLV FRP YRWLQJ SROLFLHV FXUUHQW](#)

**%RDUG \$FFRXQWDELOLW\ IRU &OLPDWH UHODWHG ,VVXH**

\*LYHQ WKH H[FHSWLRQDOO\ EURDG LPSDFWV RI D FKDQJLQJ FOLPD  
ZH YLHZ FOLPDWH ULVN DV D PDWHULDO ULVN IRU DOO FRPSDQLHV  
DQG HYDOXDWLQJ WKHLU RSHUDWLRQDO UHVLOLHQFH XQGHU ORZH  
H[SRVXUH WR FOLPDWH UHODWHG ULNVN ZH EHOLHYH WKDW DGG  
GLVFORVXUH VKRXOG EH SURYLGHG E\ WKRVH FRPSDQLHV ZKRVH \*

:H EHOLHYH WKDW FRPSDQLHV ZLWK WKLV LQFUHDVHG ULVN H[SRV  
UHJDUGLQJ WKHVH ULNVN LQFOXGLQJ KRZ WKH\ DUH EHLQJ PLWLJ  
FUXFLDO WR DOORZ LQYHVWRUV WR XQGHUVWDQG WKH FRPSDQ\!V  
ORZHU FDUERQ IXWXUH RQ WKH FRPSDQ\!V RSHUDWLRQV

,Q OLQH ZLWK WKLV YLHZ \*ODVV /HZLV ZLOO FDUHIXOO\ H[DPLQH V  
WKH 6 3 LQGH[ ZLWK PDWHULDO H[SRVXUH WR FOLPDWH OODVV  
FRPSDQLHV ZKHUH ZH EHOLHYH HPLVVLRQV RU FOLPDWH LPSDFWV  
RXWVL]HG ILQDQFLDOO\ PDWHULDO ULVN LQ RUGHU WR DVVHVV Z  
UHFRPPHQGDWLRQV RI WKH 7DVN )RUFH RQ &OLPDWH UHODWHG )L  
WKHVH FRPSDQLHV KDYH GLVFORVHG H[SOLFLW DQG FOHDUO\ GHIL  
UHODWHG LVVXH ,Q LQVWDQFHV ZKHUH ZH ILQG HLWKHU RU ERW  
ODFNLQJ ZH PD\ UHFRPPHQG YRWLQJ DJDLQVW WKH FKDLU RI WKH  
FOLPDWH UHODWHG LVVXH RU LI QR FRPPLWWHH KDV EHHQ FKDU  
FRPPLWWHH )XUWKHU ZH PD\ H[WHQG RXU UHFRPPHQGDWLRQ RQ

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7KLV SROLF\ ZLOO JHQHUDOO\ DSSO\ WR FRPSDQLHV LQ WKH IROORZLQJ  
ORJLVWLFV DLUOLQHV FKHPLFDOV FRQVWUXFWLRQ PDWHULDOV FRQW  
JHQHURUV IRRG UHWDLOHV GLVWULEXWURV KHDWK FDUH GLVWUL  
SRXOWU\ GDLU\ PHWDOV PLQLQJ QRQ DOFRKROLF EHYUDJHV RLO  
WUDQVSRUWDWLRQ VHPLFRQGXFWRUV ZDVWH PDQDJHPHQW

FRPPLWWHH LQ FDVHV ZKHUH WKH FRPPLWWHH FKDLU LV QRW VWD  
RWKHU IDFWRUV LQFOXGLQJ WKH FRPSDQ\!V VL]H LQG XVWU\ DQG

'LUHFWRU &RPPLWPHQWV

:H EHOLHYH WKDW GLUHFWRUV VKRXOG KDYH WKH QHFHVVDU\ WLP

:H EHOLHYH ERDUG PHPEHUV VKRXOG EH ZKROO\ IUHH RI LGHQWLII  
RI WKH RYHUDOO OHYHO RI LQGHSHQGHQW GLUHFWRUV RQ WKH ER  
DJDLQVW WKH IROORZLQJ W\SHV RI GLUHFWRUV

\$ &)2 ZKR LV RQ WKH ERDUG ,Q RXU YLHZ WKH &)2 KROGV D X  
DQG GLVFORVXUH WR VKDUHKROGHUV 'XH WR WKH FULWLFDO  
EHOLHYH WKH &)2 VKRXOG UHSRUW WR WKH ERDUG DQG QRW E  
\$ GLUHFWRU ZKR SURYLGHV RU D GLUHFWRU ZKR KDV DQ LPP  
FRQVXOWLQJ RU RWKHU PDWHULDO SURIHVVLRQDO VHUYLEFHV  
FRQVXOR\ QJQDQFLDO VHUYLEFHV :H TXHVWLRQ WKH QHHG IRU  
UHODWLRQV KLSV ZLWK LWV GLUHFWRUV :H YLHZ VXFK UHODW  
PD\ EH IRUFHG WR ZHLJK WKHLU RZQ LQWHUHVWV DJDLQVW VK  
,Q DGGLWLRQ D FRPSDQ\!V GHFLVLRQV UHJDUGLQJ ZKHUH WR  
VHUYLEFHV PD\ EH FRPSURPLVHG ZKHQ GRLQJ EXVLQHVV ZLWK  
FRPSDQ\!V GLUHFWRUV

\$ GLUHFWRU RU D GLUHFWRU ZKR KDV DQ LPPHGLDWH IDPLO\  
VLPLODU GHDOV LQFOXGLQJ SHUTXLVLWH W\SH JUDQWV IURP  
'LUHFWRUV ZKR UHFHLYH WKHVH VRUWV RI SD\PHQWV IURP WK  
FRPSOLFDFWHG GHFLVLRQV WKDW PD\ SLW WKHLU LQWHUHVWV  
,QWHUORFNLQJ GLUHFWRUV KLSV &(2V RU RWKHU WRS H[HF  
LQWHUORFN WKDW SRVHV FRQIOLFWV WKDW VKRXOG EH DYRLG  
DERYH DOO HOVH

\$OO ERDUG PHPEHUV ZKR VHUYPHG DW D WLPH ZKHQ D SRLVRQ  
DGRSWHG ZLWKRXW VKDUHKROGHU DSSUR\WKH ZHYHQ\Q\ DW KEH\SW  
FODVVLILHG DQG VKDUHKROGHUV DUH WKHUHIRUH XQDEOH WR  
DJDLQVW WKH UHPDLQLQJ GLUHFWRUV WKH QH[W \HDU WKH\ D  
WHUP RI RQH \HDU RU OHVV ZDV DGRSWHG ZLWKRXW VKDUHKR  
ZH ZLOO FRQVLGHU UHFRPPHQGLQJ WKDW VKDUHKROGHUV YRV  
FRPPLWVHH ,I WKH ERDUG KDV ZLWKRXW VHHNLQJ VKDUHKRO  
H[WHQG HG WKH WHUP RI D SRLVRQ SLOO E\ RQH \HDU RU OHVV  
UHFRPPHQGLQJ WKDW VKDUHKROGHUV YRWH DJDLQVW WKH HQ

### 6L]H RI WKH %RDUG RI 'LUHFWRUV

:KLOH ZH GR QRW EHOLHYH WKHUH LV D XQLYHUVDOO\ DSSOLFDEO  
OHDVW ILYH GLUHFWRUV WR HQVXUH VXIILFLHQW GLYHUVLW\ LQ GI  
FRPPLWVHHV ZLWK LQGHSHQGHQW GLUHFWRUV &RQYHUVHO\ ZH E  
W\SLFDOO\ VXIIHU XQGHU WKH ZHLJKW RI #WRR PDQ\ FRRNV LQ WK  
PDNLQJ WLPHO\ GHFLVLRQV 6RPHWLPHV WKH SUHVHQFH RI WRR PI

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:H ZLOO JHQHUDOO\ UHIUDLQ IURP UHFRPPHQGLQJ DJDLQVW D GLUHFWRU  
GLUHFWRU LV H[FOXGHG IURP PHPEHUV KLS RQ WKH ERDUG!V NH\ FRPPLW  
FRQFHUQV ZLWK WKH ERDUG

:H GR QRW DSSO\ D ORRN EDFN SHULRG IRU WKLW VLWXDWLRQ 7KH LQV  
D FDVH E\ FDVH EDVLV ZH HYDOXDWH RWKHU W\SHV RI LQWHUORFNLQJ UH  
H[HFXYLHV RU ZLWKLQ JURXS FRPSDQLHV )XUWKHU ZH ZLOO DOVR HYD  
PXOWLSOH GLUHFWRUV VHUYLQJ RQ WKH VDPH ERDUGV DW RWKHU FRPSDQ  
5HIHU WR WKH #\*RYHUQDQFH 6WUXFWXUH DQG WKH 6KDUHKROGHU )UDC  
UHJDUGLQJ DQWL WDNHRYHU PHDVXUHV LQFOXGLQJ SRLVRQ SLOOV

ZLVGRP DQG H[SHULHQFH LQ WKH URRP E\ YLUWXH RI WKH QHHG W  
KHDUG

7R WKDW HQG ZH W\SLFDOO\ UHFRPPHQG YRWLQJ DJDLQVW WKH F  
FRPPLWWHH LQ WKH DEVHQFH RI D QRPLQDWLQJ FRPPLWWHH DW  
GLUHFWRUV

## &RQWUROOHG &RPSDQLHV

:H EHOLHYH FRQWUROOHG FRPSDQLHV ZDUUDQW FHUWDLQ H[FHSW  
IXQFWLRQ LV WR SURWHFW VKDUHKROGHU LQWHUHVWV KRZHYHU  
WR D IRUPDO DJUHHPHQW RZQV PRUH WKDQ RI WKH YRWLQJ VK  
DUH WKH LQWHUHVWV RI WKDW HQWLW\ RU LQGLYLGXDO &RQVHTX  
ERDUG LQGSHQGHQFH UXOH DQG WKHUHIRUH ZH ZLOO QRW UHFRP  
UHIOHFWV WKH PDNHXS RI WKH VKDUHKROGHU SRSXODWLRQ

### ,QGHSHQGHQFH ([FHSWLRQV

7KH LQGSHQGHQFH H[FHSWLRQV WKDW ZH PDNH IRU FRQWUROOHG

:H GR QRW UHTXLUH WKDW FRQWUROOHG FRPSDQLHV KDYH ER  
ORQJ DV WKH LQVLGHUV DQG RU DIILOLDWHV DUH FRQQHFWHG  
QRQ LQGSHQGHQW ERDUG PHPEHUV

7KH FRPSHQVDWLRQ FRPPLWWHH DQG QRPLQDWLQJ DQG JRYHU  
RI LQGSHQGHQW GLUHFWRUV

D :H EHOLHYH WKDW VWDQGLQJ QRPLQDWLQJ DQG FRUSRUDY  
FRPSDQLHV DUH XQQHFHVVDU\ \$OWKRJK KDYLQJ D FRPP  
IRU VHOHFWLRQ DQG QRPLQDWLQJ LQGSHQGHQW GLUHFW  
RI D FRQWUROOHG FRPSDQ\!V VKDUHKROGHU EDVH PDNHV

E /LNHZLVH ZH EHOLHYH WKDW LQGSHQGHQW FRPSHQVDWLRQ  
XQQHFHVVDU\ \$OWKRJK LQGSHQGHQW GLUHFWRUV DUH  
VHQLRU H[HFXYLHV! SD\ FRQWUROOHG FRPSDQLHV VHUY  
YRWLQJ SRZHU HQVXUHV WKH SURWHFWLRQ RI LWV LQWHU  
GLUHFWRUV RQ D FRQWUROOHG FRPSDQ\!V FRPSHQVDWLRQ  
WKDW D FRQWUROOHG FRPSDQ\ KDV FHUWDLQ REOLJDWLRQ  
LQVLGHU VKRXOG QRW VHUYH RQ WKH FRPSHQVDWLRQ FR  
UHFRPPHQG YRWLQJ DJDLQVW DQ\ LQVLGHU WKH &(2 RU F  
FRPPLWWHH

&RQWUROOHG FRPSDQLHV GR QRW QHHG DQ LQGSHQGHQW FK  
\$OWKRJK DQ LQGSHQGHQW GLUHFWRU LQ D SRVLWLRQ RI DX  
GLUHFWRU FDQ EHVV FDUU\ RXW WKH ERDUG!V GXWLHV FRQ  
SRSXODWLRQ ZKRVH YRWLQJ SRZHU HQVXUHV WKH SURWHFWLRQ

### 6L]H RI WKH %RDUG RI 'LUHFWRUV

:H KDYH QR ERDUG VL]H UHTXLUHPHQWV IRU FRQWUROOHG FRPSDQ

### \$XGLW &RPPPLWWHH ,QGHSHQGHQFH

'HVSLWH D FRQWUROOHG FRPSDQ\!V VWDWXV XQOLNH IRU WKH RW  
FRPPLWWHHV VKRXOG FRQVLVW VROHO\ RI LQGSHQGHQW GLUHFW

%HQFKPDUN 3ROLF\ \*XLGHOLQHV 8QLWHG 6WDWHV



LQWHUHVWV RI DOO VKDUHKROGHUV PXVW EH SURWHFWHG E\ HQVX  
VWDWHPHQWV \$OORZLQJ DILOLDWHG GLUHFWRUV WR RYHUVHH W  
LQVXUPRXQWDEOH FRQIOLFW RI LQWHUHVW

**%RDUG 5HVSQRVLYHQHV DW 0XOWL &ODVV &RPSDQLHV**

\$W FRQWUROOHG FRPSDQLHV DQG FRPSDQLHV WKDW KDYH PXOWL  
ZLOO FDUHIXOO\ H[DPLQH WKH OHYHO RI DSSURYDO RU GLVDSSURY  
GHHUPLQLQJ ZKHWKHU ERDUG UHVSQRVLYHQHV LV ZDUUDQWHG  
VWUXFWXUHV ZLWK XQHTXDO YRWLQJ ULJKWV ZH ZLOO JHQHUDOO  
WR XQDILOLDWHG VKDUHKROGHUV RQ D #RQH VKDUH RQH YRWH\$  
OHDVW RU PRUH RI XQDILOLDWHG VKDUHKROGHUV YRWH FRQWU  
HQJJDJH ZLWK VKDUHKROGHUV DQG GHPRQVUDWH VRPH LQLWLDO  
XQDILOLDWHG VKDUHKROGHUV YRWH FRQWUDU\ WR PDQDJHPHQW  
DQG SURYLGH D PRUH UREXVW UHVSQRVH WR IXOO\ DGGUHVV VKDU

**6LJQLILFDQW 6KDUHKROGHUV**

:KHUH DQ LQGLYLGXDO RU HQWLW\ KROGV EHWZHHQ RI D FRP  
DOORZ SURSRUWLRQDO UHSUHVHQWDWLRQ RQ WKH ERDUG DQG FR  
LQGLYLGXDO RU HQWLW\!V SHUFHQWDJH RI RZQHUVKLS

**\*RYHUQDQFH )ROORZLQJ DQ ,32 6SLQ 2II RU 'LUHFV**

:H EHOLHYH FRPSDQLHV WKDW KDYH UHFHQWO\ FRPSOHWHG DQ LQ  
VKRXOG EH DOORZHG DGHTXDWH WLPH WR IXOO\ FRPSO\ ZLWK PDU  
FRUSRUDWH JRYHUQDQFH VWDQGDUGV \*HQHUDOO\ VSHDNLQJ ZH  
JRYHUQDQFH VWDQGDUGV H J ERDUG LQGHSHQQGHQFH FRPPLWW  
HWF GXULQJ WKH RQH \HDU SHULRG IROORZLQJ DQ ,32

+RZHYHU VRPH FDUHV ZDUUDQW VKDUHKROGHU DFWLRQ DJDLQVW  
VSLQ RII RU GLUHFV OLVWLQJ ZLWKLQ WKH SDVW \HDU :KHQ HYD

FRPPLWWHH RU LI D SRUWLRQ RI VXFK FRPPLWWHH PHPEHUV DUH  
VWUXFWXUH ZH ZLOO H[SDQG RXU UHFRPPHQGDWLRQV WR DGGLWLRQ  
HOHFWLRQ

,Q FDVHV ZKHUH SUHFHGLQJ DQ ,32 WKH ERDUG DGRSWV D PXOWL  
DOLJQHG ZLWK HFRQRPLF LQWHUHVW RU DQ DQWL WDNHRYHU SUR  
JHQHUDOO\ UHFRPPHQG YRWLQJ DJDLQVW DOO PHPEHUV RI WKH EF  
GLG QRW DOVR FRPPLW WR VXEPLWWLQJ WKHVH SURYLVLQRQV WR D  
PHHWLQJ IROORZLQJ WKH ,32 RU LL GLG QRW SURYLGH IRU D UH  
ILYH \HDUV LQ WKH FDVH RI D FODVVLILHG ERDUG RU SRLVRQ SLOO  
VWUXFWXUH ,Q WKH FDVH RI D PXOWL FODVV VKDUH VWUXFWXUH  
H[DPLQH WKH OHYHO RI DSSURYDO RU GLVDSSURYDO DWWULEXWHG  
RXWFRPH

,Q RXU YLHZ DGRSWLQJ DQ DQWL WDNHRYHU GHYLFH XQIDLUO\ SH  
EX\ RU VHOO WKH VWRFN DUH XQDEOH WR ZHLJK LQ RQ D PDWWHU  
LQWHUHVW 7KLV QRWLRQ LV VWUHQJWKHQHG ZKHQ D ERDUG DGRS  
SLOO ZLWK D ILYH WR WHQ \HDU WHUP LPPHGLDWHO\ SULRU WR JF  
VXEVDQWLDO DPRXQW RI WLPH

,Q DGGLWLRQ VKDUHKROGHUV VKRXOG DOVR EH ZDU\ RI FRPSDQLH  
EHIRUH WKHLU ,32 \$EVHQW H[SOLFLW SURYLVLQRQV LQ WKH DUWLF  
SKDVHG RXW RYHU D FHUWDLQ SHULRG RI WLPH ORQJ WHUP VKDU  
KDYLQJ WR DWWDLQ D VXSHUPDMRULW\ YRWH WR DSSURYH IXWXUH

**\*RYHUQDQFH )ROORZLQJ D %XVLQHVV &RPELQDWLRQ  
&RPSDQ\**

7KH EXVLQHVV FRPELQDWLRQ RI D SULDYDWH FRPSDQ\ ZLWK D SXEOL  
63\$& IDFLOLDWHV WKH SULDYDWH HQWLW\ EHFRPLQJ D SXEOLFO\  
UHSUHVHQWV WKH SULDYDWH FRPSDQ\!V GH IDFWR ,32 :H EHOLHYH  
WKH ERDUG RI D FRPSDQ\ WKDW KDYH FRPSOHWHG D EXVLQHVV FR

\$W PHHWLQJV ZKHUH VKDUHKROGHUV YRWH RQ WKH EXVLQHVV FRP  
VKDUHKROGHUV DUH JHQHUDOO\ YRWLQJ RQ D QHZ FRUSRUDWH FK  
WR DSSURYDO RI WKH EXVLQHVV FRPELQDWLRQ ,Q PDQ\ FDVHV V  
DSSURYH FRUSRUDWH FKDUWHUV WKDW VHYHUHO\ UHVWULFW VKDU  
7KHUHIRUH ZKHQ VKDUHKROGHUV DUH UHTXLUHG WR DSSURYH EL  
FRPELQDWLRQ ZLWK D 63\$& ZH EHOLHYH VKDUHKROGHUV VKRXOG  
FKDUWHU DPHQGPHQWV DV D PHDQV WR YRLFH WKHLU RSLQLRQV R

:KHQ HYDOXDWLQJ FRPSDQLHV WKDW KDYH UHFHQWO\ JRQH SXEOL  
ZLOO UHYLHZ WKH WHUPV RI WKH DSSOLFDEOH JRYHUQLQJ GRFXPH  
VHYHUHO\ UHVWULFWHG LQGILQLWHO\ DQG ZKHWKHU WKHVH UHV  
DQ DGYLVRU\ EDVLV DW WKH SULRU PHHWLQJ ZKHUH VKDUHKROGHU

,Q FDVHV ZKHUH SULRU WR WKH FRPELQHG FRPSDQ\ EHFRPLQJ SX  
VWUXFWXUH ZKHUH YRWLQJ ULJKWV DUH QRW DOLJQHG ZLWK HFRQ  
SRLVRQ SLOO RU FODVVLILHG ERDUG ZH ZLOO JHQHUDOO\ UHFRPP

DW WKH WLPH RI WKH FRPELQHG FRPSDQ\ EHFRLQJ SXEOLFO\ WUD  
SURLVLRQV WR D VKDUHKROGHU YRWH RQ DQ DGYLVRU\ EDVLV DV  
EXVLQHVV FRPELQDWLRQ LL GLG QRW DOVR FRPPLW WR VXEPLWY  
FRPSDQ\!V ILUVW VKDUHKROGHU PHHWLQJ IROORZLQJ WKH FRPSDQ  
D UHDVRQDEOH VXQVHW RI WKHVH SURLVLRQV JHQHUDOO\ WKUH  
SLOO RU VHYHQ \HDEV RU OHVV LQ WKH FDVH RI D PXOWL FODVV  
&RQVLVWHQW ZLWK RXU YLHZ RQ ,32V DGRSWLQJ DQ DQWL WDNHR  
H[FHSW IRU HOHFWLQJ WR EX\ RU VHOO WKH VWRFN DUH XQDEOH  
LPSDFW WKHLU RZQHUVKLS LQWHUHVW

## 'XDO /LVWHG RU )RUHLJQ ,QFRUSRUDWHG &RPSDQLH

)RU FRPSDQLHV WKDW WUDGH RQ PXOWLSOH H[FKDQJHV RU DUH LG  
8 6 ZH ZLOO DSSO\ WKH JRYHUQDQFH VWDQGDUG PRVW UHOHYDQ  
IDFWRUV LQ GHWHUPLQLQJ ZKLFK \*ODVV /HZLV FRXQWU\ VSHFLILF  
FRUSRUDWH JRYHUQDQFH VWUXFWXUH DQG IHDWXUHV RI WKH FRPS  
D SDUWLFXODU PDUNHW LL WKH QDWXUH RI WKH SURSRVDOV LI  
EH GHWHUPLQHG LY WKH UHJXODWRU\ JRYHUQDQFH UHJLPH WKD  
DQG FRPSOHWHQHVV RI WKH FRPSDQ\!V 6(& ILOLQJV

## 27& OLVWHG &RPSDQLHV

&RPSDQLHV WUDGLQJ RQ WKH 27& %XOOHWLQ %RDUG DUH QRW FR  
WKHUHIRUH QRW VXEMHFW WR WKH VDPH JRYHUQDQFH VWDQGDUGV  
VWULQJHQW FRUSRUDWH JRYHUQDQFH VWDQGDUGV VKRXOG EH DS  
SXEOLFO\ WUDGHG

:KHQ UHYLHZLQJ 27& FRPSDQLHV \*ODVV /HZLV ZLOO UHYLHZ WKH D



, &, 2YHUYLHZ RI )XQG \*RYHUQDQFH 3UDFWLHV LQG  
VHUYHG E\ DQ LQGHSHQGHQW GLUHFWRU LQ ZDV \$EVHQ  
IURP EHLQJ DQ HIIHFWLYH ERDUG PHPEHU DW D IXQG GXH WR  
PDLQWDLQLQJ D FDS RQ WKH QXPEHU RI RXWVLGH PXWXDO IXC

## 'HFODVVLILHG %RDUGV

\*ODVV /HZLV IDYRUV WKH UHSHDO RI VWDJHJHUHG ERDUGV DQG WKH  
ERDUGV DUH OHVV DFFRXQWDEOH WR VKDUHKROGHUV WKDQ ERDUG  
DQQXDO HOHFWLRQ RI GLUHFWRUV HQFRXUDJHV ERDUG PHPEHUV V

(PSLULFDO VWXGLHV KDYH VKRZQ L VWDJHJHUHG ERDUGV DUH DV  
LQ WKH FRQWH[W RI KRVLQ WDNHRYHUV VWDJHJHUHG ERDUGV R  
PDQDJHPHQW GLVFRXUDJHV SRWHQWLDO DFTXLUHUV DQG GHOLYH

, Q RXU YLHZ WKHUH LV QR HYLGHQFH WR GHPRQVWUDWH WKDW V  
WDNHRYHU FRQWH[W 6RPH UHVHDUFK KDV LQGLFDWHG WKDW VKDU  
WUDQVDFWLRQ IXUWKHU ZKHQ D VWDJHJHUHG ERDUG QHJRWLDWHV  
GLIIHUHQFH LQ SURGXFWLRQ YHVHDUFK IRXQG WKDW FKDUWHU E  
PDUNHW YDOXH RI D ILUP E\ WR RI LWV PDUNHW FDSLWDOL]DW  
PHUHO\ UHIOHFW WKLV UHGXFWLRQ LQ PDUNHW YDOXH PHG WKDW  
VKDUHKROGHU YDOXH ILQGLQJ #WKDW WKH RQJRLQJ SURFHVV RI  
LQVWLWXWLRQDO LQYHVWRUV FRXOG ZHOO FRQWULEXWH WR LQFU

6VKDUHKROGHUV KDYH LQFUHDVLRQ\ FRPH WR DJUHH ZLWK WKLV Y  
GHFODVVLILHG ERDUGV DSDURPHQW SURSRVDOV WR GHFODVVLILHG  
XQDQLPLW\ DQG VKDUHKROGHU SURSRVDOV RQ WKH WRSLF DOVR U  
SURSRVDOV UHTXHVWLQJ WKDW FRPSDQLHV GHFODVVLILHG WKHLU ER  
DEVWHQWLRQV DQG EURNHU QRQ YRWHV ZKHUHDV LQ RQO\  
)XUWKHU D JURZLQJ QXPEHU RI FRPSDQLHV QHDUO\ KDOI RI DOO  
WKDW DOO GLUHFWRUV VWDQG IRU HOHFWLRQ DQQXDOO\ HLWKHU  
QR UHFRPPHQGDWLRQ D GHSDUWXUH IURP WKH PRUH WUDGLWLRQ  
VKDUHKROGHU SURSRVDOV

\*LYHQ RXU EHOLHI WKDW GHFODVVLILHG ERDUGV SURPRWH GLUHFW  
VWDJHJHUHG ERDUGV UHGXFH D FRPSDQ\ V YDOXH DQG WKH HVWDE

\*ODVV /HZLV VXSSRUW WKH GHFODVVLILFDWLRQ RI ERDUGV DQG V

---

/XFLDQ %HEFKXN -RKQ &RDWHV ,9 \*XKDQ 6XEUDPDQLDQ #7KH 3RZHUIX  
)LQGLQJV DQG D HSO\ WR 6\PSRVLXP 3DUWLFLSDQWV \$ 6WDQIRUG /DZ  
/XFLDQ %HEFKXN \$OPD &RKHQ #7KH &RVWV RI (QWUHQFKHG %RDUGV \$  
/XFLDQ %HEFKXN \$OPD &RKHQ DQG &KDUOHV & < :DQJ #6WDJHJHUHG %

D 1DWXUDO ([SHULPHQW \$

665KWWS VVUQ FRP DEVWU\$FW

6SHQFHU 6WXDUW %RDUG ,QGH[ S

/XFLDQ %HEFKXN -RKQ &RDWHV ,9 DQG \*XKDQ 6XEUDPDQLDQ #7KH 3RZ  
(YLGHQFH DQG 3ROLF\ \$

%HQFKPDUN 3ROLF\ \*XLGHOLQHV 8QLWHG 6WDWHV

%RDUG &RPSRVLWLRQ DQG 5HIUHVKP

FRPSDQLHV ZLWKLQ WKH 5XVVHOO  
PLQLPXP RI RQOO

LQGH[ )RU FRPSDQLHV RXW

:H QRWH WKDW GXULQJ &DOLIRUQLD!V 6HQDWH %LOO DQG \$  
#XQGHUUHSUHVHQWHG FRPPXQLW\\$ GLYHUVLW\ UHVSHFWLYHO\ Z  
RI WKH &DOLIRUQLD VWDWH FRQVWLWXWLRQ 7KHVH ODZV DUH FXU  
\$FFRUGLQJO\ ZKHUH ZH SUHYLRXVO\ UHFRPPHQGHG LQ DFFRUGDQ  
UHTXLUHPHQWV VHW IRUWK LQ &DOLIRUQLD!V 6% DQG \$% ZH  
SXUVXDQW WR WKHVH VWDWH ERDUG FRPSRVLWLRQ UHTXLUHPHQW  
DSSHDOV SURFHVV +RZHYHU ZH ZLOO FRQWLQXH WR PRQLWRU FR

## 'LVFORVXUH RI 'LUHFWRU 'LYHUVLW\ DQG 6NLOOV

%HFDXVH FRPSDQ\ GLVFORVXUH LV FULWLFDO ZKHQ PHDVXULQJ WK  
/HZLV DVVHVHVH WKH TXDOLW\ RI VXFK GLVFORVXUH LQ FRPSDQLH  
FRPSDQ!\!V SUR[\ VWDWHPHQW SUHVHQWV L WKH ERDUG!V FXUUH  
WKH ERDUG!V GHILQLWLRQ RI GLYHUVLW\ H[SOLFLO\ LQFOXGHV J  
DGRSWHG D SROLF\ UHTXLULQJ ZRPHQ DQG PLQRULWLHV WR EH LQ  
QHZ GLUHFWRU QRPLQHVV DND #5RRQH\5XOH\$ DQG LY ERDUG  
DVVHVVPHQW RI D FRPSDQ!\!V RYHUDOO JRYHUQDQFH DQG PD\ EH D  
DGGLWLRQDO ERDUG UHODWHG FRQFHUQV KDYH EHHQ LGHQWLILHG  
\$W FRPSDQLHV LQ WKH 5XVWHOO LQGH[ WKDW KDYH QRW SURYLGH  
ZLOO JHQHUDOO\ UHFRPPHQG YRWLQJ DJDLQVW WKH FKDLU RI WKH  
ZKHQ FRPSDQLHV LQ WKH 5XVWHOO LQGH[ KDYH QRW SURYLGHG  
HWKQLF PLQRULW\ ERDUG GHPRJUDSKLF LQIRUPDWLRQ ZH ZLOO JH  
QRPLQDWLQJ DQG RU JRYHUQDQFH FRPPLWWHH

## 6WRFN ([FKDQJH 'LYHUVLW\ 'LVFORVXUH 5HTXLUHPHQW

2Q \$XJXVW WKH 6(& DSSURYHG QHZ OLVWLQJ UXOHV UHJDUG  
FRPSDQLHV %HJLQQLQJ LQ FRPSDQLHV OLVWHG RQ WKH 1DVG  
ERDUG GLYHUVLW\ VWDWLWLVFV DQXDOO\ LQ D VWDQGDUGLJHG II  
1DVGDT OLVWHG FRPSDQLHV DUH UHTXLUH WR SURYLGH WKLV GL  
WKH FRPSDQ\ ILOHV LWV SUR[\ VWDWHPHQW IRU LWV DQXDO F  
\$XJXVW RI DSSOLFDEOH 1DVGDT OLVWHG FRPSDQLHV ZH ZL  
JRYHUQDQFH FRPPLWWHH ZKHQ WKH UHTXLUH GLVFORVXUH KDV G

## 3UR[\ \$FFHV

,Q OLHX RI UXQQLQJ WKHLU RZQ FRQWHVWHG HOHFWLRQ SUR[\ DF  
QRPLQDWH GLUHFWRUV WR FRPSDQ\ ERDUGV EXW WKH VKDUHKROG  
EDOORW VLJQLILFDQWO\ HQKDQFLQJ WKH DELOLW\ RI VKDUHKROG  
UHSUHVHQWDWLYHV \*ODVV /HZLV JHQHUDOO\ VXSSRUWV DIIRUGLQ  
WR PDQDJHPHQW!V SUR[\ DV D PHDQV WR HQVXUH WKDW VLJQLILFD  
QRPLQDWH FDQGLGDWHV WR WKH ERDUG

&RPSDQLHV JHQHUDOO\ VHHN VKDUHKROGHU DSSURYDO WR DPHQG  
VKDUHKROGHU HQJDJHPHQW RU SUHVXUH XVXDOO\ LQ WKH IRUP





HOHFWLRQ RI GLUHFWRUV ZLWK D UHFRUG RI LJQRULQJ VKDUHKRO  
SUSRVDOV FDOOLQJ IRU WKH HOHFWLRQ RI GLUHFWRUV E\ D PDMR  
,Q UHVSQRVH WR WKH KLJK OHYHO RI VXSSRUW PDMRULW\ YRWLQJ  
VWHSV WR LPSOHPHQW PDMRULW\ YRWLQJ RU PRGLILHG DSSURDFK  
PRGLILHG DSSURDFK UHTXLULQJ GLUHFWRUV WKDW UHFHLYH D PD  
SROLF\ WR DFWXDOO\ UHTXLULQJ D PDMRULW\ YRWH RI RXWVWDQ  
:H IHHO WKDW WKH PRGLILHG DSSURDFK GRHV QRW JR IDU HQRXJK  
VDPH DV UHTXLULQJ D PDMRULW\ YRWH WR HOHFW D GLUHFWRU DG  
HOHFWLRQ SURFHVV )XUWKHU XQGHU WKH PRGLILHG DSSURDFK  
UHV LJQDWLRQ DQG HYHQ LI LW DFFHSW WKH UHV LJQDWLRQ WKH  
GLUHFWRU!V UHSODFPHQW \$QG VLQFH WKH PRGLILHG DSSURDFK  
FRPPLWWHH LW FRXOG EH DOWHUHG E\ WKH VDPH ERDUG RU FRPP

## &RQIOLFWLQJ DQG ([FOXGHG SUSRV

6(& 5XOH D L DOORZV FRPSDQLHV WR H[FOXGH VKDUHKROGHU  
RQH RI WKH FRPSDQ!\!V RZQ SUSRVDOV WR EH VXEPLWWHG WR VK  
WKH 6(& LVVXHG 6WDII /HJDO %XOOHWLQ 1R + 6/% + FODU  
VKDUHKROGHU SUSRVDOV ZKHQ VLPLODU LWHPV DUH DOVR RQ WK  
SURYH WR 6(& VWDII WKDW D FRQIOLFW H[LVWV WKHUHIRUH PDQ\  
DORQJVLGH VLPLODU VKDUHKROGHU SUSRVDOV LQ PDQ\ FDVHV

'XULQJ WKH SUR[\ VHDVRQ D QHZ WUHQG LQ WKH 6(&!V LQWHU  
VKDUHKROGHU SUSRVDOV UHTXHVWLQJ WKDW FRPSDQLHV DGRSW  
SHWLWLRQHG WKH 6(& IRU QR DFWLRQ UHOLHI XQGHU WKH SUHPLV  
PDQDJHPHQW!\!V RZQ VSHFLDO PHHWLQJ SUSRVDOV HYHQ WKRXJK  
WKDQ WKRVH UHTXHVWHG E\ WKH SUSRQHQW 1R DFWLRQ UHOLHI  
VWLSXODWHG WKDW WKH FRPSDQLHV PXVW VWDWH LQ WKH UDWL  
PDQDJHPHQW!\!V SUSRVDO ZDV WDQWDPRXQW WR D YRWH DJDLQVW  
FHUWDLQ LQVWDQFHV VKDUHKROGHU SUSRVDOV WR ORZHU DQ H  
WKH EDVLV WKDW WKH\ FRQIOLFWHG ZLWK PDQDJHPHQW SUSRVDO  
:H ILQG WKH H[FOXVLRQ RI WKHVH VKDUHKROGHU SUSRVDOV WR E  
VKDUHKROGHU DUH QRW RIIHUG DQ\ HQKDQFHG VKDUHKROGHU U  
UDWLILFDWLRQ SUSRVDO LQLWLDWH DQ\ W\SH RI PHDQLQJIXO FK

,Q LQVWDQFHV ZKHUH FRPSDQLHV KDYH H[FOXGHG VKDUHKROGHU  
PHHWLQJ VKDUHKROGHU SUSRVDOV DUH H[FOXGHG DV D UHVXOW  
WDNH D FDVH E\ FDVH DSSURDFK WDNLQJ LQWR DFRXQW WKH IRC

- ( 7KH WKUHVKROG SUSRVVHG E\ WKH VKDUHKROGHU UHVROXWLF
- ( 7KH WKUHVKROG SUSRVVHG RU HVWDEOLVKHG E\ PDQDJHPHQW
- ( :KHWKHU PDQDJHPHQW!\!V SUSRVDO LV VHHNLQJ WR UDWLI\ DG

\*ODVV /HZLV JHQHUDOO\ IDYRUV D VSHFLDO PHHWLQJ ULJKW  
YRWLQJ IRU PDQDJHPPHQW RU VKDUHKROGHU SURSRVDOV WKDW IDO  
SURSRVDOV \*ODVV /HZLV ZLOO JHQHUDOO\ UHFRPPHQG LQ IDYRU I  
YRWLQJ DJDLQVW WKH SURSRVDO ZLWK WKH KLJKHU WKUHVKROG  
PDQDJHPPHQW DQG VKDUHKROGHU SURSRVDOV DQG D FRPSDQ\ KDV  
PD\ UHFRPPHQG WKDW VKDUHKROGHUV YRWH LQ IDYRU RI WKH VKD  
PDQDJHPPHQW SURSRVHG E\ODZ DPHQGPHQW VHHNLQJ WR HVWDEOL  
DEVWHQWLRQ LV DSSURSULDWH LQ WKLV LQVWDQFH LQ RUGHU WR  
UHJDUGLQJ WKHLU SUHIHUHQFH IRU WKH DSSURSULDWH WKUHVKRO  
WKH HVWDEOLVKPHQW RI VXFK D ULJKW

,Q FDVHV ZKHUH WKH FRPSDQ\ H[FOXGHV D VKDUHKROGHU SURSRV  
RI UDWL\LQJ D PDQDJHPPHQW SURSRVDO WKDW LV PDWHULDOL\ GL  
UHFRPPHQG YRWLQJ DJDLQVW WKH FKDLU RU PHPEHUV RI WKH JRY

,Q RWKHU LQVWDQFH RI FRQIOLFWLQJ PDQDJHPPHQW DQG VKDUHK

- ( 7KH QDWXUH RI WKH XQGHUO\LQJ LVVXH
- ( 7KH EHQHILW WR VKDUHKROGHUV RI LPSOHPHQWLQJ WKH SURS
- ( 7KH PDWHULDOLW\ RI WKH GLIIHUHQFHV EHWZHHQ WKH WHUPV  
SURSRVDO
- ( 7KH FRQWH[W RI D FRPSDQ\!V VKDUHKROGHU EDVH FRUSRUDW  
DQG
- ( \$ FRPSDQ\!V RYHUDOO JRYHUQDQFH SURILOH DQG VSHFLILFDO  
HYLGHQFHG E\ D FRPSDQ\!V UHVSQRVH WR SUHYLRXV VKDUHKR  
VKDUHKROGHU ULJKWV SURYLVLQV



UHTXLUHG &\$0V DUH PDWWHUV WKDW KDYH EHHQ FRPPXQLFDWHG  
GLVFORVXUHV WKDW DUH PDWHULDO WR WKH ILQDQFLDO VWDWHPH  
FRPSOH[ DXGLWRU MXGJPHQW

\*ODVV /HZLV EHOLHYHV WKH DGGLWLRQDO UHSRUWLQJ UHTXLUHPH  
GLVFORVXUHV FDQ SURYLGH LQYHVWRUV ZLWK LQIRUPDWLRQ WKD  
DXGLWRU!V LQGHSHQGHHQFH DQG SHUIRUPDQFH )XUWKHUPRUH ZH  
LPSRUWDQW VWHS WRZDUG HQKDQFLQJ WKH UHOHYDQFH DQG XVHI  
ERLOHUSODWH FRPSOLDQFH GRFXPHQWV WKDW ODFN WKH UHOHYD  
DXGLW

## 9RWLQJ 5HFRPPHQGDWLRQV RQ \$XGLWRU 5DWLILFDW

:H JHQHUDOO\ VXSSRUW PDQDJPHQW!V FKRLFH RI DXGLWRU H[FHS  
DXGLW LQWHJULW\ KDV EHHQ FRPSURPLVHG :KHUH D ERDUG KDV G  
DXGLWRU ZH W\SLFDOO\ UHFRPPHQG YRWLQJ DJDLQVW WKH DXGLW  
UHVWDWHPHQWV RI DQQXDO ILQDQFLDO VWDWHPHQWV RU PDWHUL  
YRWLQJ DJDLQVW WKH HQWLUH DXGLW FRPLWWHH

5HDVRQV ZK\ ZH PD\ QRW UHFRPPHQG UDWLILFDWLRQ RI DQ DXGLW

:KHQ DXGLW IHHV SOXV DXGLW UHODWHG IHHV WRWDO OHVV W  
5HFHQW PDWHULDO UHVWDWHPHQWV RI DQQXDO ILQDQFLDO VV  
RI PDWHULDO ZHDNQHVVHV LQ LQWHUQDO FRQWUROV DQG LQF  
EHDUV VRPH UHVSQRVLELOLW\ IRU WKH UHVWDWHPHQW RU OD  
:KHQ WKH DXGLWRU SHUIRUPV SURKLELWHG VHUYLFHV VXFK D  
RU FRQWLQJHQW IHH ZRUN VXFK DV D IHH EDVHG RQ D SHUFH  
:KHQ DXGLW IHHV DUH H[FHVVLVHO\ ORZ HVSHFLDOO\ ZKHQ FF  
LQG XVW\

:KHQ WKH FRPSDQ\ KDV DJJUHVVLYH DFFRXQWLQJ SROLFLHV  
:KHQ WKH FRPSDQ\ KDV SRRU GLVFORVXUH RU ODFN RI WUDQV  
:KHUH WKH DXGLWRU OLPLWHG LWV OLDELOLW\ WKURXJK LWV  
UHTXLUHV WKH FRUSRUDWLRQ WR XVH DOWHUQDWLYH GLVXSXW  
:H DOVR ORRN IRU RWKHU UHODWLRQVKLSV RU FRQFHUQV ZLW  
WKH DXGLWRU!V LQWHUHVWV DQG VKDUHKROGHU LQWHUHVWV  
,Q GHWHUPLQLQJ ZKHWKHU VKDUHKROGHUV ZRXOG EHQHILW IL  
UHOHYDQW ZH ZLOO FRQVLGHU IDFWRUV WKDW PD\ FDOO LQWF  
WHQXUH D SDWWHUQ RI LQDFFXUDWH DXGLWV DQG DQ\ RQJR  
\*ODVV /HZLV FRQVLGHUV RQJRLQJ OLWLJDWLRQ DQG VLJQLILF  
LQYROYH XQDGMXGLFDWHG DOOHJDWLRQV \*ODVV /HZLV GRHV  
ODZ KDV EHHQ YLRODWHG ,QVWHDG \*ODVV /HZLV IRFXVHV PR  
DQG FLUFXPVWDQFHV SUHVHQWHG WKH QDWXUH DQG QXPEHU  
UHIOHFWV RQ WKH ULVN SURILOH RI WKH FRPSDQ\ RU VXJJHVW  
ZDUUDQWHG \$

## 3HQVLRQ \$FFRXQWLQJ ,VVXHV

\$ SHQVLRQ DFFRXQWLQJ TXHVWLRQ RFFDVLRQDOO\ UDLVHG LQ SUR  
HPSOR\HH SHQVLRQ DVVHWV VKRXOG KDYH RQ D FRPSDQ\!V QHW LQ  
FRPSHQVDWLRQ FRQWH[W LQ D GLVFXVVLRQ RI WKH H[WHQW WR ZK  
SHUIRUPDQFH IRU SXUSRVHV RI FDOFXODWLQJ SD\PHQWV WR H[HF

\*ODVV /HZLV EHOLHYHV WKDW SHQVLRQ FUHGLWV VKRXOG QRW EH  
SHUIRUPDQFH EDVHG FRPSHQVDWLRQ %HFDXVH PDQ\ RI WKH DVVX  
DUH VXEWHFW WR WKH FRPSDQ\!V GLVFXVVLRQ PDQDJPHQW ZRX  
WR SHQVLRQ LQFRPH ,Q RXU YLHZ SURMHFWHG LQFRPH IURP SHQ  
SHUIRUPDQFH

## 7KH /LQN %HWZH HQ &RPSH 3SHUIRUPDQFH

\*ODVV /HZLV FDUHIXOO\ UHYLHZV WKH FRPSHQVDWLRQ DZDUGHG W  
LPSRUWDQW DUHD LQ ZKLFK WKH ERDUG!V SULRULWLHV DUH UHYH  
FRPSHQVDWLRQ VKRXOG EH OLQNHG GLUHFWO\ ZLWK WKH SHUIRUP  
PDQDJLQJ :H EHOLHYH WKH PRVW HIIHFWLYH FRPSHQVDWLRQ DUU  
SHUIRUPDQFH EDVHG VKRUW DQG ORQJ WHUP LQFHQWLYHV LQ DG  
DQG VXVWDLQDEOH OHYHO RI ULVN WDNLQJ

\*ODVV /HZLV EHOLHYHV WKDW FRPSUHKHQVLYH WLPHO\ DQG WUDQ  
DOORZLQJ VKDUHKROGHUV WR HYDOXDWH WKH H[WHQW WR ZKLFK :  
UHYLHZLQJ SUR[\ PDWHULDOV \*ODVV /HZLV H[DPLQHV ZKHWKHU W  
WR GHWHUPLQH H[HFXYWLYH FRPSHQVDWLRQ :H UHFRJQL]H SHUIRU  
WKH FRPSDQ\ DQG LQGXFVWU\ DPRQJ RWKHU IDFWRUV DQG PD\ LQ  
LQGXFVWU\ VSHFLILF SHUIRUPDQFH LQGLFDWRUV +RZH YHU ZH EHO  
SHUIRUPDQFH PHWULFV ZHUH VHOHFWHG DQG KRZ WKH DFWLRQV W  
FRUSRUDWH SHUIRUPDQFH

ORUHRYHU LW LV UDUHO\ LQ VKDUHKROGHUV! LQWHUHVWV WR GLV  
VHQLRU H[HFXYWLYH OHYHO 6XFK GLVFORVXUH FRXOG FUHDWH LQV  
IRU WKH FRPSDQ\ DQG LWV VKDUHKROGHUV :KLOH ZH IDYRU IXOO  
GLVFORVXUH DW WKH DJJUHJDWH OHYHO H J WKH QXPEHU RI HPS  
FDWHJRULHV DV SRWHQWLDOO\ XVHIXO ZH GR QRW EHOLHYH VKD  
LQGLYLGXDO PDQDJPHQW HPSOR\HHV RWKHU WKDQ WKH PRVW VH

## \$GYLVRU\ 9RWH RQ ([HFXYWLYH &RPSH 6D\ RQ 3D\

7KH 'RGG )UDQN :DOO 6WUHHW 5HIRUP DQG &RQVXPHU 3URWHFWLR  
KROG DQ DGYLVRU\ YRWH RQ H[HFXWLYH FRPSHQVDWLRQ DW WKH  
HQDFWPHQW RI WKH ELOO -DQXDU\

7KLV SUDFWLFH RI DOORZLQJ VKDUHKROGHUV D QRQ ELQGLQJ YRW  
SUDFWLFH LQ PDQ\ QRQ 8 6 FRXQWULHV DQG KDV EHHQ D UHTXLU  
VLQFH DQG LQ \$XVWUDOLD VLQFH \$OWKRXXJK VD\ RQ SD\ SU  
#DJDLQVW\$ RU #DEVWDLQ\$ YRWHV LQGLFDWHV VXEVWDQWLDO VKD  
DQG SURFHGXUHV

\*LYHQ WKH FRPSOH[LW\ RI PRVW FRPSDQLHV! FRPSHQVDWLRQ SUR  
DSSURDFK ZKHQ DQDO\]LQJ DGYLVRU\ YRWHV RQ H[HFXWLYH FRPSH  
RQ D FDVH E\ FDVH EDVLV UHFRJQL]LQJ WKDW HDFK FRPSDQ\ PXV  
PDWXULW\ SHUIRUPDQFH ILQDQFLDO FRQGLWLRQ LWV KLVWRULF  
LQWHUQDO RU H[WHUQDO IDFWRUV

:H EHOLHYH WKDW HDFK FRPSDQ\ VKRXOG GHVLJQ DQG DSSO\ VSHF  
DSSURSULDWH WR WKH FLUFXPVWDQFHV RI WKH FRPSDQ\ DQG LQ  
DQG RWKHU VWDII ZKLOH PRWLYDWLQJ WKHP WR JURZ WKH FRPSD

:KHUH ZH ILQG WKRVH VSHFLILF SROLFLHV DQG SUDFWLFHV VHUYH  
DQG VXFK SUDFWLFHV DUH DGHTXDWHO\ GLVFORVHG \*ODVV /HZLV  
KRZHYHU WKRVH VSHFLILF SROLFLHV DQG SUDFWLFHV IDLO WR GH  
/HZLV ZLOO JHQHUDOO\ UHFRPPHQG YRWLQJ DJDLQVW WKH VD\ RQ

\*ODVV /HZLV UHYLHZV VD\ RQ SD\ SURSRVDOV RQ ERWK D TXDOLWD  
VHYHUDO PDLQ DUHDV

- ( 7KH RYHUDOO GHVLJQ DQG VWUXFWXUH RI WKH FRPSDQ\!V H[H
  - ( 7KH LPSOHPHQWDWLRQ DQG HIIHFWLYHQHVV RI WKH FRPSDQ\!V
  - ( 7KH TXDOLW\ DQG FRQWHQW RI WKH FRPSDQ\!V GLVFORVXUH
  - ( 7KH TXDQWXP SDLG WR H[HFXWLYHV DQG
  - ( 7KH OLQN EHWZHHQ FRPSHQVDWLRQ DQG SHUIRUPDQFH DV LQ
- IRU SHUIRUPDQFH JUDGHV

:H DOVR UHYLHZ DQ\ VLJQLILFDQW FKDQJHV R(D)(Q)(G)(D)GH(W)( )(F)(K)(D

- ( 8QFOH DU RU TXHVWLRQDEOH GLVFORVXUH UHJDUGLQJ WKH RY LQIRUPDWLRQ UHJDUGLQJ EHQFKPDUNLQJ SURFHVVHV OLPLWH WDUJHWV HWF
- ( 4XHVWLRQDEOH DGMXVWPHQWV WR FHUWDLQ DVSHFWV RI WKH UDWLRQDOH IRU VLJQLILFDQW FKDQJHV WR SHUIRUPDQFH WDU VL]DEOH UHWHQWLRQ JUDQWV HWF DQG RU
- ( 2WKHU HJUHLRXV FRPSHQVDWLRQ SUDFWLFHV

\$OWKR XJK QRW DQ H[KDXVWLYH OLVW WKH IROORZLQJ LVVXH V ZK UHFRPPHQG YRWLQJ DJDLQVW D VD\ RQ SD\ YRWH

- ( ,QDSSURSULDWH RU RXWVL]HG VHOI VHOHFWHG SHHU JURXS V WDUJHWV VHW ZHOOR DERYH WKH PHGLDQ ZLWKRXW DGHTXDWH
- ( (JUHLRXV RU H[FHVVL]YH ERQXVHV HTXLW\ DZDUGV RU VHYHU JROGHQ SDUDFKXWHV
- ( ,QVXIILFLHQW UHVSQRVH WR ORZ VKDUHKROGHU VXSSRUW
- ( 3UREOHPDWLF FRQWUDFWXDO SD\PHQWV VXFK DV JXDUDQWH
- ( ,QVXIILFLHQW\ FKDOOHQJLQJ SHUIRUPDQFH WDUJHWV DQG RU
- ( 3HUIRUPDQFH WDUJHWV ORZHUG ZLWKRXW MXVWLILFDWLRQ
- ( 'LVFUHWLRQDU\ ERQXVHV SDLG ZKHQ VKRUW RU ORQJ WHUP L
- ( +LJK H[HFVWLYH SD\ UHODWLYH WR SHHUV WKDW LV QRW MXV
- ( 7KH WHUPV RI WKH ORQJ WHUP LQFHQWLYH SODQV DUH LQDSS

7KH DIRUHPHQWLRQH G LVVXH V PD\ DOVR LQIOXHQFH \*ODVV /HZLV! FRPSHQVDWLRQ SURJUDP :H HYDOXDWH VWUXFWXUH RQ D #\*RRG UHSUHVHQWV D FRPSHQVDWLRQ SURJUDP ZLWK OLWWOH WR QR FR SURJUDP ZLWK VRPH FRQFHUQV DQG D #3RRU\$ UDWLQJ UHSUHVHQV IURP EHVW SUDFWLFH RU FRQWDLQV RQH RU PRUH HJUHLRXV FRP

:H EHOLHYH WKDW LW LV LPSRUWDQW IRU FRPSDQLHV WR SURYLGH VLJQLILFDQW WHUPV RI FRPSHQVDWLRQ DUUDQJPHQWV 6LPLODU 3RRU\$ UDWLQJ VFDOH ZKHUHE\ D #\*RRG\$ UDWLQJ UHSUHVHQWV D V #)DLU\$ UDWLQJ UHSUHVHQWV DQ DGHTXDWH GLVFXVVLQJ RI DOO R UHSUHVHQWV DQ LQF1(H)(P)(H)(Q)(W)(L)(V)(F)(X)FXXXXQVDDDD QUQUQUQUQU



VKRXOG GHPRQVWUDWH D FRPPHQVXUDWH OHYHO RI HQJJDJHPHQW  
GLVDSSURYDO ZLWK D SDUWLFXODU IRFXV RQ UHVSRRQGLQJ WR VK  
RSSRVLWLRQ WR VD\ RQ SD\ SURSRVDOV ZH PD\ IXUWKHU H[DPLQH  
VKDUHKROGHUV DV DQ LQGHSHQGHQW JURXS :KLOH ZH UHFRJQL]H  
FRPSHQVDWLRQ SURJUDP ZLWKRXW GXH FRQVLGHUDWLRQ DQG WK  
IDYRU RI WKH SURSRVDO JLYHQ WKDW WKH DYHUDJH DSSURYDO U  
WKH FRPSHQVDWLRQ FRPPLWVHH VKRXOG SURYLGH VRPH OHYHO R  
H[SHFWDWLRQV UHJDUGLQJ WKH PLQLXP DSSURSULDWH OHYHOV F  
VKDUHKROGHU RSSRVLWLRQ DV H[SUHVVHG ERWK WKURXJK WKH P  
WKH SHUVLVWHQFH RI VKDUHKROGHU GLVDSSURYDO RYHU WLPH

5HVSRRQVHV ZH FRQVLGHU DSSURSULDWH LQFOXGH HQJJDJLQJ ZLWK  
VKDUHKROGHUV WR LGHQWLI\ WKHLU FRQFHUQV DQG ZKHUH UH  
FRPPLWPHQWV WKDW GLUHFWO\ DGGUHVV WKRVH FRQFHUQV ZLWK  
SDUWLFXODUO\ HJUHLRXV SD\ GHFLVLRQV FDXVHG WKH VD\ RQ SD  
ZKHWKHU DQ\ FKDQJHV ZHUH PDGH GLUHFWO\ UHODWLQJ WR WKH S  
VKDUHKROGHUV KDYH ,Q WKH DEVHQFH RI DQ\ HYLGHQFH LQ WKH  
VKDUHKROGHUV RQ WKHVH LVVXH DQG UHVSRRQGLQJ DFFRUGLQJO  
PHPEHUV DFFRXQWDEOH IRU IDLOLQJ WR DGHTXDWHO\ UHVSRRQ W  
UHFRPPHQGDWLRQV FDUHIXO FRQVLGHUDWLRQ ZLOO EH JLYHQ WR  
KLVWRU\ RI FRPSHQVDWLRQ SUDFWLFHV

### 3D\ IRU 3HUIRUPDQFH

\*ODVV /HZLV EHOLHYHV DQ LQWHJUDO SDUW RI D ZHOO VWUXFWXU  
DQG SHUIRUPDQFH 2XU SURSULHWDU\ SD\ IRU SHUIRUPDQFH PRGH  
EHWZHHQ SD\ DQG SHUIRUPDQFH \*HQHUDOO\ FRPSHQVDWLRQ DQG  
RI DSSURSULDWH FRPSDQLHV WKDW PD\ RYHUODS WR D FHUWDLQ  
TXDQWLWDWLYH DQDO\VLV SURYLGHV D FRQVLVWHQW IUDPHZRUN D  
ZHOO FRPSDQLHV OLQN H[HFXYLYH FRPSHQVDWLRQ WR UHODWLYH  
OLQN DUH PRUH OLNHO\ WR UHFHLYH D QHJDWLYH UHFRPPHQGDWL  
LQFHQWLYH VWUXFWXUH VLJQLILFDQW IRUWKFRPLQJ FKDQJHV WR  
SD\RXW OHYHOV PD\ PLWLJDWH RXU FRQFHUQV WR D FHUWDLQ H[W

:KLOH ZH DVVLJQ FRPSDQLHV D OHWWHU JUDGH RI \$ % & ' RU ) E  
SHUIRUPDQFH WKH JUDGHV GHULYHG IURP WKH \*ODVV /HZLV SD\ I  
8 6 VFKRRO OHWWHU JUDGH V\WHP 5DWKHU WKH JUDGHV DUH J

\*UDGH ~~RK~~ FRPSDQ\!V SHUFHQWLOH UDQN IRU SD\ LV VLJQLILFDQW

\*UDGH RI %



FDOFXODWHG SD\RXWV RU UHWURDFWLYHO\ SUR UDWLQJ SHUIRUPD  
GHFLVLRQ ZDV QHFHVVDU\ ,Q DGGLWLRQ ZH EHOLHYH WKDW ZKHU  
UHFRQFLOLDWLRQV EHWZHHQ WKHVH ILJXUHV DQG \*\$\$3 ILJXUHV LQ  
\$GMXVWPHQWV WR \*\$\$3 ILJXUHV PD\ EH FRQVLGHUHG LQ \*ODVV /HZ  
DW W\LQJ H[HFXWLYH SD\ ZLWK SHUIRUPDQFH 0RUHRYHU \*ODVV /  
DGMXVWPHQWV ZHUH DSSOLHG WR SHUIRUPDQFH UHVXOWV WKRUR  
WR QRQ \*\$\$3 UHFRQFLOLDWLRQ DQG WKHLU LPSDFW RQ SD\RXWV Z  
RI VXFH HQKDQFHG GLVFORVXUH IRU VLJQLILFDQW DGMXVWPHQWV  
GLVFORVXUH DQG LQ WXUQ PD\ SOD\ D UROH LQ WKH RYHUDOO U  
FRPSHQVDWLRQ \*ODVV /HZLV UHFRJQLJHV WKH LPSRUWDQFH RI WK  
UHVSRQVLEOH H[HUFLVH RI GLVFUHWLRQ RYHU LQFHQWLYH SD\ RX  
ZRXOG RWKHUZLVH EH H[FOXGHG IURP SHUIRUPDQFH UHVXOWV RI  
PDMRU OLWLJDWLRQ VHWWOHPHQW FKDUJHV PD\ EH UHPRYHG IURP  
IRUPXODLF LQFHQWLYH SD\RXWV RU KHDOWK DQG VDIHW\ IDLOXUH  
FRPSDQLHV GR QRW H[SUHVV\ LQFOXGH KHDOWK DQG VDIHW\ PHW  
EH FRQVHTXHQLDO WR FRUSRUDWH SHUIRUPDQFH UHVXOWV LPSD  
SUHVHQW PDWHULDO ULNV &RQYHUVHO\ FHUWDLQ HYHQWV PD\ D  
RXWVLGH H[HFXWLYHV FRQWURO :H EHOLHYH WKDW FRPSDQLHV V  
ZHUH FRQVLGHUHG LQ WKH FRPPLWWHH!V GHFLVLRQV WR H[HUFLV  
LQFHQWLYH SD\ RXWFRPHV 7KH LQFOXVLRQ RI WKLV GLVFORVXUH  
H[HUFLVH RU DEVHQFH RI FRPPLWWHH GLVFUHWLRQ

:H GR QRW JHQHUDOO\ UHFRPPHQG DJDLQVW D SD\ SURJUDP GXH W  
FKRVHQ WR UHO\ SULPDULO\ RQ D VXEMHFWLYH DVVHVVPHQW RU W  
ZH EHOLHYH WKDW WKH SUR[\ VWDWHPHQW VKRXOG SURYLGH D PH  
GHHUPLQLQJ WKH ERQXVHV SDLG DV ZHOO DV D UDWLQRDOH IRU  
ZKHUH WKH DIRUHPHQWLRQHG GLVFORVXUHV DUH VXEVWDQWLDO D  
FRQFHUQ LQ RXU DQDO\VLV RQ LWV RZQ +RZHYHU LQ FRQMXQFWL  
RSHUDWLRQ VXFH DV D GLVFRQQHFW EHWZHHQ SD\ DQG SHUIRUPD  
SHUIRUPDQFH EDVHG ORQJ WHUP DZDUGV WKH XVH RI D QRQ IRUP  
UHFRPPHQGDWLRQ

## /RQJ 7HUP ,QFHQWLYHV

\*ODVV /HZLV UHFRJQLJHV WKH YDOXH RI HTXLW\ EDVHG LQFHQWLYH  
LQFHQWLYH IRU H[HFXWLYHV :KHQ XVHG DSSURSULDWHO\ WKH\ F  
FRPSDQ\ SHUIRUPDQFH WKHUHE\ DOLJQLQJ WKHLU LQWHUHVWV ZL  
FRPSHQVDWLRQ FDQ EH DQ HIIHFWLYH ZD\ WR DWUDFW UHWDLQ

7KHUH DUH FHUWDLQ HOHPHQWV WKDW \*ODVV /HZLV EHOLHYHV DU  
/7, SODQV 7KHVH LQFOXGH

- ( 1R UH WHVWLQJ RU ORZHULQJ RI SHUIRUPDQFH FRQGLWLRQV
- ( 3HUIRUPDQFH PHWULFV WKDW FDQQRW EH HDVLO\ PDQLSXODW
- ( 7ZR RU PRUH SHUIRUPDQFH PHWULFV
- ( \$W OHDVW RQH UHODWLYH SHUIRUPDQFH PHWULF WKDW FRPSD
- JURXS RU LQGH[
- ( 3HUIRUPDQFH SHULRGV RI DW OHDVW WKUHH \HDUV



PLOOLRQ LV VRPHWLPHV EXW QRW DOZD\V SURYLGHG DV D IURQW  
EH ZDU\ RI WKLV DSSURDFK DQG ZH DFFRUGLQJO\ ZHLJK WKHVH JU  
:KLOH WKH XVH RI IURQW ORDGHG DZDUGV LV LQWHQG HG WR ORFN  
DOVR UDLVHV WKH ULVN RI HIIHFWLYHO\ W\LQJ WKH KDQGV RI WKH  
UHVSRQVLYH DQQXDO JUDQWLQJ VFKHGXOH SURJUDP IURQW ORDG  
UHIOHFW HYROYLQJ EXVLQHVV VWUDWHJLHV RU WR UHVSRQG WR R  
HDUO\ YHVWLQJ RI VXFK DZDUGV PD\ UHGXFH RU HOLPLQDWH WKH

YLHZ WKDW FRPSDQLHV VKRXOG SURYLGH VKDUHKROGHUV ZLWK GL  
VSHFLILF ( 6 PHWULFV WKH WDUJHW VHWLQJ SURFHVV DQG FRU  
WKH FDVH RI TXDOLWDWLYH PHWULFV ZH EHOLHYH WKDW VKDUHK  
WKH EDVLV RQ ZKLFK WKH FULWHULD ZLOO EH DVVHVVHG :KHUH T  
VKDUHKROGHUV DUH EHVW VHUYHG ZKHQ WKHVH DUH GLVFORVHG

6LJQ RQ \$ZDUGV DQG 6HYHUDQFH %HQBILWV

:H DFNQRZOHGJH WKDW WKHUH PD\ EH FHUWDLQ FRVWV DVVRFLDW  
WKH VL]H RI VHYHUDQFH DQG VLJQ RQ DUUDQJHPHQWV ZH PD\ FRQ  
OHYHO RU WKH VXPV SDLG WR RWKHU H[HFXWLYHV LQFOXGLQJ W  
WKH DSSURSULDWHQHVV RI VXFK DQ DUUDQJHPHQW

:H EHOLHYH VLJQ RQ DUUDQJHPHQWV VKRXOG EH FOHDUO\ GLVFOR  
WKH SD\PHQWV DQG WKH SURFHVV E\ ZKLFK WKH DPRXQWV ZHUH U  
#PDNH ZKROH\$ SD\PHQWV SDLG DV FRPSHQVDWLRQ IRU DZDUGV IR  
SURYLGHG

:LWK UHVSHFW WR VHYHUDQFH ZH EHOLHYH FRPSDQLHV VKRXOG D  
FLUFXPVWDQFHV :KLOH LQ OLPLWHG FLUFXPVWDQFHV VRPH GHYLD  
VKDUHKROGHUV VKRXOG EH SURYLGHG ZLWK D PHDQLQJIXO H[SOD  
XSRQ RXWVLGH RI UHJXODU DUUDQJHPHQWV +RZHYHU ZKHU \*OD  
SD\RXWV DUH SDUWLFXODUO\ SUREOHPDWLF RU XQIDYRUDEOH WR  
SD\PHQWV LQ D QHJDWLYH UHFRPPHQGDWLRQ IRU WKH DGYLVRU\ Y

,Q WKH 8 6 PDUNHW PRVW FRPSDQLHV PDLQWDLQ VHYHUDQFH HQV  
FDVHV ERQXV ,Q DOPRVW DOO LQVWDQFHV ZH VHH WKH UHOHYD  
FRQWURO :H EHOLHYH WKH EDVLV DQG WRWDO YDOXH RI VHYHUDQ  
XSSHU OLPLW RI JHQHUDO PDUNHW SUDFWLFH :H FRQVLGHU WKH L

IXWXUH )RU VLWXDWLRQV LQ ZKLFK WKH DGGLWLRQ RI QHZ H[FLVH  
VSHFLILF FKDQJH LQ FRQWURO WUDQVDFWLRQ WKLV SROLF\ PD\ E  
SDUDFKXWH SURSRVDO DQG UHFRPPHQGDWLRQV UHODWHG WR WKH  
SDUWLHV DV DSSURSULDWH

## \$PHQG HG (PSOR\PHQW \$JUHHPHQWV

\$Q\ FRQWUDFWXDO DUUDQJHPHQWV SURYLGLQJ IRU SUREOHPDWLF  
DPHQGHG HPSOR\PHQW DJUHHPHQWV ZLOO SRWHQWLDOO\ EH YLHZ  
RI WKH FRPSDQ\ WR DOLJQ LWV SROLFLHV ZLWK FXUUHQW EHVW SU  
QRW OLPLWHG WR H[FHVVLVFKDQJH LQ FRQWURO HQWLWOHPHQW  
H[FLVH WD\ JURVV XSV DQG PXOWL\HDU JXDUDQWHG DZDUGV

## 5HFRXSPHQW 3URYLVLRQV &ODZEDFN

2Q 2FWREHU WKH 6(& DGRSWHG 5XOH ' XQG HU WKH 6HFX  
QDWLRQDO VHFUXLWLHV H[FKDQJHV DQG DVVRFLDWLRQV WR SURP  
PDLQWDLQ UHFRXSPHQW SROLFLHV #FODZEDFN SURYLVLRQV\$ 7K  
6(& HIIHFWLHV 2FWREHU DQG UHTXLUH OLWHG FRPSDQLHV  
\*ODVV /HZLV EHOLHYHV WKDW FODZEDFN SURYLVLRQV SOD\ DQ LPS  
EH HQFRXUDJHG E\ SRRUO\ VWUXFWXUH YDULDEOH LQFHQWLYH S  
RI HUURQHRXVO\ DZDUGHG SD\RXWV WR FXUUHQW DQG IRUPHU H[H  
UHVWDWHPHQW RU FRUHFWRQ WR SUHYLRXV ILQDQFLDO VWDWH  
IDXOW RU PLVFRQGXFV

\*ODVV /HZLV UHFRJQL]HV WKDW H[FHVVLV ULVN WDNLQJ WKDW FD  
QHVVVDULO\ UHVXOW LQ VXFK UHVWDWHPHQWV :H EHOLHYH WKD  
DQG IRUPHU H[HFVWLYH RIILFHUV LQ WKH HYHQW RI D UHVWDWHPH  
LQGLFDWRUV XSRQ ZKLFK WKH DZDUGV ZHUH EDVHG \$GGLWLRQDO  
WKH DELOLW\ WR FODZ EDFN YDULDEOH LQFHQWLYH SD\PHQWV ZK  
HYLGHQFH RI SUREOHPDWLF GHFLVLRQV RU DFWLRQV VXFK DV PD  
PDWHULDO ULVN PDQDJHPHQW IDLOXUH RU D PDWHULDO RSHUDWL  
EHHQ UHIOHFWHG LQ LQFHQWLYH SD\PHQWV DQG ZKHUH UHFRYHU

,Q VLWXDWLRQV ZKHUH WKH FRPSDQ\ XOWLPDWHO\ GHWHUPLQHV Q  
DVVHVV WKH DSSURSULDWHQHVV RI VXFK GHWHUPLQDWLRQ IRU HD  
FRPSDQ\ V GHFLVLRQ WR QRW SXUVXH UHFRXSPHQW DQG LI DSSOL  
GLVFRQQHFV EHWZHHQ H[HFVWLYH SD\RXWFRPHV DQG QHJDWLYH  
VKDUHKROGHU H[SHULHQFH ZLOO EH FRQVLGHUHG 7KH DEVHQFH R  
DVVHVVPHQW RI WKH TXDOLW\ RI GLVFORVXUH DQG LQWXUQ PD\  
WKH DGYLVRU\ YRWH RQ H[HFVWLYH FRPSHQVDWLRQ 7KH FODZEDF  
UHJDUGOHVV RI ZKHWKHU WKH HPSOR\PHQW RI WKH H[HFVWLYH RI

## +HGJLQJ RI 6WRFN

\*ODVV /HZLV EHOLHYHV WKDW WKH KHGJLQJ RI VKDUHV E\ H[HFVW  
HPSOR\HG VHYHUV WKH DOLJQPHQW RI LQWHUHVVV RI WKH H[HFVW





,Q GHWHUPLQLQJ ZKHWKHU H[HFXWLYHV KDYH PHW WKH UHTXLUHP  
EDVHG IXOO YDOXH DZDUGV DQG RU XQH[HUFLVHG VWRFN RSWLRQ  
SUREOHPDWLF :KLOH \*ODVV /HZLV YLHZV WKH LQFOXVLRQ RI XQH  
GHWHUPLQDWLRQ DV SUREOHPDWLF ZH FRQWLQXH WR EHOLHYH W  
LPSRUWDQW UROH LQ DOLJQLQJ H[HFXWLYH SD\ ZLWK SHUIRUPDQF

## &RPSHQVDWLRQ &RQVXOWDQW ,QGSHQGQFH

\$V PDQGDWHG E\ 6HFWLRQ RI WKH 'RGG )UDQN \$FW DV RI -DQX  
UHTXLUHPHQWV IRU ERWK WKH 1<6( DQG 1\$6'\$4 ZKLFK UHTXLUH FR  
KWWSV ZZZ VHF JRY UXOHV ILQDO SGI S LQ DVVH  
\$FFRUGLQJ WR WKH 6(& #QR RQH IDFWRU VKRXOG EH YLHZHG DV D  
IDFWRU DVVHVVPHQW LV DQ LPSRUWDQW SURFHVV IRU HYHU\ FRPS  
FRPSDQLHV HPSOR\LQJ D FRQVXOWDQW IRU ERDUG FRPSHQVDWLRQ  
SURYLGH FOHDU GLVFORVXUH EH\RQG MXVW D UHIHUHQFH WR H[DF  
UHYLHZ WKH VSHFLILF DVSHFWV RI WKH YDULRXV FRQVXOWDQW UH

:H EHOLHYH FRPSHQVDWLRQ FRQVXOWDQWV DUH HQJDJHG WR SURY  
FRPSHQVDWLRQ FRPPLWWHH :KHQ WKH FRQVXOWDQW RU LWV DIIL  
VHUFLHV WR WKH FRPSDQ\ ZH EHOLHYH WKH SRWHQWLDO IRU D F  
FRQVXOWDQW PD\ EH MHRSDUGLJHG 7KHUHIRUH \*ODVV /HZLV ZLO  
LQWHUHVW ZKHQ WKH IHHV SDLG WR WKH DGYLVRU RU LWV DIILOLI

9RWH RQ \*ROGHQ 3DUDFKXWH \$UUDQ

7KH 'RGG )UDQN \$FW DOVR UHTXLUHV FRPSDQLHV WR SURYLGH VKD  
DSSURYDO RI JROGHQ SDUDFKXWH FRPSHQVDWLRQ DUUDQJHPHQW

:H HYDOXDWH HTXLW\ SODQV EDVHG RQ FHUWDLQ RYHUDUFKLQJ SU  
( &RPSDQLHV VKRXOG VHHN PRUH VKDUHV RQO\ ZKHQ QHHGHG  
( 5HTXHVWHG VKDUH DPRXQWV RU VKDUH UHVHUYHV VKRXOG EH  
VKDUHKROGHU DSSURYDO HYHU\ WКУНН WR IRXU \HDUV RU PR  
( ,I D SODQ LV UHODWLYHO\ H[SHQVLYH LW VKRXOG QRW JUDQW  
PHPEHUV  
( 'LOXWLRQ RI DQQXDO QHW VKDUH FRXQW RU YRWLQJ SRZHU D  
EH OLPLWHG  
( \$QQXDO FRVW RI WKH SODQ HVSHFLDOO\ LI QRW VKRZQ RQ WH  
SHUFHQWDJH RI ILQDQFLDO UHVXOWV DQG VKRXOG EH LQ OLQ  
( 7KH H[SHFWHG DQQXDO FRVW RI WKH SODQ VKRXOG EH SURSR  
( 7KH LQWULQVLF YDOXH WKDW RSWLRQ JUDQWHHV UHFHLYHG L  
EXVLQHVV!V ILQDQFLDO UHVXOWV  
( 3ODQV VKRXOG QRW SHUPLW UHSULFLQJ RI VWRFN RSWLRQV Z  
( 3ODQV VKRXOG QRW FRQWDLQ H[FHVVLVHO\ OLEHUDO DGPLQLV  
( 3ODQV VKRXOG QRW FRXQW VKDUHV LQ ZD\V WKDW XQGHUVD  
VKDUHKROGHUV 7KLV UHIHUV WR #LQYHUVH\$ IXOO YDOXH DZD  
( 6HOHFWHG SHUIRUPDQFH PHWULFV VKRXOG EH FKDOOHQJLQJ D  
SHUIRUPDQFH PHDVXUHPHQWV DQG  
( 6WRFN JUDQWV VKRXOG EH VXEMHFW WR PLQLPXP YHVWLQJ DO  
VXVWDLQDEOH SHUIRUPDQFH DQG SURPRWH UHWHQWLRQ

0HDQZKLOH IRU LQGLYLGXDO HTXLW\ DZDUG SURSRVDOV ZKHUH W  
VKDUHKROGHU RI WKH FRPSDQ\ ZKRVH YRWH FDQ PDWHULDOO\ DIH  
FRPSDQ\ VKRXOG VWURQJO\ FRQVLGHU WKH OHYHO RI DSSURYDO I  
WKH SURSRVHG JUDQW \*ODVV /HZLV UHFRJQLJHV SRWHQWLDO FRQ  
LQIOXHQFHG E\ WKH UHFLSLHQW RI WKH JUDQW \$ UHTXLUHG DEW  
DZDUG SURSRVDO LQ WKHVH VLWXDWLRQV FDQ KHOS WR DYRLG VX  
DORQJVLGH WKH VWUXFWXUH GLVFORVXUH GLOXWLRQ SURYLGHG  
DZDUG WR DVVHVV WKH DZDUG!V DOLJQPHQW ZLWK ORQJ WHUP VK

## 2SWLRQ ([FKDQJHV DQG 5HSULFLQJ

\*ODVV /HZLV LV JHQHUDOO\ RSSRVHG WR WKH UHSULFLQJ RI HPSOR  
DFFRPSOLVKHG (PSOR\HHV VKRXOG KDYH VRPH GRZQVLGH ULVN LQ  
UHSULFLQJ HOLPLQDWHV DQ\ VXFK ULVN \$V VKDUHKROGHUV KDYH  
HTXLW\ FRPSHQVDWLRQ RI HPSOR\HHV DQG GLUHFWRUV VKRXOG EH  
RI VKDUHKROGHUV :H EHOLHYH WKLW ZLOO IDFLOLWDWH DSSURSU  
HPSOR\HHV

:H DUH FRQFHUQHG WKDW RSWLRQ JUDQWHHV ZKR EHOLHYH WKH\ Z  
PRUH LQFOLQHG WR WDNH XQM XVWLILDEOH ULNVN 0RUHRYHU D S  
DOWHUV D VWRFN RSWLRQ!V YDOXH EHFDXVH RSWLRQV WKDW ZLOO  
IDU PRUH WKDQ RSWLRQV WKDW FDUU\ D ULVN RI H[SLUDWLRQ

,Q VKRUW UHSULFLQJV DQG RSWLRQ H[FKDQJH SURJUDPV FKDQJH  
DIWHU WKH EDUJDLQ KDV EHHQ VWUXFN

7KHUH LV RQH FLUFXPVWDQFH LQ ZKLFK D UHSULFLQJ RU RSWLRQ

FRQFOXGHG ZHUH DVVRFLDWHG ZLWK JUHDWHU &(2 LQIOXHQFH RQ  
SUDFWLFHV

:KHUH D FRPSDQ\ JUDQWHG EDFNGDWHG RSWLRQV WR DQ H[HFXWLY  
YRWLQJ DJDLQVW WKDW H[HFXWLYH GLUHFWRU UHJDUGOHVV RI ZK  
ZLOO UHFRPPHQG YRWLQJ DJDLQVW WKRVH GLUHFWRUV ZKR HLWKH  
WKDW H[HFXWLYHV DQG GLUHFWRUV ZKR HLWKHU EHQHILWHG IURP  
IDLOHG WR DFW LQ WKH EHVW LQWHUHVVV RI VKDUHKROGHUV

\*LYHQ WKH VHYHUH WD[ DQG OHJDO OLDELWLWHV WR WKH FRPSDQ  
UHFRPPHQGLQJ YRWLQJ DJDLQVW PHPEHUV RI WKH DXGLW FRPPLW  
UHVWDWHPHQW RFFXUV PDWHULDO ZHDNQHVVHV LQ LQWHUQDO FR  
GRFXPHQDWLRQ 7KHVH FRPPLWWHH PHPEHUV IDLOHG LQ WKHLU  
ILQDQFLDO UHSRUWV

:KHQ D FRPSDQ\ KDV HQJDJHG LQ VSULQJ ORDGLQJ RU EXOOHW GR  
YRWLQJ DJDLQVW WKH FRPSHQVDWLRQ FRPPLWWHH PHPEHUV ZKHU  
QHDU KLVWRULF ORZV \*ODVV /HZLV ZLOO DOVR UHFRPPHQG YRWLQJ  
EHQHILWHG IURP WKH VSULQJ ORDGLQJ RU EXOOHW GRGJLQJ

## 'LUHFWRU &RPSHQVDWLRQ 3ODQV

\*ODVV /HZLV EHOLHYHV WKDW QRQ HPSOR\HH GLUHFWRUV VKRXOG

DFWLYLW\ LI SUHYLRXV DFWLYLW\ KDV EHHQ GLVFORVHG DQG ZKH  
PRVW H[WUHPH FDVHV \*ODVV /HZLV ZLOO JHQHUDOO\ VXSSRUW WK  
SHU HPSOR\HH SHU \HDU ZKLFK ZH EHOLHYH LV UHDVRQDEO  
WR VHH LI D (633 ZLOO VLJQLILFDQWO\ FRQWULEXWH WR RYHUDOO  
FKDQFH WR DSSURYH WKH SURJUDP IRU DQ H[FHVVLYH SHULRG RI  
(633V WKDW FRQWDLQ #HYHUJUHHQ\$ SURYLVLRQV WKDW DXWRPDW  
(633 HDFK \HDU

## ([HFXWLYH &RPSHQVDWLRQ 7D[ 'HGXI ,5& 0

7KH #7D[ &XW DQG -REV \$FW\$ KDG VLJQLILFDQW LPSOLFDWLRQV RO  
SURLVLRQ WKDW DOORZHG FRPSDQLHV WR GHGXFWR FRPSHQVDWLR  
PRVW KLJKO\ FRPSHQVDWHG H[HFXWLYH RIILFHUV H[FOXGLQJ WKH  
LV SDLG XQGHU VKDUHKROGHU DSSURYHG SODQV \*ODVV /HZLV GR  
FKDQJHV WR FRPSHQVDWLRQ SURJUDPV LQ UHVSRQVH WR WKH HOL  
SUREOHPDWLF 7KLV VSHFLILFDOO\ KROGV WUXH LI VXFK PRGLILFD  
SHUIRUPDQFH EDVHG FRPSHQVDWLRQ SURJUDP

\$V JUDQGIDWKHUHG FRQWUDFWV PD\ FRQWLQXH WR EH HOLJLEOH I  
P FRPSDQLHV PD\ WKHUHIRUH VXEPLW LQFHQWLYH SODQV IRU  
WD[ GHGXFWELEOLW\ DIIRUGHG XQGHU P IRU FHUWDLQ W\SHV R

:H EHOLHYH WKH EHVW SUDFWLFH IRU FRPSDQLHV LV WR SURYLGH  
IXOO\ LQIRUPHG MXGJPHQWV DERXW WKH UHDVRQDEOHQHVV RI WK  
VKDUHKROGHU UHYLHZ ZH SUHIHU WKDW GLVFORVXUH VKRXOG LQ  
SRRO DQG D PD[LXP DZDUG DPRXQW SHU HPSOR\HH :H DOVR EHO  
JUDQWV WR VHH LI WKH\ DUH UHDVRQDEOH DQG LQ OLQH ZLWK WK

:H W\SLFDOO\ UHFRPPHQG YRWLQJ DJDLQVW D P SURSRVDO ZKH  
SHUIRUPDQFH WDUJHWV LL D FRPSDQ\ IDLOV WR SURYLGH RQH R  
LLL WKH SURSRVHG SODQ RU LQGLYLGXDO PD[LXP DZDUG OLPLW  
FRPSDQ\!V SHHUV

7KH FRPSDQ\!V UHFRUG RI DOLJQLQJ SD\ ZLWK SHUIRUPDQFH DV H  
SHUIRUPDQFH PRGHO DOVR SOD\ D UROH LQ RXU UHFRPPHQGDWL  
UHDVRQDEOH SD\ UHODWLYH WR EXVLQHVV SHUIRUPDQFH ZH JHQH  
SODQ FDSV VHHP ODUJH UHODWLYH WR SHHUV EHFDXVH ZH UHFRJ  
H[FHSWLRQDO SHUIRUPDQFH

\* R Y H U Q D Q F H 6 W U X F W X U H  
) U D Q F K L V H

\$ Q W L 7 D N H R Y H U 0 H D V X U H V

3 R L V R Q 3 L O O V 6 K D U H K R O G H U 5 L J K W V 3 O D Q V

\* O D V V / H Z L V E H O L H Y H V W K D W S R L V R Q S L O O S O D Q V D U H Q R W J H Q H  
P D Q D J H P H Q W D F F R X Q W D E L O L W \ E \ V X E V W D Q W L D O O \ O L P L W L Q J R S S  
S U H Y H Q W V K D U H K R O G H U V I U R P U H F H L Y L Q J D E X \ R X W S U H P L X P I R U  
V K D U H K R O G H U V Y R W H D J D L Q V W W K H V H S O D Q V W R S U R W H F W W K H L  
R S S R U W X Q L W \ W R F R Q V L G H U D Q \ R I I H U I R U W K H L U V K D U H V H V S H F

: H E H O L H Y H E R D U G V V K R X O G E H J L Y H Q Z L G H O D W L W X G H L Q G L U H F  
F R X U V H + R Z H Y H U R Q D Q L V V X H V X F K D V W K L V Z K H U H W K H O L Q N  
U L J K W W R F R Q V L G H U D Q G D F F H S W E X \ R X W R I I H U V L V V X E V W D Q W L D  
R Q Z K H W K H U W K H \ V X S S R U W V X F K D S O D Q ! V L P S O H P H Q W D W L R Q 7 K  
W \ S L F D O O \ O H I W W R E R D U G G L V F U H W L R Q , W V S R W H Q W L D O L P S D F V  
L V D O V R D Q L V V X H L Q Z K L F K P D Q D J H P H Q W L Q W H U H V W V P D \ E H G L I  
V K D U H K R O G H U V K D Y H D Y R L F H L V W K H R Q O \ Z D \ W R V D I H J X D U G W K

, Q F H U W D L Q F L U F X P V W D Q F H V Z H Z L O O V X S S R U W D S R L V R Q S L O O V  
R E M H F W L Y H V X F K D V W K H F O R V L Q J R I D Q L P S R U W D Q W P H U J H U R U  
T X D O L I \ L Q J R I I H U F O D X V H : H Z L O O F R Q V L G H U V X S S R U W L Q J D S R L V  
R I W K H I R O O R Z L Q J D W W U L E X W H V

- ( 7 K H I R U P R I R I I H U L V Q R W U H T X L U H G W R E H D Q D O O F D V K W U D
- ( 7 K H R I I H U L V Q R W U H T X L U H G W R U H P D L Q R S H Q I R U P R U H W K D O
- ( 7 K H R I I H U R U L V S H U P L W W H G W R D P H Q G W K H R I I H U U H G X F H W
- ( 7 K H U H L V Q R I D L U Q H V V R S L Q L R Q U H T X L U H P H Q W D Q G
- ( 7 K H U H L V D O R Z W R Q R S U H P L X P U H T X L U H P H Q W

: K H U H W K H V H U H T X L U H P H Q W V D U H P H W Z H W \ S L F D O O \ I H H O F R P I R



RZQHUVKLS E\ PXOWLSOH LQYHVWRUV SXUFKDV LQJ V PDOO FKXQNV

VKDUHKROGHU \$Q LQWHUHVWHG VKDUHKROGHU LV JHQHUDOO\ FRO  
RXWVWDQGLQJ VWRFN EXW WKH WULJJHU FDQ YDU\

\*HQHUDOO\ SURYLVLRQV DUH SXW LQ SODFH IRU WKH RVWHQVLEO  
LQWHUHVWHG VKDUHKROGHU ZRXOG EH DEOH WR SD\ D ORZHU SUL  
VKH SDLG WR JDLQ FRQWURO 7KH HIIHFWRU RI D IDLU SULFH SURYLV  
JDLQ D SUHPLXP IRU WKHLU VKDUHV WKURXJK D SDUWLDO WHQGHU  
WKH VKDUH SULFH RIWHQ VLJQLILFDQWO\ \$ IDLU SULFH SURYLVLF  
FRVWV RI VHHNLQJ VKDUHKROGHU DSSURYDO DQG EHFDXVH RI WKH  
RU RWKHU WUDQVDFWLRQ DW D ODWHU WLP

# 4XRUXP 5HTXLUHPHQWV

\*ODVV /HZLV EHOLHYHV WKDW D FRPSDQ\!V TXRUXP UHTXLUHPHQW  
EURDG UDQJH RI VKDUHKROGHUV DUH UHSUHVHQWHG LQ SHUVRQ R  
WUDQVDFW QHFHVVDU\ EXVLQHVV &RPSDQLHV LQ WKH 8 6 DUH JH  
ODZV RI WKHLU VSHFLILF VWDWH RI LQFRUSRUDWLRQ \$GGLWLRQD  
DUH UHTXLUHG WR VSHFLI\ D TXRUXP LQ WKHLU E\ODZV SURYLGHG  
WKLUG RI RXWVWDQGLQJ VKDUHV 3ULRU WR WKH 1HZ <RUN 6V  
FRPSDQLHV DOWKRXJK WKLV UHTXLUHPHQW ZDV GURSSHG LQ UHF  
FRQIXVLRQ IRU LVVXHUV 'HODZDUH IRU H[DPSOH UHTXLUHG FRPS  
WKLUG RI RXWVWDQGLQJ VKDUHV RWKHUZLVH VXFK TXRUXP VKDOO  
:H JHQHUDOO\ EHOLHYH D PDMRULW\ RI RXWVWDQGLQJ VKDUHV HQ  
WUDQVDFWLRQ RI EXVLQHVV DW VKDUHKROGHU PHHWLQJV +RZHYH  
ORZHU TXRUXP UHTXLUHPHQW ZH ZLOO JHQHUDOO\ VXSSRUW D UH  
WR YRWH HLWKHU LQ SHUVRQ RU E\ SUR[\ :KHQ HYDOXDWLQJ VXF

EUHDFKHV RI WKH GXW\ RI FDUH IRU FHUWDLQ FRUSRUDWH RIILFHU

SURYLVLRQ ZRXOG GLUHFWO\ EHQHILW VKDUHKROGHUV LL SURYLV  
IDYRUHG MXULVGLFWLRQV LLL QDUURZO\ WDLORUV VXFK SURYLV  
RI JRRG FRUSRUDWH JRYHUQDQFH SUDFWLFHV

ORUHRYHU LQ WKH HYHQW D ERDUG VHHNV VKDUHKROGHU DSSURY  
E\ODZ DPHQGPHQW UDWKHU WKDQ DV D VHSDUDWH SURSRVDO ZH  
SURYLVLRQV ZKHQ GHWHUPLQLQJ WKH YRWH UHFRPPHQGDWLRQ RQ  
YRWLQJ DJDLQVW WKH FKDLU RI WKH JRYHUQDQFH FRPPLWWHH IRU  
UHIHU WR RXU GLVFXVLRQ RI QRPLQDWLQJ DQG JRYHUQDQFH FRP

6LPLODUO\ VRPH FRPSDQLHV KDYH DGRSWHG E\ODZV UHTXLULQJ S  
MXGJPHQW LQ WKHLU IDYRU SD\ WKH OHJDO H[SHQVHV RI WKH FRP  
#ORVHU SD\ \$ E\ODZV ZLOO OLNHO\ KDYH D FKLOOLQJ HIIHFW RQ  
ZRXOG IDFH DQ VWURQJ ILQDQFLDO GLVLQFHQWLYH QRW WR VXH D  
DGRSWLRQ RI VXFK IHH VKLIWLQJ E\ODZV DQG LI DGRSWHG ZLWKR  
DJDLQVW WKH JRYHUQDQFH FRPPLWWHH :KLOH ZH QRWH WKDW LQ  
DGRSWLRQ RI IHH VKLIWLQJ E\ODZV VXFK SURYLVLRQV FRXOG VWL  
VWDWHV

## \$XWKRULJHG 6KDUHV

\*ODVV /HZLV EHOHYHV WKDW DGHTXDWH FDSLWDO VWRFN LV LPSR  
UHTXHVV IRU DGGLWLRQDO VKDUHV ZH W\SLFDOO\ UHYLHZ IRXU F  
FDSLWDO VWRFN

6WRFN 6: \$HOW W\SLFDO O25H R)255 0.6667 LW KW(U)(18(P)(P)(R)(Q)(Z\$(M)(Q)(H)(E)(O)(K  
RU QHFHVVDU\ 7KH KLVWRULFDO VWRFN SUH VSOLW SULFH LI  
FRPPRQ WUDGLQJ SULFH RYHU WKH SDVW ZHHNV DQG VRPH

DJDLQVW D SURSRVDO WR FRQGXFV D UHYHUVH VWRFN VSOLW LI V  
DXWKRULJHG FRPPRQ VKDUHV LQ D UDWLR SURSRUWLRQDWH WR W  
:LWK UHJDUG WR DXWKRULJDWLRQV DQG RU LQFUHDVHV LQ SUHIHU  
DXWKRULJDWLRQV ZKLFK DOORZ WKH ERDUG WR GHWHUPLQH WKH  
VKDUHV NQRZQ DV #EODQN FKHFN SUHIHUHG VWRFN\$ :H EHOLH  
FRQFHUQ WR FRPPRQ VKDUHKROGHUV VLQFH EODQN FKHFN SUHIHU  
LQ VRPH RWKHU IDVKLRQ WKDW DGYHUVHO\ DIIHFWV WKH YRWLQJ  
7KHUHIRUH ZH ZLOO JHQHUDOO\ UHFRPPHQG YRWLQJ DJDLQVW VX  
FRPPLWPHQW WR QRW XVH VXFV VKDUHV DV DQ DQWL WDNHRYHU G  
FRPPLWPHQW WR VXEPLW DQ\ VKDUHKROGHU ULJKWV SODQ WR D V  
:KLOH ZH WKLQN WKDW KDYLQJ DGHTXDWH VKDUHV WR DOORZ PDQ  
RSHUDWH WKH EXVLQHVV LV FULWLFDO ZH SUHIHU WKDW IRU VLJ  
WR MXVWL\ WKHLU XVH RI DGGLWLRQDO VKDUHV UDWKHU WKDQ SU  
XQDOORFDWHG VKDUHV DYDLODEOH IRU DQ\ SXUSRVH

**\$GYDQFH 1RWLFH 5HTXLUHPHQWV**

VKDUHKROGHUV WKDW WKH\ ZLOO EH DIIRUGHG WKH VDPH ULJKWV SHUVRQ PHHWLQJ

([DP SOHV RI HIIHFWLYH GLVFORVXUH LQFOXGH L DGGUHVVLQJ W PHHWLQJ LQFOXGLQJ WLPH JXLGHOLQH V IRU VKDUHKROGHU TXHV DQG UXOHV IRU KRZ TXHVWLRQV DQG FRPPHQWV ZLOO EH UHFRJQL SURFHGXUHV LI DQ\ IRU SRVWLQJ DSSURSULDWH TXHVWLRQV UHF RQ WKH LQYHVWRU SDJH RI WKHLU ZHEVLWH DV VRRQ DV LV SUDFV ORJLVWLFDO LVVXHV UHODWHG WR DFFHVVVLQJ WKH YLUWXDO PHHV VXSSRUW WR DVVLVW LQ WKH HYHQW RI DQ\ GLIILFXOWLHV DFFHVV

:H ZLOO JHQHUDOO\ UHFRPPHQG YRWLQJ DJDLQVW PHPEHUV RI WK SODQQLQJ WR KROG D YLUWXDO RQO\ VKDUHKROGHU PHHWLQJ DQG

## 9RWLQJ 6WUXFWXUH

### OXOWL & ODVV 6KDUH 6WUXFWXUHV

\*ODVV /HZLV EHOLHYHV PXOWL FODVV YRWLQJ VWUXFWXUHV DUH W \$OORZLQJ RQH YRWH SHU VKDUH JHQHUDOO\ RSHUDWHV DV D VDIH ZKR KROG D VLJQLILFDQW PLQRULW\ RI VKDUHV DUH DEOH WR ZHL

)XUWKHUPRUH ZH EHOLHYH WKDW WKH HFRQRPLF VWDNH RI HDFK QR VPDOO JURXS RI VKDUHKROGHUV IDPLO\ RU RWKHUZLVH VKRXO VKDUHKROG (R)FRPSWWRU (ORHYHUHQDEHDDWGL)(CDGHWR)OJHU WR VSHDN DQG WKH RSSRUWXQLW\ WR HIIHFW FKDQJH 7KDW SRZH UHDVRQV RWKHU WKDQ HFRQRPLF VWDNH

:H JHQHUDOO\ FRQVLGHU D PXOWL FODVV VKDUH VWUXFWXUH WR U JRYHUQDQFH %HFDXVH ZH EHOLHYH WKDW FRPSDQLHV VKRXOG KD BHDQRQ FRQVVRUQLRU WKD PHKROGHU DW DW ZBOO DW DXFWFRDOWUROO

(ORHYHHNH

\$0BZLYWKDW). VRUW IV WVRXOG QRW SURYLHV IRO\UHDUH DE LDV KD







7KH FRPSOH[ RUJDQL]DWLRQDO RSHUDWLRQDO WD[ DQG FRPSOLD



\*ODVV /HZLV EHOLHYHV PDQDJHPHQW DQG WKH ERDUG DUH JHQHUD  
H[WHQVLRQ RI D EXVLQHV FRPELQDWLRQ GHDGOLQH LV QHHGHG  
RI PDQDJHPHQW DQG VXSSRUW UHDVRQDEOH H[WHQVLRQ UHTXHVW

## 63\$& %RDUG ,QGSHQGHQFH

7KH ERDUG RI GLUHFWRU RI D 63\$&!V DFTXLVLWLRQ WDUJHW LV L  
FRPELQDWLRQ ,Q VRPH FDUV KRZHYHU WKH ERDUG!V FRPSRVLW  
FRPELQDWLRQ LQFOXGLQJ WKH SRWHQWDO DGGLWLRQ RI LQGLYL  
UROH RI D 63\$& H[HFXYLYH LV XQOLNH WKDW RI D W\SLFDO RSHUD  
EXVLQHV LV LGHQWLI\LQJ DQG H[HFXYLQJ DQ DFTXLVLWLRQ GHDO  
GLIIHUHQW \*ODVV /HZLV GRHV QRW DXWRPDWLFDOO\ FRQVLGHU D  
RSHUDWLQJ HQWLW\ ZKHQ WKHLU RQO\ SRVLWLRQ RQ WKH ERDUG  
LQGSHQGHQW GLUHFWRU \$EVHQW DQ\ HYLGHQFH RI DQ HPSOR\PH  
LQWHUHVW LQ WKH FRPELQH HQWLW\ ZH ZLOO WKHUHIRUH FRQV

## 'LUHFWRU &RPPLWPHQWV RI 63\$& ([HFXYLYHV

:H EHOLHYH WKH SULPDU\ UROH RI H[HFXYLYH RIILFHUV DW 63\$&V  
FRQVXPPDWLQJ D EXVLQHV FRPELQDWLRQ \*LYHQ WKH QDWXUH R  
RSHUDWLQGV RI 63\$&V ZKHQ D GLUHFWRU! RQO\ H[HFXYLYH URO  
IRU FRPSDQ\ GLUHFWRUVKLSV \$V D UHVXOW ZH JHQHUDOO\ UHFR  
VHUYHV LQ DQ H[HFXYLYH UROH RQO\ DW D 63\$& ZKLOH VHUYLQJ R

## 6KDUHKROGHU 3URSRVDOV

\*ODVV /HZLV EHOLHYHV WKDW VKDUHKROGHUV VKRXOG VHHN WR S  
VXSSRUW HIIHFXYLYH (6\* RYHUVLJKW DQG UHSRUWLQJ DQG HQFRXU  
SODFHV D VLJQLILFDQW HPSKDVLV RQ SURPRWLQJ WUDQVSDUHQF\  
UHVSRQVLYHQHV WR DQG HQJDJHPHQW ZLWK VKDUHKROGHUV :H  
KRZ WKH\ DUH PLWLJDWLQJ PDWHULDO (6\* ULNV LQFOXGLQJ WKR  
PDQDJHPHQW DQG VWDNHKROGHU UHODWLQGV

7R WKDW HQG ZH HYDOXDWH DOO VKDUHKROGHU SURSRVDOV RQ D  
VKDUHKROGHU YDOXH :KLOH ZH DUH JHQHUDOO\ VXSSRUWLYH RI V  
ULJKWV DQG WUDQVSDUHQF\ ZH FRQVLGHU DOO SURSRVDOV LQ W  
SURILOH

)RU D GHWDLOHG UHYLHZ RI RXU SROLFLHV FRQFHUQLQJ FRPSHQV  
VKDUHKROGHU SURSRVDOV SO ~~18-7146-8111~~ ~~1-21-958~~ ~~1-852-8 8589 2~~ HKHQVLY  
~~1-852-8 8589 2~~ ~~1-852-8 8589 2~~ DYDL [QZQJODWOH](#) [ZLV FRP YRWLQJ SROLFLHV FXUUHQW](#)

# 2YHUDOO \$SSURDFK WR (Q \*RYHUQDQFH ,VVXHV

\*ODVV /HZLV HYDOXDWHV DOO HQYLURQPHQWDO DQG VRFLDO LVVX  
EHOLHYH WKDW FRPSDQLHV VKRXOG EH FRQVLGHULQJ PDWHULDO H  
RSHUDWLRQV DQG WKDW FRPSDQLHV VKRXOG SURYLGH VKDUHKROG  
WKHVVH IDFWRUV DUH EHLQJ FRQVLGHUHG DQG KRZ DWWHQGDQW U  
JRYHUQDQFH LV D FULWLFDO IDFWRU LQ KRZ FRPSDQLHV PDQDJH H  
WKDW D ZHOO JRYHUQH G FRPSDQ\ ZLOO EH JHQHUDOO\ PDQDJLQJ V  
VWUXFWXUH WKDW SURPRWHV ERDUG LQGHSHQGHQFH DQG DFFRXQ  
:H EHOLHYH SDUW RI WKH ERDUG!V UROH LV WR HQVXUH WKDW PDC  
RSHUDWLRQV LQFOXGLQJ WKRVH WKDW KDYH PDWHULDO HQYLURQ

HPDQDWLQJ IURP D EURDG UDQJH RI LVVXHV RYHU ZKLFK WKH\ PD  
FRPSDQLHV EHLQJ DIIHFWHG E\ LQFUHDVHG VWRUP VHYHULW\ DQG

5LVN GXH WR OHJLVODWLRQ\ FRPSDQLHV\ UHFRUGLQJ\ DOXDWH WKHLU H[SRV  
FKDQJHV LQ UHJXODWLRQ WKDW DIIHFW FXUUHQW DQG SODQQHG R  
MXULVGLFWLRQV LQ ZKLFK WKH FRPSDQ\ RSHUDWHV :H ORRN FOR  
ZKHWKHU WKH FRPSDQ\ KDV UHVSRRGHG SURDFWLYHO\

/HJDO DQG UHSXWDLVLRQ\ RU WDNH DFWLRQ RQ LPSRUWDQW HQYL  
ULVN RI LQFLWLQJ QHJDWLYH SXEOLFLW\ DQG SRWHQWLDOO\ FRVW  
VKDUHKROGHU YDOXH PD\ QRW EH GLUHFWO\ PHDVXUDEOH ZH EHO  
WKH SRWHQWLDO LPSDFWV RI WKH SXEOLF SHUFHSWLRQ RI WKHLU  
FRQVLGHULQJ LQYHVWLJDWLRQV DQG ODZVXLWV \*ODVV /HZLV LV F  
DOOHJDWLRQV RU RWKHU FKDUJHV WKDW KDYH QRW EHHQ UHVROY  
DOOHJDWLRQV RU FKDUJHV RU WKDW WKH ODZ KDV EHHQ YLRODWH  
XQGHU WKH SDUWLFXODU IDFWV DQG FLUFXPVWDQFHV SUHVHQWHG  
LQYHVWLJDWLRQV UHIOHFWV RQ WKH ULVN SURILOH RI WKH FRPSD  
PD\ EH ZDUUDQWHG

# &RQQHFW ZLWK \*ODVV /HZL

&RUSRUDWH :~~HZVUV~~ ~~ODVV~~VOHZLV FRP

(PDLO LQIR#JODVVOHZLV FRP

6RFLDO  #JODVVOHZ  \*ODVV /HZLV &R

\*OR ~~ED~~FDWLRQV

1RUWK  
\$PHULFD

8QLWHG 6WDWHV (XURSH  
~~L+'\*7' 8+9~~  
3LQH 6WUHHW 6XLWH  
6DQ )UDQFLVFR &\$

,UHODQG  
+HQU\ 6WUHHW  
/LPHULFN 9 9 7

1HZ <RUN 1<

8QLWHG .LQJGRP  
&ROHPDQ 6WUHHW  
6XLWH  
/RQGRQ (& 5 %-

\*UDQG %RXOHYDUG  
6XLWH  
.DQVDV &LW\ 02

)UDQFH  
~~! 5/4+9~~  
5XH G!8]~V  
3DULV

\$VLD  
3DFLILF

\$XVWUDOLD  
~~/f1 f129Z+/-/~~  
6XLWH /HYHO  
\*HRUJH 6WUHHW  
6\GQH\ 16:

\*HUPDQ\  
~~P% & f129Z+/-/~~  
.DLVHUDOOHH D  
.DUOVUXKH

-DSDQ  
6KLQMXNX 0LWVXL %XLOGLQJ  
WK IORRU  
1LVKL 6KLQMXNX 6KLQMXNX NX  
7RN\R -DSDQ

' , 6 & / \$ , 0 ( 5





# ?GHRUL UTKTY

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4ZUJ[I ZDT " ; XU KY	\$
, S KODG	%
, XMTZOG	%
-XG0	&
. GGG	'
84, ~. N0Fi URS H0FBK'0UGTJ ; KX[I	žž
@TQJ >ZKY	žž
, Y0	ž%
. N0G	ž%
3UTM0UT	ž&
4JUTK0	ž'
5XG	ž(
6X0	!ž
80G Y0	!!
; N0V0KY	!!
>0V0UK	!!
>[ ZN, Y0	!"
?0G	!"
?N0ETJ	!#
ABZTG	!\$
0XUK	!%
. UTKTZRCQ XUK	!%
, [ Y0	!(
-K00S	!(
/KTS GC	"ž
10ETJ	"ž
1G1K	"ž
0[V0 F1GKJ 41KT0K; ET; X00CR	"ž

206 GT ..... "!"  
2XKK ..... "!"  
4KBTJ ..... ""  
4CR ..... ""  
8QJRCGZ" 9UMN, L0G`809, I ..... ""  
9KZKBTJY ..... "#  
9UJ









## /OKI ZUK, ZKTJGT K

B KNGKI RDBU ZNGO U[ XGKYS KTZLJ OKI ZUKZKTJ GTI KF] KZ\_VDGR XI US S KTJ \UDIVMVDVZKXFI  
KRI ZDT LJ OKI ZUVZNGZKTJKI LK] KXZNGT "0&%" ULHGI S KZONV U[ OGT GVVKVK UL&%" ULHGI  
GTJ GARDGHI US S OAKS KZONV B K] OI UTZOT KZUZ\_VDGR NVTZKYI KVDIYZJJ OKI ZUVO ZKOLQZ\_KGX  
LLYKOKUT GHGI UK] NKT ZKI US VGT\_J OI RMYKYS OXZONV OI [S VGTI KYLXGJ OKI ZUVVULXZKTJ GTI K  
XI UMŁ

## , IIU[TZGTJ =KUYZ

B KNGKI RDBU ZNGFUT GI GKIH\_FIGKHGOF] KS G\_ XI US S KTJ ZNGVNGKLRKXVUK OVDVZVUUXGRZJ  
GAVUKUXG OTU] RUMIGI US VGT\_jYGI U[TZGTJ XUYZ OI VGTI KY] NOK ZKYZG ZUK Q J OUMNGYKI [YK  
ZUVUOKGT [TVJGRDBU UVOOT UT ZKLOGI ORZGKS KTZE4 ZKKI OI [S VGTI KY] K] OI GYKYZK  
XGUT OI VUOKU H\_ ZKYZG ZUK Q J OUMNGY] KRGYGT\_XRAGZJ OI RUM] KIXUS ZKI US VGT\_Ł

1[XNKF] KNGKI RDBU ZNGO I GK] NOK ZKYZG ZUK Q J OUMNGY OI RUM] GTI KS VNGOULS CZKUXOXKI  
I UPI KOTYKIVM OI VANKIVM I UPI KOT HGOULGI US VGT\_ O OI XUYZUT ZKLOGI ORZGKS KTZYFND] OI  
NNTKOR TUZRG ZUGXI US S KTJ ZDT ZULK OVDVZVUUXGRZJ GAVUKUXG OTU] RUMIGI US VGT\_jY  
GI U[TZGTJ XUYZ [TRKY ZKOK GK UNXIRVMS GKI UPI KOTYKIVM OI VANK OI ZKIVZ ULZKLOGI OR  
VZGKS KTZYGTJ XUYZŁ

## . GTGG

### - UGI , IIU[TZG-HD\_LX IS GKFKREKU 4Y[KY

- KNOTOM! Ž "f2RY7K] OI RUM] GTI] J OI [YOT UT J OKI ZUK I U[TZG-HD\_LX IS GKFKREKU OI [KLE4  
VGD[ R] KHKAK ZNGI RIGGTJ I US VANKTYOK OI RUM] XKIVM OI MIB GKXOFOI RUM] ZK\_GK  
HONS OI ZEKU GTJ UOXKKTFMU[R HKVUOKU H\_ ZUKI US VGTBY] NUKUJ T 232 KS OVDIYKXKKTZG  
LOGI OI S GKOROGŁ

, IIU OI RUM] FILKI US VGTBY] ONS GKOROK'UUM] XZUI IS GKXOZKS S OI MIBUS ZKOLUJ T UMOGDITF] K  
HKAK ZK\_YLU[R VUOK ZULU[NII IS GKFKREKU J OI RUM] KYO R]K] OI ZAKXI US S KTJ GDIYLLAK ?GO  
ULKUT . IS GKFKREKU 1OGI OI RUM] KY? . 1/ IEB KGRUHAK ZKHLGI YULZKKI US VGTBYNU[R  
NGKK'VODGTJ I RGR JKLOK UOXVNZXWUYVDBBYLUK IS GKFKREKU OI [KLE, YI [NF OI VGTI KY] NOK  
] KLOU KZKXULZKIK OI RUM] KYZJHG-KTZUKYOTODGTZ R OI V] KS G\_ XI US S KTJ \UDIVMVDVZ  
XWUYVDBK OKI ZUMŁ

B NIKZNDVUD\_] GYGRBU ZUZKIRNMF S UZVODDGTZIS OI XVO! Ž "fHKNOTOM! Ž #2RY7K] OI OI  
GAR ZNDVUD\_ZU?>C%Ž I US VGTBYUMOGOM OI [YBY] NOK ZK->[VZG-HD , IIU[TZONVZGTJ GAY  
- UGI > , > I NGYKZOS OKI ZNGI US VGTBY 232 KS OVDIYKXKKTZG LOGI OI S GKOROGŁ

### 3[S GT . GAZERB GTGMS KTZ

B KNGK[VIGKI U[XVIOKPKY ZUVZKZNGO KVKM OI [YI GK] NOK GHGI NGVLOK ZUKWUTJ ZU  
RIVS GKI UPI KOTY] OI NGI US VGT\_jYN[S GTI GAZERB GTGMS KTZVXG ZIKY] KS G\_ XI US S KTJ \UDIVMVDVZ  
ZKIN OI LLZKI US S OI KZOKU ] OI UOXVODZULZKI US VGT\_jYKT OI US KTZRGJHUKU OI RUM] KYFANKI NDI  
ULZKINAKOTGTI KI US S OI KUKAKI NDI LLZKHLGI FG GARDGHIŁ





4 ZAKVU KYULJKOS OOMET K'KI [ZAKYRKRLLYNGKU] TIXANDFI U[TZOM] TIKGTU VOLUS GI KIFGKI U[ RAGREK G] GAYGTJ U[TKVZKH] [TK'KO] KU VU OUMADITYO OGAUMAK. US VGTBYNU[ R VUOKG IUMITZGZOTGK VU[ R ZK\_ I U[TZAKK G] GAYZU] GAYNGKYNK R H\_ G K'KI [ZAK\_

### ; XUMGRYLUK[O, ] GAYLUK-NGKILRKY

=KND OUMUMGRYK OUMVAMUGLUKOU SO[ GRM[O G] GAY] KNGKK'VGTJK U[XKI ZDT UT LUTZI RZKI G] GAYZU O RJKI OI [YOT UT VUODITYXV[ OOVANK TUFFLUK UKLUK ULG-VZKTZDT IXUS G VNGKILRKY OZAK VNGKILRKY OGRUZKXI OBTZULZAK VUUKI NGTZ-> [I NVUODITYNKVZUGJXY VUKTZOI UPUZLU OZOKYZO [KYGT VUOKJ OZOKYZU VNGKILRKY] QNS UKK[VGRG\_ UAKZK VUUMGR?NK OI RYOT ULY [I NVUODITY] OUK'V] KI VUOKR\_ J [XOMU [XNLRZDGTGRYOFKWKI O] ] NKT G VUKIXUS ZAKXI OBTZULZAK VUUKI NGTZ] U[ R S GKOOR OUREKI KZAKVGHOMULZAK VUUMGR

### . RZOM] S KTJ S KTY

?NKILR] OMRZODGZITYULL [X'KO OUMURBYGK OI RJKI ZNY\_KG]

### 9US OGDOMEJ FUX UMUGK ZUKOTGT K. US S OZKY

4. GFGFZKI US S OZKY ZNGZKI NGMU ] QNTUS OGDOMEJ I UMUGK ZUKOTGT KKKWUYOIBBYS G\_ HK I US HOKI UKYVGGK: ?NOKILK FUI RGR\_ J KREKZK U[ X'KI ZGZITYLUK NI US S OZKO OI GK] NOKZK\_ OKTUZI US HOKI f] KNGK VYGGK ZAKVAK OY] 9US OGDOMEJ . UMUGK ZUKOTGT K. US S OZK ; KILUS GI K'KI ZDT OZUOU SO[ GRKI ZDITYLUJ 9US OGDOMI US S OZK; KILUS GI K'GT J. UMUGK ZUKOTGT K. US S OZK; KILUS GI K'

### ZUKOTGT K 1UR] OMET 4: FIVOFI LLUX/ OI ZTODOMI

B KNGKK'VGTJK U[XKI ZDT UT NU] ] KK'GS OKNANKOTGT KILR] OMET 4: FIVOFI LLUX OI ZTODOMI TUKZGF] NOK] KNTKOR\_ XOXOYDUS OI OUMURVAKI US S KTJ GZITYU[ ZKHGOULLI UMUGK NANKOTGT KHYZVZ ZDY OY [I NI GK] NOK] KJKOS OKZNGZAKHUGI NGYGAUAKI UAKR\_ XOXOZSK NANKOTOMI U [S KZAF] KS G\_ XI US S KTJ VUOMBYOYZS IS HOYLUZAK NANKOTGT KI US S OZK UKZAKHUGI I NGZ O ZAKG-VKTI KULZDI US S OZK E8 UKUAK] KNGKI RZOM O ZDYKI ZDT ZNGO ZAKI GK ULGHUGI ZNGG UZYG S [ RYBYNGKY V [I Z] X OI UTTI ZDT ] OMET 4: FIVOFI LLUX OI ZTODOMI QND ZK VZ\_ KGF ] K] OMTKOR\_ XI US S KTJ GVOYZAKI NGULZAK NANKOTGT KI US S OZK US UZVTKOKKAKYKTZGOKUL ZKS OUKYNGKILRKY [VILKRI ZDT OZAKHUGI] OJO TUZGVI US S OZU [HS OZOVANKS [ RYBYV [I Z] X ZUGYNGKILRKY UKGZAKI US VGT\_ jYIOZYNKILRKY S KZOMILR] OIVAK 4: \*UK OJO TUZVUOKILUG XGUTG-HY [TKZULZKS [ RYBYV [I Z] X TMTKOR\_ YAKT\_ KGVUKRYE

### =KI UP OZDT UL, II U[TZOM] ZGTJ GAY

B KNGKK'VGTJK ZKJ OI [YOT ULU [XGAMUG NZUAK [YKLU TUFFI => 2, ; S KG [XY O OI KTZOK VUUVS Y ZUKS VNGCKZAKTKU LUZNU [VIGT ZGTYGKTZ OI RM [X O ZAKVU\_ VZKS KTZNGZ] OGHKZ VNGKILRKY O XI UP OOVANK OIKOTI KHZ] KKT TUFFI => 2, ; XY [RY [YU LU OI KTZOK VG U [Z J KZOS OGDITYGTJ XUMZK 4 => 2, ; XY [RY; GZD [R O YQ GZITY] NOK YOTODGTZG IPVS KTY] KOK GMRU FZAK R OLLY [I NU OI RM [X] QNS VG ZZRYTK] OI GAKYS KTZULZAK V[O] ULK'KI [ZAKVG\_ J OI RM [X O] S G\_ HKGLG ZUK O U[XKI US S KTJ ZDT LUZAKY G FUFFUG\_

# 84, ~. NIKfi URS HOFBK'OUGTJ ; KXfi

## 9U8 GIKOR NGTMV

BNIK] KNGK[VIGZU I KXZU YI ZDIYULZAKKIYOKOKYZUJXUBI ZXI KIZXIVRELUK JKKRUS KIZFILKZK ! ŽI #\_KXG] KNGKS GIKTUTUK] UZU\_ XAODIYGTJ ] @ UTZU[KZUGAR U\_ XIVOKOKYZZUOMUZUIG U\_ TZ ZKS GOKZYXIVREZDIYGT] KIRGYZOTGZDITGRKYZVZG ZDKL

## @TOKJ >ZGKY

## 8 GIKORB KCOIKYKY

BKNGKOFI RJKU GTK] JCI [YDIT UT U\_ XGAWUG NZUS GIKOR] KCOIKYKLEOLKI ZSK OZOTCI UTZURUAK LOGI ORKUMZOVINU] B KTY [XZAKOZKIVZ\_ UJ US VGTU] GI U\_ TZOMETJ LOGI ORKUMZOVINU, S GIKOR ] KCOIKYU I [XY] NKT GI US VGT\_ OKTZDIYGTJ KLOBTI \_FLKGI US HOGZDI UJ KLOBTI OYF OZOTCI UTZURU UAKLOGI ORKUMZOVINU] I NZGZNOK O'GXGUTG-R VUMOBZ\_ ZNGZS GIKORS O'VZKS KIZULAK I US VGT\_ YGTT [GRUKOZOS LOGI ORVZKS KIZY] @TUZH-KVAKTZU UKIKI ZU UT GAS KR HGOE

BKHKAK OZAKXWUYOIBZ\_ ULQ JCI US S OZKYZUKTY [XZNGZS GIKOR] KCOIKYKYGKXS KJ OZU O'G ZS KR S GTIXGTJ ZNGI US VGTU] YCI RUKXS KJ OZDI VREYANZON I RJKJ KZBU VAKYZUJKURK GNOIT S GIKOR] KCOIKYK

B NKT GS GIKOR] KCOIKY O'XWUJZU GTJ ZKI US VGT\_ NGTUZU] CI RUKI GXS KJ OZDI VREFLU] NKT G S GIKOR] KCOIKY NGYHKT UTVOMLKS UKZNGT UTK\_KXG] ZKI US VGT\_ NGTUZU] CI RUKI GT [VIGZU XS KJ OZDI VRE ZNGI RGR U\_ ZOKYZAKI US VGT\_ jYVUNKYUZ] GJ XS KJ OZOVANKS GIKOR] KCOIKYF] K ] @ UYOKOXI US S KJ O'VINGZVNGKLRKOV\UK GVOVZOS IS HOVLGI US VGT\_ jYQ JCI US S OZK] NU YOKU UT ZKI US S OZK] [XOVANKZS K] NKT ZKS GIKOR] KCOIKY] GOKTZOBU

## . \_HX=OO \KXOPE

BKNGK[VIGZU U\_ XJCI [YDIT UT U\_ XGAWUG NZU] \_HXXXOLAKOZONZ: T \$R! %I ŽI "fNK@t-k [XZBY GTJ O'NGTM. US S OMOI >O I GTU] TI KU XIRYXV[VOMM] HODI US VGTU] ZUJXUZI \_HOXKI [XZ\_ OI OKTZ JKS KJ S GIKOR] OZU U\_ XJG\_YLUOKTAD\_OVIVS \*U\_ XZVOS UKF O' GT [GRKUMZVANK\_ S [VZ] CI RUKZAKO VU KYKYLKGYKVOVOKTAD\_OVIVGTJ S GTONVS GIKOR \_HOXKI [XZ\_ XOFORITV] ONZAKOIS GIKORILKI ZY GTJ VGOZ OI OKTZ] S VG ZL->S OOX [RY] KOKGRUG UZU LUUKLOM VOGK O' KXZ?NKLOGR [RYHI GS K KUKI ZOKUT >XVZS HX\$fi ŽI "LZOKT ZKI UTZU] KU XIVRELUK U [YUT GTJ ZK VUKTZORG VOKU U\_ Z US KY LUS I \_HOXKREZU O' KYFZO U\_ X@] ZNGI \_HXXXOVS GIKORLUK @ US VGTU

4 ZK G-KTI KULS GIKOR \_HOXKI [XZ\_ OI OKTZF] K] @VITKOR TUZS GOK UZOVMI US S KJ GDIYUT ZK HGOVLGI US VGT\_ jYUAKOZPELUK OI RM] KI UPI KOTOM \_HOXKREZU O' KYLZU] KIKO O' OYZETI KY] NOKI \_HOFI GZG OYNGKI Q' YU VOTODGZNGS ZU'NGKLRKOV] K] @ RUKR K O' GZAKHLGJ IYUAKOZPELU I \_HOXKI [XZ\_ G] KIRGYZAKI US VGT\_ jYXWUTKGTJ JCI RM] KXZ

8 UKLAKO O' OYZETI KY] NOKGI US VGT\_ NGYHKT S GIKOR] S VG ZU H\_ GI \_HOFEZG O' KHKAK YNGKLRKOV] GT XGUTG-R K'VI ZMOXU O' [VIGZYXUS ZKI US VGT\_ I US S [TOGZOMZ/UTVOMVUNKY ZU] GJ YXUR O'VETJ XS KJ OZOVANKS VG ZULZKI \_HOFEZG O' NKK JCI RM] XYNUL] R U [YUT ZK I US VGT\_ jYXWUTK ZUGJ XYZAK S VG ZYUJLKI ZU VZONLRKOVGTJ YUL] R TUZKAKGRAMI O' OGTJ I UK

ZKINOCRIKZBYZNCZI U]R S VKIKZKI US VGT\_jYXWUTYKUXKS KJ OZDT ULZKCI OKTZUKZNCZI U]R GNOZ  
ZMKCZG ZNK

4 OYZGI KY] NOKGI US VGT\_NGYHKT S GNOZ S VGZK H\_GI\_HOYZG G] KSG\_XI US SKTJ GNOZ

## O'KI [ZOK: ] TIXAND 2[ OKIY

B KNGK GJK GJCI [YOT ZULS QR U [ZOKU] XGAWG NZUK'KI [ZOKU] TIXAND/VIKORKEB KHONK  
ZNGI US VGTBYNLI R LG OEGKG GOWIS KIZHKI KKT ZK OZOKVZULZKK'KI [ZOKIRGIXAND] ONZUKUL  
RITVOS YNGKLBKXVH\_ GUAZOMEJ KTLX OVS OS [S YNGKU] TIXAND/XRYLUXKOTGS KI K'KI [ZOK  
LWOKX US VGTBYNLI R VUOKI RIGU CI RM [XOZK. US VTYGOT / CI [YOT GJ , TORYKI ZOT ULZK

ZNS ZHK\UKJ\*UK~@ZKNLRIKULLZKjIUTZURNGKYKXI KOKYGMUAGLXS GY[VOS QWQ\_ LJ TUFFI  
QZOKZKJkYNGKNLRIKX

/KKTJOMUT ZKYZKULOI UAUZODIFI US VGTQYS G\_ G ZLS GZGR XR UT IUTZURNGKYZG ZY[TRKYZK  
L[TJYHLGJ ULZ[YKVKYB QGKYZKGMZODIT ULZKIUTZURNGKYZG ZKZUGT\_ UKQIL[TJ YNGK  
G V[QZDIFYZVL[NIG UAZDT ULGVAUODIT Q ZKIL[TJ YVAKOTOMVZ[S KZUKH\_ L[TJ HLGJ G ZDT QRTK  
4 I KZG UANXVZKYFI US VGTQYS [YZGUZI UUTZURNGKYZG ZKX

4 U[XQ] fi UUTZURNGKYZG KYJ QKTLGT NOKYNGKNLRIKXH\_XJ[IOMVKNLUDIMU] KZUGKAKRYZNG  
ZKOKI UTUS QZOKYZGTJ KIKI ZKQ L[TI ZDT GYGT GZDZKUKKJ KOKB KHFNK QZNGKNLRIKYNL[R  
NGKGT UAUZ[TQ\_ZUUK QILLZKQYNGKYS UKUKOF] KINTKGR HFNK GZDZKUKKS KG[XVVKKTZ  
YNGKNLRIKYLXS XI KOOVGH\_ fu[ZVXS QS LUKZKQVLI Q

, YY[INF] K] QINTKGR XI US S KTJ \UOMUKVUUGRYZUWZU ZLI UUTZURNGK G V[QZDIT YZG ZYfi  
[TRKYJUDIMU] L[R QR] ZKI US VIZDIT ULGZDZKUKXZGZOTUZQ ZKHVZQZOKYZULYNGKNLRIKX\*GTJ  
XI US S KTJ \UOMVNDVZUUGRYZUGS KTJ ZKINGZKZUOI RJKI UUTZURNGK G V[QZDIT VUODITK

## @TJOKKAKYKTZU . US S [TQ / QKQ

B KNGKI RDBU U [XVUR\_ UT [TJOKKAKYKTZU I US S [TQ\_ JQKQ\_ ZUIS VNGCKZNCZ] NKT S GDMVANKK VLDIVKI US S KTJ GDIYF] K] QI GK [R\_ KQ] GI US VGT\_ JYQIR [KULQ/JQKQ\_ I UYOKGDIYGTJ S G\_ XLYG LUS XI US S KTJ QVNGZVNGKLRKXVUK GQVZJQI ZUV] NKT HLG YNGK VUOKI GY [LDBTZ XGDTCK UKVBT ZUGJ XWYZKRB CLLJ QKQ\_ UT ZKH LGI FOR IJ QVNGZS KRB UL] NKT ZKH LGI QZKTJYZU GMLDZG J QDTGR QI ZUV LUS GT [TJOKKAKYKTZU I US S [TQ\_ NTKQGR\_ H\_ ZKTK'ZGT [GS KZDMUKG YUT G'OKGUTG-R VQ ZDGHK

1[XNOS UKF] KNGAKKOKU U [XJKQDIT LJ [TJOKKAKYKTZU I US S [TQ\_ JQI ZUKZUKVBI K U X XUKKTI KZUG QJ QO [G] NU YKRBOKTZRBYGVG FIRY-HIT-HK' [GRUKZGYWITJK] QNGT QJ QO [G] NU YKRBOKTZRBYG/GS IS HXLLZK 72- ?<4/ I US S [TQ\_

## 9UT2, ; ZU2, ; =KI UP QDIT / QIR [K

B KNGAKK'VGJJK ZKJQI [YOT ULU [XGAVUG NZUZNK [YKLU TUF2, ; ; S KG [XKYQ QI KTZOK VUVGS YQ UYIKZUIS VNGCKZKTKK ULKZLU [MIGTJ ZGYWKTZJ QIR [K QI ZK VU'\_ VZGS KIZNCZ] QIGVQZ VNGKLRKXV' XI UP QDMVKJ QOKTI KHQ] KKT TUF2, ; ; XY [BY [YK ULKQI KTZOK VG U [ZIKZOS QGDIY GTJ XWUK 2, ; ; XY [R; GQ [ROR Q VQ GDIY] NOK YQI QDGTZG IPYS KTZY] KKGARBU GTJ S GIKQGR Q VG ZYQI KTZOK VG U [Z US KYZKRB CLLY [I NU QIR [K] QIS VG ZZRY7K] QI GNYKS KIZLLZK V [GQ\_ UL K'KI [ZOK VG\_ J QIR [K GTJ S G\_ HGLG ZUK U [XXI US S KTJ GDI LKZKYG FUTV G

## ; G FAKX [YH KOLLUS GT K / QIR [K

B KNGAKKOKU U [XJQI [YOT ULZKVG FILM KOLLUS GT K GTRVQZUTUK ZNCZK VG FIKX [YH KOLLUS GT K J QIR [K S GTJGZU H\_ ZK >O S G\_ HK [YK G VQZULL [X] [WRS KIZRM [GTZAZOK GNYKS KIZY [WUKDVI U [XVQ G\_ VG FILM KOLLUS GT K VGIK

## . US VGT\_ =KXUYOKTKYLU >G FUTV G : WUKDIT

1UKI XGKI I RQ f] KGS KTJK U [XJQI [YOT UL US VGT\_ XKXUYOKTKYZUYQI QDGTZIRAKY UL VG FUTV G\_ UAWUKDIT ZUTUK ZNCZU XI QR [RZDIT ULUAWUKDIT QI IJ KYLU KYI GZGYKONK, 2, 4?> GTJ I UK, ->?, 4fi ] QNUAWUKDIT UL! Ž° UKNDPKOZKZKU GYQI QDGTZ

, YOG

. NOG

. [S [RZOKAUZOM

BKNGKGIJK GTK] VGGVGNZUJXIBI Z. NOGY\UZOMVXG ZOKILKZKIKRI ZDT ULJ OKI ZUWGTJ Y[VXKQUNE

/OKI ZUK US S OS KTZY

BKNGK[VIGKI U[XAUO\_ UTHLGI IUS S OS KTZYLUJOKI ZUW] NUGRUYOXKGYK'KI [ZOKLEIXUS ! ŽI #] K  
NGKXU[IKI U[XUAKIUS S OS KTZANKYLR ILUJOKI ZUW] NUGRUYOXKGYK'KI [ZOKYZUGZUCRLZ] U  
JOKI ZUWNYVXKQ[VZANKKE

4GJQDFF] KVKQ[VZ XJXOKI IXUS XIUS S KTJOMG\UKGQDYZUAKIUS S OKI K'KI [ZOKYGZAK  
IUS VG\_] NOKZK\_YOXKGYG K'KI [ZOKZUOMILU] Gf] K] QMPTOGR XIUS S KTJ \UZOMVQDYZGT  
UAKIUS S OKI K'KI [ZOKGZAKIUS VG\_] NOKZK\_YOXKGYG K'KI [ZOKQZK\_NLR S UKZVET IL[X  
JOKI ZUWNY

; UVAUTS KTZUL/OKI ZUKORI ZDTY

BKNGKGIJK TK] IUTZKTZKXOM OMVNVVAUTS KTZULZKXKIBI ZDT ULJ OKI ZUNE

4JKMTJKTZ/OKI ZUK-UGI ?KTJX

BKNGKGIJK TK] IUTZKTZU'ZKXGAMUOS KTZULOUKMTJKTZOKI ZUW] NUNGKYOXKI YOI UYKI [ZOK  
\_KGVGTJ GKXGAMUOZU GZXC'f]KGNVMB QUL[ZXGUTGHEK'VRETGDFF] K] QI RYND\_Y[INGT  
OUKMTJKTZOKI ZUKTUS OKKGYGIBOZUKE

, [JQ. US S OZKK; KULS GTIK

BK] QKI US S KTJ \UZOMLKG\_JOI US S OZKKINDXGTJ S KS HXVGMUOZU OZAKI [XKTZLOI GR\_KG] NKT  
ZKIKKYVCO ZUAKQ\_JOUK] KKTUZJOIRNKI FZKHKCOU] T ULZKIKKY] GYTUZJOIRNKI UKZKIKKYVCO ZU  
ZAKQ\_JOUK] KOKI UYOKKI K'KYOKO RZLOI GR\_KGE

9US OGDOMI US S OZKK; KULS GTIK

BKNGKQZOKI U[XAUO\_ZUKIUS S KTJ \UZOMLKZAKTUS OGDOMIUS S OZKKINDXAKT OZAKIUS S OZKK  
IQBU ZUS KZGZRGZUPI KJ[XOMVNVXKQ[VLOGT GR\_KGE

7U GROT\OUTS KTZER' >U OR' CI RM]X; XG ZDKY

BKNGKGIJK TK] IUTZKTZUJXIBI ZKI KTZIKKRUS KTZY'RI GRK\OUTS KTZER' YU OR' CI RM]XVXG ZDKLE



## , RIJ GDOT UL; XUQZ / OOKTJY

BKNGKJJK GTK] VGGVGNZUJXIM Z. NOGYREKYZXIVREZDT UT ZKGRJ GDOT UL VUQZ J OOKTJY LK RZKJ I US VGTQZ

## O[VQ\_fi GKJ . US VKTYGDOT ; RQY

BKNGKJJK TK] IUTZTZUT ZKKTODDQ ULVGDZOGTZYLLK[VQ\_fi GKJ I US VKTYGDOT VREYB KGRU [VIGKJ U[XUQD\_XNVMOMNKS OS [S \KZOMKODJ E1XUS ! Ž! #] K] QKJ US S KTJ \UZOMLKK[VQ\_fi HGKJ I US VKTYGDOT VREY] QNGS OS [S \KZOMKODJ ULHQ] KKT UTKGT J U\_KGVVXUOKJ ZNGZY I N VREYOM UNUJGKGI RQ] HQCGTJUXS QZYS KINGOS E

## 4Y[GTIKUL>NGKYGTJ]UK. UT[KZBRK>KI [XZBY

BKNGKJJK GTK] VGGVGNZUJXIM ZKI KTZJKKRS KTZVGRJ GRAG ZDKXNVMOMNKKJXKJ VNGK O[GTIKZ

## 4Y[GTIKUL/K-Z4VZ[S KTZY

BKNGK[VIGKJ U[XUQ [YDOT UT NLI] ] KKQZGKJK-ZO[GTIKQ ZUQZ VUJQRE

## 3UIMBUTM

## /QK ZUK. US S OS KTZY

BKNGK[VIGKJ U[XUQK ZUKXOI US S OS KTZANKNLR YLKK'KI [ZSKYGTJ J QK ZUKNDY G XUYGYONK NUVL US VGTQZ

1XUS ! Ž! #] K] QKJ US S KTJ ZNGYNGKNLRKXVLEK QVQZGJ QK ZUK] NUYXIKYGT K'KI [ZOKLQOKUL GT\_V[HDI US VGT\_] NIKYXOMUT S UKZNGT UTKGT J QDITGR'ZOTGR[HDI US VGT\_HLGI E

4GJ QDIT] KNGKK'VGTJK U[XUQ [YDOT UT VUKTZORUKOI US S OS KTZ] QNKNVM ZUJUVI US VGTQZ 1XUS ! Ž! #] K] QK G/ZKZUGRT[S HOKLML[VV[HDI US VGT\_HLGI YGJ QK ZUKS G\_YXAKUT GZKT HLGI Y HLK] KI UYOKXZNGZ QK ZUKZHKUKHLGI KJ E

## /QK ZUKIKY

BKNGKK'VGTJK U[XUQ [YDOT UT J QK ZUKYI US VKTYGDOT ZUGJ XUYGJ QDITGR US VKTYGDOT GAGZLXUS J QK ZUKIKKZ

## O[VQ\_fi GKJ . US VKTYGDOT ; RQY

BKNGKXUOKJ U[XUQD\_ UT ZKINGZOMLKK[VQ\_fi GKJ I US VKTYGDOT G GY ZUK'ZOTGRVGDZOGTZE 1XUS ! Ž! #] K] QKXG 1XUS XI US S KTJ OMLZOMVQVZAKINGZOMLKK[VQ\_fi GKJ I US VKTYGDOT G GY ZU K'ZOTGRVGDZOGTZY] NUKTG[JKUL] UOYGD ZUNZULGI US VGT\_jYKS VRJ\_KKVFVXUOKJ ZNGZAKI US VGT\_VXUOKYY[I QDITZ] QI RQ] JKULZKVGZOGTZY] UOYUMZ

BKNGKGRU[VIGKI U[XVUD\_XVODIOMVKS OS [S \KZOMKODI LKXVQ\_G GAYE1XUS ! ŽI #F] K] QR  
XIXOIXUS XI US S KTJOMLUDOMVODVZK[VQ\_FHOKI I US VKTYGZOT VRETY] QNGS OS [S \KZOMKODI UL  
[TJKXZ] U\_KGVH[ZTUZIKVYNGF UTK\_KGXZ! S UTAM VUOKI ZNGZY[INMREYOM UXUUGKGI RQ] H3 OGTJUX  
S QEYS KINGOS E

BKNGKGRUK'VGTJKI U[XJCI [YODI GTJ [VIGKI U[XVUD\_ILKXVZDZKI VNGK VREYE

### , S KTJS KTZYJU; XU KI [XGR-[IKY 8 GTGWS KTZ>\_VKS Y

BKNGK[VIGKI U[XVUD\_ZJCI RJKJCI [YODIYGLTJ ZKGS KTJS KTZYJU XU KI [XGR[IKYGTJ  
S GTGWS KTZY\_VKS YE

### 4Y[GTIKUL>NGKYGTJ . UFNKZBIK>KI [XZBY

BKNGKK'VGTJKI U[XJCI [YODI UT ZKOM[GTIKULNGKYGTJ I UFNKZBIK YKI [XZBY] QNGTJ ] QULZ  
VKS VZKXOMZE

### 4Y[GTIKUL/KH-Z4VZ[S KTZY

BKNGKK'VGTJKI U[XJCI [YODI UT NJ ] KKGQ GKJKH-ZOM[GTIKQ ZLXQ VUUGRE

### =KREKU ; GZ\_?XGYG ZDIY

BKNGK[VIGKI U[XVUD\_ZJCI RJKYKI ODI XZOO UT NJ ] KKGQ GKXREKU VGZ\_ZGYG ZDIYE

### TJ GOM\OITS KTZER' >U OY CI RM[XK; XG ZDKY

BKNGK[VIGKI U[XJCI [YODI GULTJ ZK360TY! ŽI! , TGRYULLO>2; XG ZDK/ OIRM[XFETJ OYXI KTZ  
I UY[EGZOT UT KNGI KS KTZU I R GKJCI RM[XKY[TJKXZKO>2 DGS K] UQ

## 4JUTKYO

### /OKI ZUK US S OS KTZYUT 2X[V. US VGTQY

BKNGK[VIGKI NJ ] KKGQ GKZKJ OKI ZUYI US S OS KTZYULXVUL[VI US VGTQYB NKT I UYOKXOMVANK  
T[S HXULLHGG YZNGZ OKI ZUYI GF YOK UT] KXVOKZKXOMZUK'YS VZOU OQ[GR] NUYOKKYUT HLG YUL  
NUL[VI US VGTQYXUS U[XUOXH-LGGI KI VUD\_HOKI UT YKXGGS QMOMIG ZUYE

### , WUUGLLIKKY; OO ZUZK - UGI UL/OKI ZUYGTJUX US S OYOTKY

BKNGK[VIGKI U[XVODIOMVKS ZJCI UXUUGKZKIKRLLVGZJ OIRM[XJKZBYG/GLG ZUXO JKZOS OOMULX  
VUKXI US S KTJGDIYILXZK G WUUGLLIKKYGTJ XS [TKGZOT VOO ZUZK - UGI UL/OKI ZUYGTJUX  
. US S OYOTKYE



## - UGŮ ZKŮJŮ/ŮKŮŮ

1) US VNGKLEBKXS KZOVINKR UT UGZGX1K-H[ G\_! Ž! #f] K] QURUTVXVUOKGT K'YS VZDT ZU[ XVD\_ N[OKKYLK; XS K8GQZBKU I US VGTGYO I GKY] NOKZK\_ LGBUS KZAKXV[OKHUGI NITJK JOKVQ\_XV[OKS KTZL

1[ XNOS UKFHVOTOMD! Ž! %f] K] QK[V[OK; XS K8GQZBKU I US VGTGYZUNAKGHUGI I US VOKU ULZ RIGZ! Ž° NITJKU QOKKJOKI ZV[B K] QNVTOKR XI US S KTJ VZOVMOVZANKI NQULZAKHUGI [TJKG Z] UZBK-HUGI UKUTKZBK] QNUTKILUS S QZK VZ[ I Z] X\* UKZKTUS QGOMIUS S QZKI NQ[ TJKKGUTKZBK ] QNZVKKILUS S QZK VZ[ I Z] X ULGHUGI ZGZJUKYTUS KZANQXV[OKS KTZL

## OYKYOK > ZGKNO > NGKLECOM

- KNOTOMD! Ž! \$f] K] QIS VRS KTZYVQZOKK[V[OKS KTZYLUK I US VGTGY] NKT VUOQOMET K'YS VZDT ZU[ X VUD\_ N[OKKYLKZNDOM[KE

1) US ! Ž! \$f] KS G\_XLXG I US XI US S KTJ OVNGKLEBK VUKGMOVZOKI ZVILKZNDOM[ K O I GKY] NOK

HQVXULQJ GLUHFWRUV DUH IXOO\ YHUVHG RQ WKLV UDSLGO\ HYRO  
WKH VHULRXVQHVV ZLWK ZKLFK FRPSDQLHV WDNH WKLV LVVXH

:H ZLOO JHQHUDOO\ QRW PDNH UHFRPPHQGDWLRQV RQ WKH EDVLV  
F\EHU UHODWHG LVVXHV +RZHYHU ZH ZLOO FORVHO\ HYDOXDWH D  
F\EHU DWWDFNV KDYH FDXVHG VLJQLILFDQW KDUP WR VKDUHKROG  
VKRXOG ZH ILQG VXFK GLVFORVXUH RU RYHUVLJKW WR EH LQVXIIL

## %RDUG \$FFRXQWDELOLW\ IRU &OLPDWH 5HODWHG ,V

:H KDYH XSGDWHG RXU GLVFXVLRQ RI ERDUG DFFRXQWDELOLW\ IF  
DSSOLHG ,Q RXU SROLF\ RQ WKLV WRSLF ZDV DSSOLHG WR WK  
LQ )HEUXDU\ \*ODVV /HZLV ZLOO DSSO\ WKLV SROLF\ WR FRPSD  
ZKHUH WKH 6XVWDLQDELOLW\ \$FFRXQWLQJ 6WDQGDUGV %RDUG 6\$  
UHSUHVHQW D ILQDQFLDOO\ PDWHULDO ULVN DV ZHOO DV FRPSDQ  
VWDNHKROGHU VFUXWLQ\ WKUHRU UHSUHVHQW DQ RXWVLJHG ILQ

:H ZLOO DVVHV VZKHWKHU VXFK FRPSDQLHV KDYH SURGXFHG GLVF  
)RUFH RQ &OLPDWH UHODWHG )LQDQFLDO 'LVFORVXUHV 7&)' :H K  
WKHVH FRPSDQLHV KDYH GLVFORVHG H[SOLFLW DQG FOHDUO\ GHIL  
UHODWHG LVVXHV ,Q LQVWDQFH ZKHUH ZH ILQG HLWKHU RI WKHV  
PD\ UHFRPPHQG YRWLQJ DJDLQV UHVSQVLEOH GLUHFWRUV

## .RUHD

## &ODVVLILFDWLRQ RI (PSOR\HH 5HSUHVHQWDWLYH

7KH DSSRLQWPHQW RI DQ HPSOR\HH UHSUHVHQWDWLYH LQ WKH JR  
WKH \$FW RQ WKH ODQDJPHQW RI 3XEOLF ,QVWLWXWLRQV :KLOH V  
DSSRLQWHG DV QRQ H[HFXYLYH GLUHFWRU WKH FRPPHUFLDO ODZ  
LQGHSHQQGHQW RU QRQ LQGHSHQQGHQW ODFNLQJ D FODVVLILFDWLR  
OHG WR FRQIXVLRQ RQ WKHLU FODVVLILFDWLRQ \$V IRU \*/ FODVVL  
DQG JLYHQ WKH FKDUDFWHULVWLF RI ODERU GLUHFWRUV GHILQH  
FDQGLGDWH IRU ERDUG LQGHSHQQGHQFH

## (QKDQFHPHQW RI \*HQGHU 'LYHUVLW\

:H KDYH UHYLVHG RXU DSSURDFK WR JHQGHU GLYHUVLW\ LQ WKH .  
LQYHVWRU GHPDQGV IRU WKH ERDUG GLYHUVLW\ ZH KDYH VKLIWH  
EDVHG DSSURDFK \$W /DUJH &RPSDQLHV ZKLFK DUH VXEMHFW WR V  
YRWLQJ DJDLQV WKH QRPLQDWLQJ FRPLWWHH FKDLU RU WKH E  
WKH ERDUG LV QRW DW OHDVW SHUFHQW JHQGHU GLYHUVH +RZ  
IHPDOH GLUHFWRU JHQGHU TXRWD ZH ZLOO FDUHIXOO\ UHYLHZ WK  
ZH PD\ QRW UHFRPPHQG YRWLQJ DJDLQV WKH QRPLQDWLQJ FRPP  
SURYLGHG

\*OREDO 6XPPDU\ RI %HQFKPDUN 3ROLF\ \*XLGHOLQH 8SGDW

&\EHU 5LVN 2YHUVLJKW

:H KDYH LQFOXGHG D QHZ GLVFXVLRQ RQ RXU DSSURDFK WR F\EH

FRPSDQLHV UHFHLYLQJ RSLQLRQV RWKHU WKDQ XQTXDOLILHG LQ  
RSSRVH WKH DGRSWLRQ RI ILQDQFLDO VWDWHPHQWV XQOHVV WKH  
SXEOLFDWLRQ 1RQHWKH OHVV ZH VWURQJO\ HQFRXUDJH FRPSDQL  
ILQDQFLDO VWDWHPHQWV WR VKDUHKROGHUV

ODOD\VLD

'LUHFWRU &RPPLWPHQWV RQ \*URXS &RPSDQLHV  
:H KDYH XSGDWHG KRZ ZH HYDOXDWH WKH GLUHFWRU!V FRPPLWPH

,QGSHQGHQW 'LUHFWRU %RDUG 7HQXUH

:H KDYH XSGDWHG RXU JXLGHOLQHV EDVHG RQ WKH ODWHVW UHJX





# 9LHWQDP

## %RDUG ,QGHSHQGHHQFH

:H KDYH XSGDWHG RXU SROLF\ DQG YRWLQJ UHFRPPHQGDWLRQV UH  
SUHYDLQLQJ UHJXODWLRQV ZH ZLOO QR ORQJHU UHFRPPHQG YRW  
RQ WKH RQH WKLUG ERDUG LQGHSHQGHHQFH WKUHVKROG ,QVWHDG  
IRU D ERDUG VL]H RI WR PHPEHUV WZR LQGHSHQGHHQW GLUHFV  
LQGHSHQGHHQW GLUHFWRUV IRU D IRU D ERDUG VL]H RI WR PHP

## 'LUHFWRU ([SHULHQFH

:H KDYH XSGDWHG UHTXLUHPHQWV RQ GLUHFWRU H[SHULHQFH DQG  
GLUHFWRUV EDVHG RQ WKH GLUHFWRU!V H[SHULHQFH

## 'LUHFWRU &RPPLWPHQWV

:H KDYH XSGDWHG RXU JXLGHOLQHV WR DGGUHVV KRZ ZH ZLOO HY  
FRQVROLGDWHG JURXS :H PD\ UHIUDLQ IURP UHFRPPHQGLQJ YRWL  
QXPEHU RI ERDUG ZLWKLQ D FRQVROLGDWHG JURXS RI FRPSDQLHV

## (TXLW\ %DVHG &RPSHQVDWLRQ 3ODQ

:H KDYH UHYLVHG DQG XSGDWHG RXU FULWHULD IRU HYDOXDWLQJ

## (QYLURQPHQWDO DQG 6RFLDO 5LVN 2YHUVLJKW

:H KDYH LQFOXGHG WKH UHFHQW UHJXODWRU\ UHTXLUHPHQWV IRU  
XSGDWHG RXU YLHZV DQG YRWLQJ UHFRPPHQGDWLRQV EDVHG XSR

## ,VVXDQFH RI 'HEW ,QVWUXPHQWV

:H KDYH XSGDWHG RXU SROLF\ WR LQFOXGH RXU YLHZV RQ HYDOXD  
LVVXDQFH RI GHEW LQVWUXPHQWV

(XURSH

&RQWLQHQQWDO (XURSH

9RWH RQ 1RQ )LQDQFLDO 5HSRUWLQJ

,Q D QHZ VHFWRU RI WKH JXLGHOLQHV ZH KDYH LQWURGXFHG  
FRPSDQ\!V QRQ ILQDQFLDO UHSRUWLQJ ZKLFK ODUJH 6SDQLVK DQ  
DJHQGD RI WKHLU DQQXDO JHQHUDO PHHWLQJV

:H KDYH FODULILHG WKDW ZH ZLOO JHQHUDOO\ UHFRPPHQG WKDW  
WKH IROORZLQJ DSSO\ L WKH FRPSDQ\ KDV IDLOHG WR PDNH WKH  
VKDUHKROGHU UHYLHZ LL WKH FRPSDQ\ KDV IDLOHG WR SURYLG  
UHSRUWLQJ LLL WKHUH DUH PDWHULDO FRQFHUQV UHJDUGLQJ W  
FRPSDQ\ LV OLVWHG RQ D EOXH FKLS RU PLG FDS LQGH[ DQG KDV  
HPLVVLRQV

:H KDYH DOVR FODULILHG WKDW LQ VRPH FDVHV ZH PD\ H[WHQG RX  
UHFRPPHQG D YRWH DJDLQVW WKH DSSURYDO RI D FRPSDQ\!V QRQ  
UHFRPPHQGDWLRQ WR YRWH DJDLQVW DFRXQWDEOH GLUHFWRUV  
PDWHULDO (6\* RYHUVLJKW FRQFHUQV WKDW KDYH IDLOHG WR SURY



GLVFORVXUH RQ WKH FRPSDQ\!V HQJDJHPPHQW ZLWK IUHH IORDW V  
VKDUHKROGHU H[HFXWLYH ZLOO QRW SDUWLFLSDWH LQ YRWLQJ RQ

### 6HYHUDQFH 3D\PHQWV

:H KDYH FODULILHG RXU EHOLHI WKDW XQYHVWHG ORQJ WHUP DZD  
VHUYHG XQWLO DQ H[HFXWLYH!V WHUPLQDWLRQ DQG WKDW GHYLD  
VXSSRUWLQJ GLVFORVXUH

### 'LUHFWRU \$WWHQGDQFH

:H KDYH FODULILHG WKDW LQ RXU DVVHVPHQW RI GLUHFWRU DWW  
HOHFWLRQ RI GLUHFWRUV WKDW DWWHQGHG IHZHU WKDQ L RI  
DQG DSSOLFDEOH FRPPLWWHH PHHWLQJV :H ZLOO FRQWLQXH WR V  
RI VHUYLFH RQ D ERDUG RU ZKHQ WKH FRPSDQ\ GLVFORVHV PLWLJ  
UHFRUG

### \$FFRXQWV DQG UHSRUWV

:H KDYH FODULILHG WKDW RQ D FDVH E\ FDVH EDVLV ZH PD\ UHFR  
DSSURYH RU DFNQRZOHGJH D FRPSDQ\!V DFFRXQWV DQG UHSRUWV  
WR SURYLGH DQ XQTXDOLILHG RSLQLRQ RQ WKH ILQDQFLDO VWDW  
UHDVRQLQJ SURYLGHG E\ WKH VWDWXWRU\ DXGLWRU DV ZHOO DV D  
)XUWKHU ZH KDYH FODULILHG WKDW LQ FDVHV ZKHUH WKH VWDWX  
FRQFHUQV UHJDUGLQJ WKH JRLQJ FRQFHUQ EDVLV RI D FRPSDQ\ L  
JHQHUDOO\ QRW OHDG WR D UHFRPPHQGDWLRQ WR YRWH DJDLQVW  
DFFRXQWV DQG UHSRUWV XQOHVV WKHUH DUH RWKHU OHJLWLPDWH  
VWDWHPHQWV DQG UHSRUWV

### 2YHUSHUIRUPDQFH! 5HVXOWLQJ LQ 3D\ IRU 3HUIRUP

:H KDYH FODULILHG WKDW LQ FDVHV ZKHUH PD[LPPX YHVWLQJ RFF  
SHUIRUPDQFH PHWULFV ZDV PLVVHG GXH WR WKH VWUXFWXUH RI  
DJDLQVW RWKHU PHWULFV ZKLFK UHVXOWV LQ D FOHDU SD\ IRU S  
WKDW VKDUHKROGHUV YRWH DJDLQVW D FRPSDQ\!V UHPXQHWDWR

### &DSLWDO \$XWKRULWLHV WR 6HUFLFH (TXLW\ 3URJUD

:H KDYH FODULILHG WKDW ZKHUH D FRPSDQ\ SURSRVHV D FDSLWDO  
LQFOXGHV SDUWLFLSDQWV EH\RQG WKH H[HFXWLYH FRPPLWWHH Z  
H[FHHG RI D FRPSDQ\!V LVVXHGH VKDUH FDSLWDO :KHUH D FRPS  
HTXLW\ SURJUDPPH WKDW LV H[FOXVLYHO\ IRU H[HFXWLYH GLUHF  
QRW H[FHHG RI D FRPSDQ\!V LVVXHGH VKDUH FDSLWDO

# \$XVWULD

,PSOHPHQWDWLRQ RI 1HZ 5HPXQHWDWLRQ 3ROLF\

:H KDYH XSGDWHG WKH #5HPXQHWDWLRQ 3ROLF\\$ VHFWRQ RI WKH  
WKH VLPXOWDQHRXV LPSOHPHQWDWLRQ RI D QHZ RU DPHQG HG UH  
PHPEHUV! FRQWUDFWV ,Q SDUWLFXODU ZH KDYH IXUWKHU FODUL  
XSRQ UHQHZDO RI HDFK H[HFXWLYH!V PXOWL \HDU FRQWUDFW PD

# 'HQPDUN

'LVFORVXUH RI \*HQHUDO 0HHWLQJ 9RWH 5HVXOWV

\$V SUHYLRXVO\ DQQRXQFHG IURP ZH ZLOO JHQHUDOO\ UHFRP  
HOHFWLRQ RI WKH FKDLU RI WKH JRYHUQDQFH FRPPLWWHH RU HTX  
DW FRPSDQLHV LQFOXGHG LQ 20; 1RUGLF WKDW GLG QRW GLVFC

7KH /LQN %HWZH HQ 3D\ DQG 3HUIRUPDQFH

:H KDYH UHVWUXFWXUHG DQG H[SDQGHG WKLV VHFWRU RI WKH JX  
\*XLGHOLQHV DQG 'DQLVK PDUNHW SUDFWLFH LQ RUGHU WR SURYLQ  
UHPXQHWDWLRQ

/LQNLQJ ([HFXWLYH 3D\ WR (QYLURQPHQWDO DQG 6R

:H KDYH RXWOLQHG RXU FXUUHQW JXLGDQFH RQ WKH XVH RI ( 6 PH  
H[HFXWLYH GLUHFWLRQV LQ HQWUHQV (XKR B MDQ 3ROLF\ \*XLGHOLQHV

\$OWKRJK ZH DUH VWURQJO\ VXSSRUWLYH RI FRPSDQLHV! LQFRUS  
ORQJ WHUP VWUDWHJLF SODQQLQJ ZH EHOLHYH WKDW WKH LQFOX  
SUHGLFDWHG RQ HDFK FRPSDQ\!V XQLTXH FLUFXPVWDQFHV

&RPSDQLHV VKRXOG SURYLGH VKDUHKROGHUV ZLWK GLVFORVXUHV  
( 6 PHWULFV WKH WDUJHW VHWWLQJ SURFHVV DQG FRUUVSRQGL  
VKDUHKROGHUV RI FRPSDQLHV WKDW KDYH QRW LQFOXGHG H[SOLF  
SODQV ZRXOG EHQHILW IURP DGGLWLRQDO GLVFORVXUH RQ KRZ W  
DOLJQHG ZLWK LWV VXVWDLQDELOLW\ VWUDWHJ\

# )LQODQG

'LVFORVXUH RI \*HQHUDO 0HHWLQJ 9RWH 5HVXOWV

\$V SUHYLRXVO\ DQQRXQFHG IURP ZH ZLOO JHQHUDOO\ UHFRP  
HOHFWLRQ RI WKH FKDLU RI WKH JRYHUQDQFH FRPPLWWHH RU HTX  
DW FRPSDQLHV LQFOXGHG LQ 20; 1RUGLF WKDW GLG QRW GLVFC

7KH /LQN %HWZH HQ 3D\ DQG 3HUIRUPDQFH

:H KDYH UHVWUXFWXUHG DQG H[SDQGHG WKLV VHFWRU RI WKH JX  
\*XLGHOLQHV DQG )LQQLVK PDUNHW SUDFWLFH LQ RUGHU WR SURYLQ  
UHPXQHWDWLRQ

/LQNLQJ ([HFXWLYH 3D\ WR (QYLURQPHQWDO DQG 6R

:H KDYH RXWOLQHG RXU FXUUHQW JXLGDQFH RQ WKH XVH RI ( 6 PH  
H[HFXWLYH GLUHFWRUHQWLOHQWDOZ\XKRBMHQ 3ROLF\ \*XLGHOLQHV

\$OWKRXJK ZH DUH VWURQJO\ VXSSRUWLYH RI FRPSDQLHV! LQFRUS  
ORQJ WHUP VWUDWHJLF SODQQHQJ ZH EHOLHYH WKDW WKH LQFOX  
GHWHUPLQHG E\ WKH FRPSDQ\ EDVHG RQ LWV RZQ XQLTXH FLUFXP

&RPSDQLHV VKRXOG SURYLGH VKDUHKROGHUV ZLWK GLVFORVXUHV  
( 6 PHWULFV WKH WDUJHW VHWWLQJ SURFHVV DQG FRUUVSRQGL  
VKDUHKROGHUV RI FRPSDQLHV WKDW KDYH QRW LQFOXGHG H[SOLF  
SODQV ZRXOG EHQHILW IURP DGGLWLRQDO GLVFORVXUH RQ KRZ W  
DOLJQHG ZLWK LWV VXVWDLQDELOLW\ VWUDWHJ\

### &ODULI\LQJ &KDQJHV

:H KDYH LQFOXGHG LQ WKH JXLGHOLQHV QHZ VHFWRURQV UHJDUGLQ  
DQG \$XWKRULW\ WR 6HW )HHV # \$XWKRULW\ WR &DQFHO 6KDUHV D  
#1RPLQDWLQJ &RPPLWWHH\$ WKDW GHVFULEH WKH PDUNHW SUDFWL

### )UDQFH

0HWULFV 5HODWHG WR &RPSDQ\!V 6RFLDO DQG (QYL

:H KDYH XSGDWHG WKHVH JXLGHOLQHV LQ OLQH ZLWK WKH XSGDW  
WKDW YDULDEOH UHPXQHWDLRQ VKRXOG EH EDVHG RQ PXOWLSOH  
DQG HQYLURQPHQWDO VWDNHV RI WKH FRPSDQ\ )XUWKHU ZH JHQ  
SUHIHUDEOH

3UHLYRXVO\ RXU H[SHFWDWLRQV ZHUH OLPLWHG WR WKH SUHVHQ  
DQG HQYLURQPHQWDO UHVSQRVLELOLW\

### (PSOR\HH 6KDUHKROGHU 5HSUHVHQWDWLYHV

:H KDYH XSGDWHG RXU JXLGHOLQHV WR FODULI\ RXU DSSURDFK ZK  
HOHFWLRQ RI PXOWLSOH HPSOR\HH VKDUHKROGHU UHSUHVHQWDWI  
WKLV FDVH ZH JHQHUDOO\ UHFRPPHQG LQ IDYRXU RI D VLQJOH FD

\* HUPDQ\

,PSOHPHQWDWLRQ RI 1HZ 5HPXQHWDWLRQ 3ROLF\

:H KDYH XSGDWHG WKH #0DQDJHPHQW %RDUG 5HPXQHWDWLRQ 3RO  
YLHZ WKDW ZH IDYRXU WKH VLPXOWDQHRXV LPSOHPHQWDWLRQ RI  
PDQDJHPHQW ERDUG PHPEHUV! FRQWUDFWV ,Q SDUWLFXODU ZH K  
RFFXUULQJ RQO\ XSRQ UHQHZDO RI HDFK H[HFXWLYH!V PXOWL \H  
DOVR UHSUHVHQW D GLVVHUYLFLH WR PLQRULW\ VKDUHKROGHUV ZK  
FRQFHUQV WKH\ KDG SUHYLRXVO\ H[SUHVHG

\$FFRUGLQJO\ ZH EHOLHYH FRPSDQLHV VKRXOG SURYLGH VSHFLILF  
SURFHVV LQ WKLV UHJDUG

'LVFORVXUH RI (DUQHG 3DLG 5HPXQHWDWLRQ

:H KDYH XSGDWHG WKH #0DQDJHPHQW %RDUG 5HPXQHWDWLRQ 5HS  
PDUNHW SUDFWLFH RQ WKH GLVFORVXUH RI LQGLYLGXDO UHPXQH  
SDUWLFXODU ZH KDYH FODULILHG WKDW GHVSLWH WKH DEVHQFH  
SUDFWLFH KDV GHYHORSHG WRZDUGV D YROXQWU\ GLVFORVXUH F  
DGGLWLRQ RI D SUHIDFH WR WKH UHOHYDQW WDEOHV GHWDLOLQJ  
WR ZKDW SHUIRUPDQFH SHULRG

\$FFRUGLQJO\ ZH PD\ UHFRPPHQG VKDUHKROGHUV WR YRWH DJDLQ  
DZDUHQWU\ SHUIRUPDQFH RU WKH SHUIRUPDQFH F\FOH HQ  
RPLWWHG DEVHQW D VXSSRUWLQJ DQG FRPSHOOLQJ UDWLRQDOH

\* UHHFH

(OHFWLRQ RI \$XGLW &RPPLWWHH

:H KDYH XSGDWHG WKHVH JXLGHOLQHV WR FODUL\ RXU DSSURDFK  
LQGSHQGHHQW ERG\ 6SHFLILFDOO\ ZH ZLOO UHFRPPHQG DJDLQV  
FRPSDQ\ IDLOV WR GLVFORVH IHHV SDLG WR WKH DXGLWU LQ WKH  
LQGSHQGHHQW ERG\ DQG WKH SUHYLRXV DXGLW FRPPLWWHH FKDL

(TXLW\ 5HPXQHWDWLRQ

:H KDYH XSGDWHG WKHVH JXLGHOLQHV WR (XLOH ZLWK WKH FODUN  
WKDW ZKHUH D FRPSDQ\ SURSRVHV D FDSLWDO DXWKRULW\ WR VHU  
H[HFXWLYH GLUHFWRUV ZH EHOLHYH WKDW WKH DXWKRULW\ VKRX  
+RZHYHU ZH ZLOO HYDOXDWH HDFK SURSRVDO RQ D FDUH E\ FDUH  
H[HFXWLYHV SDUWLFLSDWLQJ LQ WKH UHPXQHWDWLRQ SODQ DQG Z  
ZKHUH SURSRVHG GLOXWLRQ H[FHGV WKH UHFRPPHQGHG WKUH  
H[HFXWLYH EHQHILFLDULHV ZDV SURYLGHG

\* OREDO 6XPPDU\ RI %HQFKPDUN 3ROLF\ \* XLGHOLQH 8SGDW



# ,UHODQG

## \*HQQHU 'LYHUVLW\

:H KDYH XSGDWHG WKHVH JXLGHOLQHV WR FODULI\ WKDW ZH ZLOO QRPLQDWLRQ FRPPLWWHH DW DQ\ ,6(4 ERDUG WKDW KDV IDLOHG RXW E\ WKH %DODQFH IRU %HWWHU %XVLQHVV UHYLHZ DQG KDV ID KDV EHHQ XQDEOH WR GR VR :H PD\ DSSO\ OLPLWHG H[FHSWLRQV

## &ODULI\LQJ \$PHQGPHQWV

7KH IROORZLQJ FODULILFDWLRQV RI RXU H[LVWLQJ SROLFLHV DUH

## 'LUHFWRU &ODVVLILFDWLRQ

:H KDYH XSGDWHG WKH #,QGHSHQGHHQFH\$ VHFWRU RI WKH JXLGHOLQHV \*ODVV /HZLV FRQVLGHUV XQFOHV DXQWV FRXVLQV QLHFHV DQG C )XUWKHU LQ OLQH ZLWK WKH 8. \*XLGHOLQHV ZH KDYH LQFOXGHG LQWHULP PDQDJHPHQW SRVLWLRQV RQ GLUHFWRU LQGHHSHQGHHQFH

## \$FFRXQWV DQG 5HSRUWV

:H KDYH FODULILHG WKDW RQ D FDVLW 9(Y)1 (00rg B8)( )(D1 (00r)(D)( )(Q)(H)(Y

LVVXDQFH RI WKH VXSSOHPHQWU\ UHJXODWLRQ WR WKH &RPPHU

ZKHUH PXOWLSOH H[FKDQJH OLVWLQJV RU DQRWKHU FRPSDQ\ VSHF  
VHWWLQJ DFURVV PXOWLSOH MXULVGLFWLRQV

## 1RUZD\

'LVFORVXUH RI \*HQHUDO 0HHWLQJ 9RWH 5HVXOWV

\$V SUHYLRXVO\ DQQRXQFHG IURP ZH ZLOO JHQHUDOO\ UHFRP  
HOHFWLRQ RI WKH FKDLU RI WKH JRYHUQDQFH FRPPLWWHH RU HTX  
DW FRPSDQLHV LQFOXGHG LQ LQFOXGHG RQ WKH (XURQH[W DQG  
IURP WKHLU SUHYLRXV DQXDO PHHWLQJ

7KH /LQN %HWZHHQ 3D\ DQG 3HUIRUPDQFH

:H KDYH UHVWUXFWXUH DQG H[SDQGHG WKLV VHFWRU RI WKH JX  
\*XLGHOLQH DQG 1RUZHJLDQ PDUNHW SUDFWLFH LQ RUGHU WR SU  
UHPXQHWDWLRQ

/LQNLQJ ([HFXWLYH 3D\ WR (QYLURQPHQWDO DQG 6R

:H KDYH RXWOLQH RXU FXUUHQW JXLGDQFH RQ WKH XVH RI ( 6 PH  
H[HFXWLYH GLUHFWLRQV LQWHUOLZ (XURQDQ 3ROLF\ \*XLGHOLQH

\$OWKRJK ZH DUH VWURQJO\ VXSSRUWLYH RI FRPSDQLHV! LQFRUS  
ORQJ WHUP VWUDWHJLF SODQQLQJ ZH EHOLHYH WKDW WKH LQFOX  
GHWHUPLQH E\ WKH FRPSDQ\ EDVHG RQ LWV RZQ XQLTXH FLUFXP

&RPSDQLHV VKRXOG SURYLGH VKDUHKROGHUV ZLWK GLVFORVXUHV  
( 6 PHWULFV WKH WDUJHW VHWWLQJ SURFHVV DQG FRUUVSRQGL  
VKDUHKROGHUV RI FRPSDQLHV WKDW KDYH QRW LQFOXGHG H[SOLF  
SODQV ZRXOG EHQHILW IURP DGGLWLRQDO GLVFORVXUH RQ KRZ W  
DOLJQH ZLWK LWV VXVWDLQDELOLW\ VWUDWHJ\

## 3RODQG

&ODVVLILHG 6XSHUYLVRU\ %RDUGV DQG 7HUP /HQJW

:H KDYH DPHQGHG WKLV VHFWRU RI WKH JXLGHOLQH WR LQWUR  
WHUPV :KLOH 3ROLVK ODZ DOORZV IRU GLUHFWRU WHUPV RI XS W  
VKRUWHU WHUPV RI WKUHH WR IRXU \HDUV \$V ZH EHOLHYH PRUH  
DFFRXQWDELOLW\ WR VKDUHKROGHUV ZH ZLOO FRQVLGHU UHFRPP  
SURSRVHG DSSRLQWPHQW WHUP RI ILYH \HDUV DEVHQW VXSSRUW  
FDVH RI D VODWH HOHFWLRQ ZH ZRXOG QRWH D FRQFHUQ LQ RXU  
HJUHLRXV FDVHV RI SRRU ERDUG UHIUHVKPHQW RU FRPSRVLWLRQ

\*OREDQ 6XPPDU\ RI %HQFKPDUN 3ROLF\ \*XLGHOLQH 8SGDW

# 3RUWXJDO

## 1R 0DWHULDO &KDQJHV

:KLOH ZH KDYH XSGDWHG FHUWDLQ VHFWRQRV RI WKH VH JXLGHOLQH  
 \HDU ZH KDYH PDGH QR QRWHZRUK\ UHYLVLRQV DQG ZLOO FR  
WKH PDUNHW!V UHJXODWLRQV DV ZHOO DV LQWHUQDWLRQDO EHVW

## 5XVVLD

### 'LUHFWRU \$FFRXQWDELOLW\ IRU &OLPDWH 5HODWHG

%HJLQQLQJ LQ \*ODVV /HZLV LQFOXGHG D QHZ GLVFXVVLRQ RQ  
SDUWLFXODU ZH EHOLHYH WKDW FOHDU DQG FRPSUHKHQVLYH GLV  
EHLQJ PLWLJDWHG DQG RYHUVHHQ VKRXOG EH SURYLGHG E\ WKRV  
ILQDQFLDOO\ PDWHULDO ULVN

\$FFRUGLQJO\ IRU FRPSDQLHV ZLWK PDWHULDO H[SRVXUH WR FOLP  
EHOLHYH WKH\ VKRXOG SURYLGH WKRURXJK FOLPDWH UHODWHG GI  
)RUFH RQ &OLPDWH UHODWHG )LQDQFLDO 'LVFORVXUHV 7&)' :H D  
KDYH H[SOLFLW DQG FOHDUO\ GHILQH RYHUVLJKW UHVSRQVLELOL  
ZH ILQG HLWKHU RI WKH VH GLVFORVXUHV WR EH DEVHQW RU VLJQL  
UHVSRQVLEOH GLUHFWRU

:KLOH WKLW SROLF\ ZDV DSSOLHG WR WKH ODUJHVW PRVW VLJQL  
DSSO\ WKLW SROLF\ WR PRVW ODUJH FDS FRPSDQLHV RSHUDWLQJ L  
6WDQG DUGV %RDUG 6\$6% KDV GHWHUPLQH WKDW FRPSDQLHV! \*

### &\EHU 5LVN 2YHUVLJKW

:H KDYH H[SDQGHG RXU SROLF\ RQ F\EHU ULVN RYHUVLJKW WR RXV  
PDWHULDOO\ LPSDFWHG E\ D F\EHU DWWDFN VKDUHKROGHUV FDQ  
FRPSDQ!\V RQJRLQJ SURFHVV WRZDUGV UHVROYLQJ DQG UHPHGLDV  
,Q LQVWDQFHV ZKHUH D FRPSDQ\ KDV EHHQ PDWHULDOO\ LPSDFWH  
DSSURSULDWH GLUHFWRUV VKRXOG ZH ILQG WKH ERDUG!\V RYHUVL  
UHODWHG LVVXH WR EH LQVXIILFLHQW RU DUH QRW SURYLGHG W

### ,QWHUORFNLQJ 'LUHFWRUVKLSV

:H KDYH H[SDQGHG RXU SROLF\ RQ LQWHUORFNLQJ GLUHFWRUVKLS  
FRPSDQLHV )XUWKHU ZH KDYH VSHFLILHG WKDW ZH HYDOXDWH RV  
FDVH EDVLV DQG UHYLHZ PXOWLSOH ERDUG LQWHUORFNV DPRQJ C

## 'LUHFWRU \$WVHQGDQFH

:H KDYH FODULILHG WKDW LQ RXU DVVHVPHQW RI GLUHFWRU DWW  
HOHFWLRQ RI GLUHFWRUV WKDW DWWHQGHG IHZHU WKDQ L RI  
DQG DSSOLFDEOH FRPPLWWHH PHHWLQJV :H ZLOO FRQWLQXH WR V  
RI VHUFLFH RQ D ERDUG RU ZKHQ WKH FRPSDQ\ GLVFORVHV PLWLJ  
UHFRUG

## \$FFRXQWV DQG 5HSRUWV

:H KDYH FODULILHG WKDW RQ D FDVH E\ FDVH EDVLV ZH PD\ UHFR  
DSSURYH RU DFNQRZOHGJH D FRPSDQ!\V DFFRXQWV DQG UHSRUWV  
WR SURYLGH DQ XQTXDOLILHG RSLQLRQ RQ WKH ILQDQFLDO VWDW  
UHDVRQLQJ SURYLGHG E\ WKH VWDWXWRU\ DXGLWRU DV ZHOO DV D  
)XUWKHU ZH KDYH FODULILHG WKDW LQ FDVHV ZKHUH WKH VWDWX  
FRQFHUQV UHJDUGLQJ WKH JRLQJ FRQFHUQ EDVLV RI D FRPSDQ\ L  
JHQHUDOO\ QRW OHDG WR D UHFRPPHQGDWLRQ WR YRWH DJDLQVW  
DFFRXQWV DQG UHSRUWV XQOHVV WKHUH DUH RWKHU OHJLWLPDWH

# 6ZHGHQ

'LVFORVXUH RI \*HQHUDO 0HHWLQJ 9RWH 5HVXOWV

\$V SUHYLRXVO\ DQQRXQFHG IURP ZH ZLOO JHQHUDOO\ UHFRP  
HOHFWLRQ RI WKH FKDLU RI WKH JRYHUQDQFH FRPPLWWHH RU HTX  
DW FRPSDQLHV LQFOXGHG LQ 20; 1RUGLF WKDW GLG QRW GLVFC

7KH /LQN %HWZH HQ 3D\ DQG 3HUIRUPDQFH

:H KDYH UHVWUXFWXUHG DQG H[SDQGHG WKLV VHFWRU RI WKH JX  
\*XLGHOLQHV DQG 6ZHGLVK PDUNHW SUDFWLFH LQ RUGHU WR SURY  
UHPXQHWDLRQ

/LQNLQJ ([HFXWLYH 3D\ WR (QYLURQPHQWDO DQG 6R

:H KDYH RXWOLQHG RXU FXUUHQW JXLGDQFH RQ WKH XVH RI ( 6 PH  
H[HFXWLYH GLUHFWLRQV LQ HQWDOO\ (XKR B MDQ 3ROLF\ \*XLGHOLQHV

\$OWKRJK ZH DUH VWURQJO\ VXSSRUWLYH RI FRPSDQLHV! LQFRUS  
ORQJ WHUP VWUDWHJLF SODQQLQJ ZH EHOLHYH WKDW WKH LQFOX  
SUHGLFDWHG RQ HDFK FRPSDQ\!V XQLTXH FLUFXPVWDQFHV

&RPSDQLHV VKRXOG SURYLGH VKDUHKROGHUV ZLWK GLVFORVXUHV  
( 6 PHWULFV WKH WDUJHW VHWWLQJ SURFHVV DQG FRUUHVSRRGL  
VKDUHKROGHUV RI FRPSDQLHV WKDW KDYH QRW LQFOXGHG H[SOLF  
SODQV ZRXOG EHQHILW IURP DGGLWLRQDO GLVFORVXUH RQ KRZ W  
DOLJQHG ZLWK LWV VXVWDLQDELOLW\ VWUDWHJ\

# 6ZLW]HUODQG

9RWH RQ WKH 1RQ )LQDQFLDO 5HSRUW

,Q WKH #1RQ )LQDQFLDO 5HSRUWLQJ\$ VHFWRU RI WKHVH JXLGHOL  
SURSRVDOV WR DSSURYH D FRPSDQ\!V QRQ ILQDQFLDO UHSRUWLQJ  
RQ WKH DJHQGD RI WKHLU DQQXDO JHQHUDO PHHWLQJV

:H KDYH FODULILHG WKDW ZH ZLOO JHQHUDOO\ UHFRPPHQG WKDW  
WKH IROORZLQJ DSSO\ L WKH FRPSDQ\ KDV IDLOHG WR PDNH WKH  
VKDUHKROGHU UHYLHZ LL WKH FRPSDQ\ KDV IDLOHG WR SURYLG  
UHSRUWLQJ LLL WKHUH DUH PDWHULDO FRQFHUQV UHJDUGLQJ W  
FRPSDQ\ LV OLVWHG RQ D EOXH FKLS RU PLG FDS LQGH[ DQG KDV  
HPLVVLRQV

:H KDYH DOVR FODULILHG WKDW LQ VRPH FDVHV ZH PD\ H[WHQG RX  
UHFRPPHQG D YRWH DJDLQVW WKH DSSURYDO RI D FRPSDQ\!V QRQ

\*OREDQ 6XPPDU\ RI %HQFKPDUN 3ROLF\ \*XLGHOLQH 8SGDW

UHFRPPHQGDWLRQ WR YRWH DJDLQVW DFFRXQWDEOH GLUHFWRUV  
PDWHULDO (6\* RYHUVLJKW FRQFHUQV WKDW KDYH IDLOHG WR SURY

)URP ZH H[SHFW FRPSDQLHV WR GLVFORVH WKH DXGLW DQG Q  
ILUPV IRU WKH UHOHYDQW ILQDQFLDO \HDU LQFOXGLQJ WKH VXP V  
FDVH RI ODFN RI VXFK GLVFORVXUH ZH UHFRPPHQG D YRWH DJDLQ  
DSSRLQWPHQW RI WKH LQGSHQGHQW DXGLWRU ZKHUH DSSOLFDE  
6WDUWLQJ LQ LQ FDVHV ZKHUH QRQ DXGLW IHHV KDYH H[FHHG  
ZLWKRXW D FRPSHOOLQJ UHDVRQ ZH PD\ YRWH DJDLQVW WKH UH  
DSSOLFDEOH )XUWKHU LQ FDVHV ZKHUH WKLV FRQFHUQ KDV SHU  
MXVWLILFDWLRQ ZH PD\ UHFRPPHQG D YRWH DJDLQVW WKH DXGLW  
3OHDVH UHIHU WR WKH #XGLW &RPPLWWHH 3HUIRUPDQFH\$ DQG #  
IRU IXUWKHU LQIRUPDWLRQ

## &HLQLQJ IRU ODWHULDO 5HODWHG 3DUW\ 7UDQVDFW

,Q OLQH ZLWK WKH LQFUHDVH LQ &RQVXPHU 3ULFH ,QGH[ &3, LQ  
FHLQLQJ IRU WUDQVDFWLRQV WKDW DUH QRW WR EH GHHPHG PDWH  
UHFHLYH UHPXQHUDWLRQ IRU D VHUYLFH WKH\ KDYH DJUHHG WR S  
GLUHFWRU LQFOXGLQJ SURIHVVLRQDO RU RWKHU VHUYLFHV DQG  
HPSOR\HG E\ D SURIHVVLRQDO VHUYLFHV ILUP VXFK DV DQ DFRXQ  
EDQN ZKHUH WKH ILUP LV SDLG IRU VHUYLFHV EXW QRW WR WKH  
3OHDVH UHIHU WR #,QGHSHQGHQFH\$ LQ WKH # \$%RDUG RI 'LUHFWR  
WKHVH JXLGHOLQHV IRU IXUWKHU LQIRUPDWLRQ

## \*RYHUQDQFH &RPPLWWHH ,QGHSHQGHQFH

,Q OLQH ZLWK WKH ORFDO ODZ PDQ\ FRPSDQLHV LQ 7¼UNL\H KDYH  
FRPSHQVDWLRQ RU QRPLQDWLQJ FRPPLWWHHV +DYLQJ DQ H[HFWR





3OHDVH UHIHU WR WKH #&RQIOLFWV RI ,QWHUHVW\$ VHFWRQR RI WH

## 'LUHFWRU \$FFRXQWDELOLW\ IRU &OLPDWH 5HODWHG

%HJLQQQLQJ LQ \*ODVV /HZLV LQFOXGHG D QHZ GLVFXVVLRQ RQ  
SDUWLFXODU ZH EHOLHYH WKDW FOHDU DQG FRPSUHKHQVLYH GLV  
EHLQJ PLWLJDWHG DQG RYHUVHHQ VKRXOG EH SURYLGHG E\ WKRV  
ILQDQFLDOO\ PDWHULDO ULVN

\$FFRUGLQJO\ IRU FRPSDQLHV ZLWK PDWHULDO H[SRVXUH WR FOLP  
EHOLHYH WKH\ VKRXOG SURYLGH WKRURXJK FOLPDWH UHODWHG GI  
)RUFH RQ &OLPDWH UHODWHG )LQDQFLDO 'LVFORVXUHV 7&)' :H D  
KDYH H[SOLFLW DQG FOHDUO\ GHILQH RYHUVLJKW UHVSQRVLELOL  
ZH ILQG HLWKHU RI WKHVH GLVFORVXUHV WR EH DEVHQW RU VLJQL  
UHVSQRVLEOH GLUHFWRUV

:KLOH WKLW SROLF\ ZDV DSSOLHG WR WKH ODUJHVW PRVW VLJQLI  
DSSO\ WKLW SROLF\ WR )76( FRPSDQLHV RSHUDWLQJ LQ LQGXVW  
%RDUG 6\$6% KDV GHWHUPLQH WKDW FRPSDQLHV! \*\* HPLVVLRQ

3OHDVH UHIHU WR WKH #'LUHFWRU \$FFRXQWDELOLW\ IRU &OLPDWH  
LQIRUPDWLRQ

## &\EHU 5LVN 2YHUVLJKW

:H KDYH H[SDQGHG RXU SROLF\ RQ F\EHU ULVN RYHUVLJKW WR RXV  
PDWHULDOO\ LPSDFWHG E\ D F\EHU DWWDFN VKDUHKROGHUV FDQ  
FRPSDQ!\V RQJRLQJ SURFHVV WRZDUGV UHVROYLQJ DQG UHPHGLDV

,Q LQVWDQFHV ZKHUH D FRPSDQ\ KDV EHHQ PDWHULDOO\ LPSDFWH  
DSSURSULDWH GLUHFWRUV VKRXOG ZH ILQG WKH ERDUG!\V RYHUVL  
UHODWHG LVVXHV WR EH LQVXIILFLHQW RU QRW SURYLGHG WR VK

3OHDVH UHIHU WR WKH #&\EHU 5LVN 2YHUVLJKW\$ VHFWRQR RI WKH

## &ODULI\LQJ \$PHQGPHQWV

7KH IROORZLQJ FODULILFDWLRQV RI RXU H[LVWLQJ SROLFLHV DUH

## \$FFRXQWV DQG 5HSRUWV

:H KDYH FODULILHG WKDW RQ D FDVH E\ FDVH EDVLV ZH PD\ UHFR  
DSSURYH RU DFNQRZOHGJH D FRPSDQ!\V DFFRXQWV DQG UHSRUWV  
XQTXDOLILHG RSLQLRQ RQ WKH ILQDQFLDO VWDWHPHQWV ,Q WKHV  
E\ WKH VWDWXWRU\ DXGLWRU DV ZHOO DV DQ\ UHOHYDQW GLVFOR

3OHDVH UHIHU WR WKH #\$\$\$FFRXQWV DQG 5HSRUWV\$ VHFWRQR RI WK



# 6KDUHKROGHU 3URSRVDOV ,QLWLDWLYHV

%RDUG \$FFRXQWDELOLW\ IRU &OLPDWH 5HODWHG ,V

%HJLQQQLQJ LQ \*ODVV /HZLV LQFOXGHG D QHZ GLVFXVVLRQ RQ  
SDUWLFXODU ZH EHOLHYH WKDW FOHDU DQG FRPSUHKHQVLYH GLV  
EHLQJ PLWLJDWHG DQG RYHUVHHQ VKRXOG EH SURYLGHG E\ WKR  
ILQDQFLDOO\ PDWHULDO ULVN \$FFRUGLQJO\ IRU FRPSDQLHV ZLW  
RZQ RSHUDWLRQV ZH EHOLHYH WKH\ VKRXOG SURYLGH WKRURXJK  
UHFPPHQQGDWLRQV RI WKH 7DVN )RUFH RQ &OLPDWH UHODWHG )L  
ERDUGV RI WKHVH FRPSDQLHV VKRXOG KDYH H[SOLFLW DQG FOHDU  
LVVXH \$V VXFK LQ LQVWDQFHV ZKHUH ZH ILQG HLWKHU RI WKHV  
PD\ UHFPPHQQG YRWLQJ DJDLQVW UHVSQVLEOH GLUHFWRUV

:KLOH WKLV SROLF\ ZDV DSSOLHG WR WKH ODUJHVW PRVW VLJQLI  
DSSO\ WKLV SROLF\ WR PRVW ODUJH FDS FRPSDQLHV RSHUDWLQJ I  
6WDQGDUGV %RDUG 6\$6% KDV GHWHUPLQHG WKDW FRPSDQLHV! \*

## (QJDJHPHQW &RQVLGHUDWLRQV

:H KDYH XSGDWHG RXU #2YHODOO \$SSURDFK\$ VHFWRQ WR LQFOXG  
DQG LQYHVWRUV 6SHFLILFDOO\ DV SDUW RI RXU EURDGHU HYDOX  
UHFPPHQQGDWLRQ RQ D VKDUHKROGHU SURSRVDO ZH ZLOO ORRN  
FRPSDQ\ DQG VKDUHKROGHU SURSRQHQWV FRQFHUQLQJ HQJDJHPH  
WKHUH LV FRPSHOOLQJ GLVFORVXUH WKDW HLWKHU SDUW\ KDV IDL  
LQWR DFFRXQW ZKHQ PDNLQJ UHFPPHQQGDWLRQV RQ WKHVH UHVR

:H DOVR EHOLHYH WKDW FRPSDQLHV VKRXOG PDNH D FRQFHUWHG  
FRQFHUQLQJ WKHLU HQJDJHPHQWV ZLWK WKHLU EURDGHU VKDUHK  
3DUWLFXODUO\ LQ FDVHV ZKHUH FRPSDQLHV UHFHLYH UHSHDW VKD  
GLVFORVXUH RI LWV HQJDJHPHQW HIIRUWV RQ UHODWHG WRSLFV L  
ZKHUH VXFK UHSHDW SURSRVDOV KDYH UHFHLYHG VLJQLILFDQW VX  
H[SHFW FRPSDQLHV WR WDNH DFWLRQ RQ SURSRVDOV WKDW UHFH  
WKHP WR HQVXUH WKDW WKH\ DUH VROLFLWLQJ IHGDFN IURP VK  
DQG FRPPXQLFDWLQJ WKH IHGDFN WKH\ KDYH UHFHLYHG LQ WKH  
UHVSQGLQJ WR VXFK IHGDFN 6XFK GLVFORVXUH ZLOO DOVR EH  
FRPSDQLHV KDYH VXILFLHQWO\ UHVSQGHG WR PDMRULW\ VXSSRU

# 1RQ )LQDQFLDO 5HSRUWLQJ

:H KDYH XSGDWHG RXU JXLGHOLQHV RQ PDQDJHPHQW SURSRVHG (6  
PDQGDWRU\ SURSRVDOV LQ 6SDLQ DQG 6ZLW]HUODQG DVNLQJ VKDU  
FDVHV ZH ZLOO JHQHUDOO\ UHFRPPHQG WKDW VKDUHKROGHUV YR  
UHSRUWLQJ XQOHVV DQ\ RI WKH IROORZLQJ DSSO\ L WKH FRPSD  
VXIILFLHQW WLPH IRU VKDUHKROGHU UHYLHZ SULRU WR WKH JHQH  
VXIILFLHQW UHVSQRVH WR PDWHULDO FRQWURYHUVLHV LQ LWV UH  
FRPSOHWHQHVV DQG RU TXDOLW\ RI WKH UHSRUWLQJ RU LY WKH  
KDV IDLOHG WR GLVFORVH LWV 6FRSH DQG HPLVVLRQV

,Q DGGLWLRQ IRU ODUJH FDS FRPSDQLHV DQG LQ LQVWDQFHV ZKH  
UHYLHZ WKH PDQQHU LQ ZKLFK WKH ERDUG RYHUVHHV (6\* LVVXH  
H[SOLFLW GLVFORVXUH FRQFHUQLQJ LWV UROH LQ RYHUVHHLQJ PD  
YRWH DJDLQVW WKH DSSURYDO RI D FRPSDQ\!V QRQ ILQDQFLDO UH  
WR YRWH DJDLQVW DFFRXQWDEOH GLUHFWRUV

&RQQHFW ZLWK \*ODVV /HZ

&RUSRUDWH : ~~ZZ/LW~~OVVOHZLV FRP

(PDLO LQIR#JODVVOHZLV FRP

6RFLDO #JODVVOHZLV

',6&/\$,0(5

j \*ODVV /HZLV &R DQG RU LWV DILOLDWHV \$OO 5LJKWV 5H  
7KLV GRFXPHQW LV LQWHQG HG WR SURYLG DQ RYHUYLHZ RI \*ODV  
H[KDXVWLYH DQG GRHV QRW DGGUHV DOO SRWHQWLDO YRWLQJ LY  
FHUWDLQ LVVXHV RU W\SHV RI SURSRVDOV DUH IXUWKHU H[SODLQ  
DYDLODEOH RQ \*ODV [WWW.BZLXZ.ZHEDVWEMBLJXEB](#) HOLQHV KDYH QRW E  
E\ WKH 8 6 6HFXULWLHV DQG ([FKDQJH &RPPLVVLRQ RU DQ\ RWKHU  
LQIRUPDWLRQ FRQWDLQHGH KHUHLQ LV RU VKRXOG EH UHOLHG XSR  
KDV EHHQ GHYHORSHG EDVHG RQ \*ODVV /HZLV! H[SHULHQFH ZLWK  
HQJDJH PHQW ZLWK FOLHQWV DQG LVVXHUV DQG UHYLHZ RI UHOHY  
DQ\ VSHFLILF SHUVRQ RU HQWLW\





# 7DEOH RI &RQWHQWV

\$ERXW \*ODVV /HZLV

,QWURGXFWLRQ

6XPPDU\ RI &KDQJHV IRU

(OHFWLRQ RI 'LUHFWRUV

%RDUG RI 'LUHFWRUV

%RDUG &RPSRVLWLRQ

6ODWH (OHFWLRQV

%RDUG &RPPLWWHH &RPSRVLWLRQ

5HYLHZ RI 5LVN 0DQDJPHQW &RQWUROV

&ODVVLILHG %RDUGV

%RDUG 7HQXUH DQG 5HIHVKPHQW

%RDUG 'LYHUVLW\

(QYLURQPHQWDO DQG 6RFLDO 5LVN 2YHUVLJKW

%RDUG \$FFRXQWDELOLW\ IRU &OLPDWH UHODWHG ,VXXHV

&\EHU 5LVN 2YHUVLJKW

%RDUG 5HVSQRVLYHQHV

6HSDUDWLRQ RI WKH 5ROHV RI &KDLU DQG &(2

)LQDQFLDO 5HSRUWLQJ

\$FFRXQWV DQG 5HSRUWV

,QFRPH \$OORFDWLRQ 'LVWULEXWLRQ RI 'LYLGHQGV

\$SSRLQWPHQW RI \$XGLWRUV DQG \$XWKRULW\ WR 6HW )HHV

&RPSHQVDWLRQ

&RPSHQVDWLRQ 5HSRUW &RPSHQVDWLRQ 3ROLF\

/RQJ 7HUP ,QFHQWLYH 3ODQV

3HUIRUPDQFH %DVHG (TXLW\ &RPSHQVDWLRQ

'LUHFWRU &RPSHQVDWLRQ

5HWLUHPHQW %HQHILWV IRU 'LUHFWRUV

\*RYHUQDQFH 6WUXFWXUH

\$PHQGPHQWV WR WKH \$UWLFOHV RI \$VVRFLDWLRQ

9LUWXDO 0HHWLQJV

,QWHUQDWLRQDO 3UR[\ 3DSHU 3ROLF\ \*XLGHOLQHV

\$QWL 7DNHRYHU 0HDVXUHV  
0XOWL &ODVV 6KDUH 6WUXFWXUHV  
3RLVRQ 3LOOV 6KDUHKROGHU 5LJKWV 3ODQV  
6XSHUPDMRULW\ 9RWH 5HTXLUHPHQWV  
,QFUHDVH LQ \$XWKRULJHG 6KDUHV  
,VVXDQFH RI 6KDUHV  
5HSXUFKDVH RI 6KDUHV  
6KDUHKROGHU 3URSRVDOV  
2YHUDOO \$SSURDFK WR (QYLURQPHQWDO 6RFLDO  
&RQQHFW ZLWK \*ODVV /HZLV

,QWHUQDWLRQDO 3UR[\ 3DSHU 3ROLF\ \*XLGHOLQHV



# , Q W U R G X F W L R Q

7KHVH JXLGHOLQHV SURYLGH D JHQHUDO RYHUYLHZ RI WKH \*ODVV  
SXEOLVKHV VHSDUDWH GHWDLOHG SROLF\ JXLGHOLQHV IRU DOO P  
\*ODVV /HZLV ZHEVLWH \*ODVV /HZLV SROLFLHV DUH ODUJHO\ EDVH  
DQG RWKHU UHOHYDQW VWDQGDUGV VHW LQ HDFK FRXQWU\ :KLOH  
JHQHUDO SROLF\ DSSURDFK LPSOHPHQWDWLRQ YDULHV LQ DFFRU  
HDFK PDUNHW )RU GHWDLOHG LQIRUPDWLRQ RQ WKH LPSOHPHQWD  
WKH \*ODVV /HZLV SROLF\ JXLGHOLQHV IRU WKH UHOHYDQW FRXQWU\

## 6XPPDU\ RI &KDQJHV IRU

%RDUG \$FFRXQWDELOLW\ IRU &OLPDWH UHODWHG ,V  
,Q D QHZ VHFWRU RI WKHVH JXLGHOLQHV ZH KDYH RXWOLQHG WK  
H[SRVXUH KDYH QRW SURYLGHG WKRURXJK 7&)' DOLJQH FOLPDWH  
FOHDUO\ GHILQH ERDUG RYHUVLJKW UHVSQVLELOLWLHV IRU FOL  
UHVSQVLEOH PHPEHU RI WKH ERDUG RU RWKHU UHOHYDQW DJHQ  
3OHDVH UHIHU WR WKH #%RDUG \$FFRXQWDELOLW\ IRU &OLPDWH UH  
LQIRUPDWLRQ

## &\EHU 5LVN 2YHUVLJKW

,Q D QHZ VHFWRU RI WKHVH JXLGHOLQHV ZH KDYH RXWOLQHG R  
DQG WKDW D FRPSDQ\!V VWDNHNKROGHUV ZRXOG EHQHILW IURP F  
RYHUVHHLQJ LVVXH UHODWHG WR F\EHUVHFXULW\ )XUWKHU ZH K  
UHFPPHQGDWLRQV RQ WKH EDVLV RI D FRPSDQ\!V RYHUVLJKW RU

%RDUG 'LYHUVLW\



:H GHILQH DQ LQVLGH GLUHFWRU DV RQH ZKR VLPXOWDQHRXVO\ V

5HYLHZ RI 5LVN 0DQDJHPHQW &RQWUROV



)RU (XURSHDQ DQG 1RUWK \$PHULFDQ FRPSDQLHV OLVWHG RQ D EO  
HWF ZH H[SHFW DW OHDVW RI WKH ERDUG WR EH FRPSRVH  
VWDQGDUG ZKHUH EHVW SUDFWLFH UHFRPPHQGDWLRQV RU OLVWL  
:H DOVR PRQLWRU FRPSDQ\ GLVFORVXUH RQ HWKQLF GLYHUVLW\ D  
ZLWK OHJDO UHTXLUHPHQWV RU EHVW SUDFWLFH UHFRPPHQGDWLF  
WR SURYLGH FOHDU GLVFORVXUH RQ WKH ERDUG V SHUIRUPDQFH F

## (QYLURQPHQWDO DQG 6RFLDO 5LVN 2YHUVLJKW

\*ODVV /HZLV UHFRJQLJHV WKH LPSRUWDQFH RI HQVXULQJ WKH VXV  
LQVXIILFLHQW RYHUVLJKW RI PDWHULDO HQYLURQPHQWDO DQG VR  
DQG UHSXWDWLRQDO ULNV WKDW FRXOG VHUYH WR KDUP VKDUHK  
VKRXOG EH FDUHIXOO\ PRQLWRUH DQG PDQDJHG E\ FRPSDQLHV D  
RYHUVLJKW VWUXFWXUH LQ SODFH WR HQVXUH WKDW WKH\ DUH PL  
RSSRUWXQLWLHV WR WKH EHVW H[WHQW SRVVLEOH )URP \*ODV  
YRWH DJDLQVW WKH FKDLU RI WKH JRYHUQDQFH FRPPLWWHH RU H  
LQGH[ LQ NH\ JOREDO PDUNHWV WKDW GR QRW SURYLGH FOHDU GL  
PDWHULDO HQYLURQPHQWDO DQG RU VRFLDO LVVXH

## %RDUG \$FFRXQWDELOLW\ IRU &OLPDWH UHODWHG ,V

:H EHOLHYH WKDW FRPSDQLHV ZLWK LQFUHDVHG FOLPDWH ULVN H[  
LQFOXGLQJ &OLPDWH \$FWLRQ VKRXOG SURYLGH FOHDU DQG F  
LQFOXGLQJ KRZ WKH\ DUH EHLQJ PLWLJDWHG DQG RYHUVHHQ :H E  
WR XQGHUVWDQG WKH FRPSDQ\!V PDQDJHPHQW RI WKLV LVVXH DV  
FRPSDQ\!V RSHUDWLRQV

\$FFRUGLQJO\ IRU VXFK FRPSDQLHV ZLWK PDWHULDO H[SRVXUH WR  
EHOLHYH WKURXJK FOLPDWH UHODWHG GLVFORVXUHV LQ OLQH ZL  
UHODWHG 'LVFORVXUHV #7&)'\$ VKRXOG EH SURYLGHG WR VKDUHK  
FRPSDQLHV VKRXOG KDYH H[SOLFLW DQG FOHDUO\ GHILQH RYHUV  
LQ LQVWDQFH ZKHUH ZH ILQG HLWKHU RU ERWK RI WKHVH GLVFO  
UHFRPPHQG YRWLQJ DJDLQVW WKH FKDLU RI WKH FRPPLWWHH RU  
LVVXH RU LI QR FRPPLWWHH KDV EHHQ FKDUJHG ZLWK VXFK RYH  
)XUWKHU ZH PD\ H[WHQG RXU UHFRPPHQGDWLRQ RQ WKLV EDVLV  
LQ FDUHV ZKHUH WKH FRPPLWWHH FKDLU LV QRW VWDQGLQJ IRU H  
IDFWRUV LQFOXGLQJ WKH FRPSDQ\!V VLJH DQG LQGXVWU\ DQG LW  
DSSURSULDWH GLUHFWRUV DUH QRW VWDQGLQJ IRU HOHFWLRQ ZH  
PDWWHUV WKDW DUH XS IRU D YRWH VXFK DV WKH UDWLILFDWLRQ

## &\EHU 5LVN 2YHUVLJKW

\*LYHQ WKH UHJXODWRU\ IRFXV RQ DQG WKH SRWHQWLDO DGYHUVH  
F\EHU ULVN LV PDWHULDO IRU DOO FRPSDQLHV :H WKHUHIRUH EHO





& R P S H Q V D W L R Q



\* R Y H U Q D Q F H 6 W U X F W X U H

\$ P H Q G P H Q W V W R W K H \$ U W L F O H V R I

:H Z L O O H Y D O X D W H S U R S R V H G D P H Q G P H Q W V W R D F R P S D Q \ ! V D U W  
R S S R V H G W R W K H S U D F W L F H R I E X Q G O L Q J V H Y H U D O D P H Q G P H Q W V  
V K D U H K R O G H U V I U R P H Y D O X D W L Q J H D F K D P H Q G P H Q W R Q L W V R Z Q

# \$QWL 7DNHRYHU 0HDVXUHV

## 0XOWL &ODVV 6KDUH 6WUXFWXUHV

\*ODVV /HZLV EHOLHYHV PXOWL FODVV YRWLQJ VWUXFWXUHV DU  
VKDUHKROGHUV :H EHOLHYH WKH HFRQRPLF VWDNH RI HDFK VKDU  
VPDOO JURXS RI VKDUHKROGHUV IDPLO\ RU RWKHUZLVH VKRXOO  
VKDUHKROGHUV

:H 2480RZLD WOS UFRSRVU BS125FD 1PXQW725 )F2055725 rg BT54.215QMPJ XFWXUH WR L  
JRYHUQDQFH %HFDXVH ZH EHOLHYH WKDW DOORZLQJ RQH YRWH S  
W\SLFDOO\ UHFRRPS (DF3725 RG\ )\K D\Y\K(R)G(H330.033725 H.38725 RG 0.33725 R.38  
VWUXFWXUHV 6LPLODUO\ ZH ZLOO JHQHUDOO\ UHFRPPHQG YRWLQ  
VWRFN

V FO.330.33 U 0.33725 0.33725 RG 0.33725 0.33725 0.33725 rg BT 54.2 576.47998 Td [( :)( H)( 403.42( D)( W)

## , QFUHDVH LQ \$XWKRULJHG 6KDUHV

\*ODVV /HZLV EHOLHYHV WKDW KDYLQJ DGHTXDWH FDSLWDO VWRFN  
FRPSDQ\ :H ZLOO JHQHUDOO\ VXSSRUW SURSRVDOV ZKHQ D FRPSDQ  
ILQDQFLQJ VWRFN VSOLWV DQG VWRFN GLYLGHQGV :KLOH ZH EHO  
WR PDNH TXLFN GHFLVLRQV DQG HIIHFWLYHO\ RSHUDWH WKH EXVL  
WUDQVDFWLRQV PDQDJHPHQW FRPH WR VKDUHKROGHUV WR MXVW  
EODQN FKHFN LQ WKH IRUP RI ODUJH SRROV RI XQDOORFDWHG VKD

,Q JHQHUDO ZH ZLOO VXSSRUW SURSRVDOV WR LQFUHDVH DXWKRU  
FXUUHQWO\ DXWKRULJHG XQOHVV DIWHU WKH LQFUHDVH WKH FRP  
VKDUHV RXWVWDQGLQJ ,Q PDUNHWV ZKHUH VXFK DXWKRULWLHV W  
ZLWKRXW VHSDUDWH VKDUHKROGHU DSSURYDO ZH DSSO\ WKH SRC

## , VVXDQFH RI 6KDUHV

,VVXLQJ DGGLWLRQDO VKDUHV FDQ GLOXWH H[LVWLQJ KROGHUV LQ  
VKDUHV ZKHUH WKH ERDUG KDV GLVFUHWLRQ WR LPSOHPHQW D SI



# 6KDUHKROGHU 3URSRVDOV

\*ODVV /HZLV EHOLHYHV WKDW VKDUHKROGHUV VKRXOG VHHN WR S

# 2YHUDOO \$SSURDFK WR (QYLURQPHQWDO 6RFLDO

\*ODVV /HZLV HYDOXDWHV DOO HQYLURQPHQWDO DQG VRFLDO LVVX  
EHOLHYH WKDW FRPSDQLHV VKRXOG EH FRQVLGHULQJ PDWHULDO H  
RSHUDWLRQV DQG WKDW FRPSDQLHV VKRXOG SURYLGH VKDUHKROG  
KRZ WKHVH IDFWRUV DUH EHLQJ FRQVLGHUHG DQG KRZ DWWHQGDG  
WKDW JRYHUQDQFH LV D FULWLFDO IDFWRU LQ KRZ FRPSDQLHV PD  
DQG WKDW D ZHOJ JRYHUQHJ FRPSDQ\ ZLOO EH JHQHUDOO\ PDQDJ  
JRYHUQDQFH VWUXFWXUH WKDW SURPRWHV ERDUG LQGHSHQGHQFH

:H EHOLHYH SDUW RI WKH ERDUG!V UROH LV WR HQVXUH WKDW PD  
RSHUDWLRQV LQFOXGLQJ WKRVH WKDW KDYH PDWHULDO HQYLURQ  
VKRXOG PRQLWRU PDQDJHPHQW!V SHUIRUPDQFH LQ ERWK FDSLWDO  
PLWLJDWLQJ HQYLURQPHQWDO DQG VRFLDO ULNV UHODWHG WR R  
VKDUHKROGHUV &RPSDQLHV IDFH VLJQLILFDQW ILQDQFLDO OHJD  
HQYLURQPHQWDO DQG VRFLDO SUDFWLFHV RU QHJOLJHQW RYHUV  
PDQDJHPHQW KDV QHJOHFWHG WR WDNH DFWLRQ RQ D SUHVVLQJ L  
ZH EHOLHYH WKDW VKDUHKROGHUV VKRXOG WDNH QHFHVVDU\ DFW  
ILQDQFLDO LQWHUHVW

\*LYHQ WKH LPSRUWDQFH RI WKH UROH RI WKH ERDUG LQ H[HFXLG  
UHDOL]DWLRQ RI HQYLURQPHQWDO DQG VRFLDO RSSRUWXQLWLHV  
HQYLURQPHQWDO ULNV DQG RSSRUWXQLWLHV ZH EHOLHYH VKDU  
WKDW SURWHFW VKDUHKROGHUV DQG SURPRWH GLUHFWRU DFFRXQ  
GLVSOD\HG GLVUHJDUG IRU HQYLURQPHQWDO RU VRFLDO ULNV K  
IDLOHG WR DGHTXDWHO\ UHVSRQG WR FXUUHQW RU LPPLQHJHQW HQY  
YDOXH ZH EHOLHYH VKDUHKROGHUV VKRXOG FRQVLGHU KROGLQJ  
JHQHUDOO\ UHFRPPHQG DJDLQVW UHVSRQVLEOH PHPEHUV RI WKH  
WKH LVVXH LQ TXHVWLRQ

:KHQ HYDOXDWLQJ HQYLURQPHQWDO DQG VRFLDO IDFWRUV WKDW  
VR LQ WKH FRQWH[W RI WKH ILQDQFLDO PDWHULDOLW\ RI WKH LVV  
FRPSDQLHV IDFH ULNV DVVRFLDWHG ZLWK HQYLURQPHQWDO DQG  
PDQLIHVV WKHPVHOYHV GLIIHUHQWO\ DW HDFK FRPSDQ\ DV D UHV  
DQG JHRJUDSK\ DPRQJ RWKHU IDFWRUV \$FFRUGLQJO\ ZH SODFH  
RI D FRPSDQ!\V DFWLRQV ZLWK UHJDUG WR LPSDFWV RQ LWV VWDN

:KHQ HYDOXDWLQJ HQYLURQPHQWDO DQG VRFLDO LVVXH \*ODVV /  
'LUHFW HQYLURQPHQWDO & RPSDQLHV L DWKRXLOVGH HYDOXDWH ILQDQF  
HQYLURQPHQWDO ULNV DVVRFLDWHG ZLWK WKHLU RSHUDWLRQV  
DVVRFLDWHG ZLWK RLO RU JDV VSLOOV FRQWDPLQDWLRQ KD]D  
TXDOLW\ DPRQJ RWKHUV

6RFLDO ULNV PD\ LQFOXGH QRQ LQFOXVLYH HPSOR\PHQW SROLFL

DGYHUVHO\ DIIHFW WKH FRPSDQ\!V VWDNHNKROGHUV )XUWKHU ZH  
ULVNV HPDQDQWLQJ IURP D EURDG UDQJH RI LVVXHV RYHU ZKLFK W  
LQVXUDQFH FRPSDQLHV EHLQJ DIIHFWHG E\ LQFUHDVHG VWRUP VH  
PHPEHUVKLS LQ WUDGH DVVRFLDWLRQV ZLWK FRQWURYHUVLDO SR

5LVN GXH WR OHJLVODWLRQV FRPSDQLHV WKRXODWHV QOXDWH WKHLU H[SR  
FKDQJHV LQ UHJXODWLRQ WKDW DIIHFW FXUUHQW DQG SODQQHG R  
MXULVGLFWLRQV LQ ZKLFK WKH FRPSDQ\ RSHUDWHV :H ORRN FOR  
ZKHWKHU WKH FRPSDQ\ KDV UHVSRRQG HG SURDFWLYHO\

/HJDO DQG UHSXWV DORUWV DNH DFWLRQ RQ LPSRUWDQW HQYLU  
ULVN RI LQFLWLQJ QHJDWLYH SXEOLFLW\ DQG SRWHQWLDOO\ FRVW  
VKDUHKROGHU YDOXH PD\ QRW EH GLUHFWO\ PHDVXUDEOH ZH EHO  
WKH SRWHQWLDO LPSDFWV RI WKH SXEOLF SHUFHSWLRQ RI WKHLU  
FRQVLGHULQJ LQYHVWLJDWLRQV DQG ODZVXLWV \*ODVV /HZLV LV P  
DOOHJDWLRQV RU RWKHU FKDUJHV WKDW KDYH QRW EHHQ UHVROY  
DOOHJDWLRQV RU FKDUJHV RU WKDW WKH ODZ KDV EHHQ YLRODWH  
XQGHU WKH SDUWLFXODU IDFVV DQG FLUFXPVWDQFHV SUHVHQWHG  
LQYHVWLJDWLRQV UHIOHFVV RQ WKH ULVN SURILOH RI WKH FRPSD  
PD\ EH ZDUUDQWHG

\*RYHUQDQF, ADULTX DW H RYHUVLJKW RI HQYLURQPHQWDO DQG VRFL

# &RQQHFW ZLWK \*ODVV /HZ

&RUSRUDWH ZHZVLODVOHZLV FRP

(PDLO LQIR#JODVVOHZLV FRP

6RFLDO  #JODVVOH  L\*ODVV /HZLV &R

\*OREDO /RFDWLRQV

1RUWK  
\$PHULFD

8QLWHG 6WDWHV  
+HDGTXDUWHUV  
&DOLIRUQLD 6WUHHW  
6XLWH  
6DQ )UDQFLVFR &\$

1HZ <RUN 1<

\*UDQG %RXOHYDUG  
6XLWH  
.DQVDV &LW\ 02

\$VLD  
3DFLILF

\$XVWUDOLD  
&\*, \*ODVV /HZLV  
6XLWH /HYHO  
\*HRUJH 6WUHHW  
6\GQH\ 16:

-DSDQ  
6KLQMXNX 0LWVXL %XLOGLQJ  
WK IORRU  
1LVKL 6KLQMXNX 6KLQMXNX NX  
7RN\R -DSDQ

(XURSH

,UHODQG  
+HQU\ 6WUHHW  
/LPHULFN 9 9 7

8QLWHG .LQJGRP  
&ROHPDQ 6WUHHW  
6XLWH  
/RQGRQ (& 5  
%-

)UDQFH  
3UR[LQYHVW  
5XH G!8]V  
3DULV

\*HUPDQ\  
,92; \*ODVV /HZLV  
.DLVHUDOOHH D  
.DUOVUXKH

' , 6 & / \$ , 0 ( 5

j \*ODVV /HZLV &R DQG RU LWV DILOLDWHV \$OO 5LJKWV 5H  
7KLV GRFXPHQW LV LQWHQG HG WR SURYLGH DQ RYHUYLHZ RI \*ODV  
EH H[KDXVWLYH DQG GRHV QRW DGGUHV DOO SRWHQWLDO YRWLQ  
DSSO\ WR FHUWDLQ LVVXH RU W\SHV RI SURSRVDOV DUH IXUWKH  
DUH PDGH DYDLODEOH [RQWOSVVZHZZLODZWHMZWJEBP](#) POLQHV KDYH  
DSSURYHG E\ WKH 8 6 6HFXULWLHV DQG ([FKDQJH & RPPLVVLRQ RU  
WK(HR)(Q)(R)(U)(D)(L)(R)(V)(R)(W)(H)(Q)(H)(R)(K)(H)(O)(H)(G)(L)(D)(R)(U)(V)(H)(R)(X)(Q)(G)(U)(E)(H)(B)(T)(H)(L)(D)(G)  
GRFXPHQW KDV EHHQ GHYHORSHG EDVHG RQ \*ODVV /HZLV! H[SHUL  
LVVXH V[(W)(K)( ) (V)(K)(R)(X)(O)(G)( ) (E)(H)( ) (U)(H)(O)(L)(H)(G)Jm0 O73725 rg BT( S)BT 54.2 3