UK Stewardship Code

Under Rule 2.2.3R of the FCA's Conduct of Business Sourcebook, Anavio Capital Partners LLP ("Anavio") is required to disclose the nature of its commitment to the UK Financial Reporting Council's Stewardship Code (the "Code") or, where it does not commit to the Code, its alternative investment strategy.

The Code is a voluntary code and sets out a number of principles relating to engagement by investors with UK equity issuers. Firms which commit to the Code can either comply with it in full or choose not to comply with aspects of the Code, in which case they are required to explain their non-compliance.

The Code comprises six Principles that can be summarised as follows:

- **Principle 1** – Signatories integrate stewardship and investment to deliver long-term sustainable value for their clients and beneficiaries
- **Principle 2** – Signatories identify and respond to market-wide and systemic risks to promote well-functioning financial markets
- **Principle 3** – Signatories engage to maintain or enhance the value of assets
- **Principle 4** – Signatories actively exercise their rights and responsibilities
- **Principle 5** – Signatories integrate stewardship considerations into their selection and oversight of external managers
- **Principle 6** – Signatories monitor and hold to account stewardship service providers

The Firm pursues a fundamental investment strategy across global equity markets with a core focus on Europe, including UK equities. A consistent global approach is taken to engagement with issuers and their management in all of the jurisdictions in which the Firm invests and, consequently, the Firm does not consider it appropriate to commit to any particular voluntary code of practice relating to any individual jurisdiction and feels that the Code is not appropriate to the Firm's business model.

However, whilst the Firm has not made a formal commitment of compliance with the Code, its alternative investment strategy as set out above, is generally supportive of the spirit and aims of good stewardship as contained within the Code. As such, in practice, the Firm takes into consideration the principles as set out in the Code.

This Statement is reviewed annually and updated where necessary to reflect changes in circumstances and actual practice. Should the Firm's position change we will review our commitment to the Code and make appropriate disclosure at that time.

The Shareholder Rights Directive II

The Second Shareholder Rights Directive which took effect in the UK on 10 June 2019, aims to improve shareholder engagement and increase transparency around stewardship. As the Firm invests in listed equities we are required to disclose and make publicly available our policies on how we engage with other shareholders and the companies that we invest in, and how our strategies create long-term value.

The Firm's Approach: We are required to either publicly disclose an Engagement Policy and a public statement on an annual basis on how the Engagement Policy has been implemented; or publicly disclose a clear and reasoned explanation of why the Firm has chosen not to make these disclosures.

This disclosure also serves as Anavio's engagement policy for the purposes of Article 3g of the amended EU Shareholder Rights Directive (Directive 2007/36/EC).

Our Engagement Policy

This policy is published so that investors and investee companies are aware of the way in which Anavio integrates stewardship activities into the investment process.

a) How the firm integrates shareholder engagement in its investment strategy

Engagement with investee companies is the responsibility of the investment team at Anavio. Anavio views access to management as an important part of its investment process and will generally meet with the management of core positions as often as is necessary to discuss issues such as governance, strategy and shareholder value. Anavio believes that its engagement with management on such issues is integral to the discharge of its stewardship responsibilities and the interests of its clients, and is unlikely to invest in companies where it appears that management is not acting in the best interests of shareholders.

b) How the firm monitors investee companies on relevant matters

Anavio's investment decisions are generated by fundamental research whereby analysts monitor investee companies through the review of annual reports, financial statements and other company announcements. Analysts will meet with senior management of companies, attend company meetings and roadshows and use third party and broker research. This monitoring process is regularly reviewed by senior management.

Our investment team routinely monitors the activities of the companies in which the funds they manage have positions. Third party research can be a helpful source of information and analysis, but we view carrying out our own research on such companies as being of significantly greater value. Our team also enjoys regular engagement with executives and other members of the management of these companies. During these meetings, the investment team extends its knowledge and understanding of the overall strategy that the companies are executing. The team also familiarises itself with the governance structure through which the company is managed and controlled and assesses its effectiveness in addressing key issues.

We fully recognise that a management team is appointed by a company's shareholders to manage that company's business. Our activities in relation to governance and stewardship are consequently focused on the issues that we consider are the most significant to generating shareholder value – typically these could include corporate strategy, board issues (such as its leadership, composition and incentivisation), financing, corporate actions such as major acquisitions or disposals, management of risks and overall corporate performance.

Potential problems and issues identified through fundamental analysis are, where appropriate, communicated to appropriate members of the investee company's management or board. However, in seeking to act in the best interests of its clients, Anavio may consider it better to reduce or eliminate an investment rather than engage in such dialogue.

Anavio does not normally wish to be made an insider and pre-communicates to investee companies that it does not wish to be exposed to price sensitive information which is not yet held in the public domain. If Anavio becomes an insider, either intentionally or unintentionally, trading in the security will be restricted and a record of the circumstances maintained by Anavio's compliance team.

c) How the firm conducts dialogue with investee companies

As noted above, analysts monitor investee companies through the review of publicly available information or third-party research as well as meeting senior management of companies. As part of the research process, Anavio may look to hold meetings with management to express concerns it may have about the running of an investee company.

Anavio may consider, on a case by case basis, whether to intervene jointly with other institutions but will only do so where this is considered appropriate and in the best interest of its clients. It may also be appropriate for us to raise concerns with a company's advisers and/or corporate brokers. Anavio is unlikely to make public statements, submit resolutions or requisition an EGM. If escalation is required then Anavio believes this is best achieved in a confidential manner.

d) How the firm exercises voting rights and other rights attached to shares

Anavio's proxy voting procedures and record keeping are overseen by Anavio Operations who will refer, where appropriate, to the portfolio manager for voting decisions. Anavio's proxy voting policies and procedures are designed to ensure that it votes proxies in the best interests of its clients. It is not the Firm's policy to automatically support the Board of investee companies particularly where having entered into dialogue with a company an issue has not been satisfactorily resolved and it is felt not to be in the best interests of its clients. A record of all voting instructions is maintained whether in person or via proxy. We do not publicly disclose voting records due to client confidentiality reasons.

e) How the firm cooperates with other shareholders, and communicates with relevant stakeholders of the investee companies

Anavio has no objection in principle to collective action by investors and will consider any specific action on a case by case basis. However, in normal circumstances, Anavio will tend to act on its own when engaging with or expressing concerns to investee companies. As a matter of policy, Anavio will not agree to vote in concert with another investor unless pre-approved by the Chief Compliance Officer.

Subject to underlying client confidentiality and investment strategy reasons, where requested (or as required by law), Anavio may disclose to a client or a client's fiduciaries the manner in which voting was exercised on behalf of a client, however, it may not be appropriate to disclose voting actions at a detailed level.

f) How the firm manages actual and potential conflicts of interests in relation to the firm's engagement

Anavio maintains a robust policy on managing conflicts of interest in relation to stewardship which is designed to ensure its decisions are taken wholly in the interest of its clients. All personnel are requested to notify the Chief Compliance Officer ("CCO") if they become aware of any material conflict of interest arising, including in relation to proxies on behalf of clients. Voting instructions will be subject to assessment and approval by the CCO in such circumstances. A summary of Anavio's Conflicts of Interest Policy is available to clients on request from the Chief Compliance Officer.

For further information on any of the above please Anavio's IR team.

Jon Howard

Designated Member, Anavio Capital Partners LLP

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