

## **PRIVIUM FUND MANAGEMENT (UK) LIMITED (“Privium UK”, the “Firm” or “we”)**

### **UK Stewardship Code (the “Code”) Disclosure Statement**

Under COBS 2.2.3R of the Financial Conduct Authority handbook, Privium UK is required to make a public disclosure in relation to the nature of the Firm's commitment to the Code, which was published by the Financial Reporting Council ("FRC") and came into effect on 1<sup>st</sup> January 2020 (updating the 2012 UK Stewardship Code). If the Firm does not commit to the Code, it must disclose its alternative investment strategy.

The Code aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

It sets out good practice on engagement with investee companies and comprises a set of ‘apply and explain’ principles for asset managers and asset owners, and a separate set of principles for service providers. The FRC recognises that not all parts of the Code will be relevant to all institutional investors and that smaller institutions may judge some of the principles and guidance to be disproportionate. It is of course legitimate for some asset managers not to engage with companies, depending on their investment strategy and, in such cases, firms are required to explain why it is not appropriate to comply.

The Code comprises of 12 principles which are outlined below. An asset manager must explain how:

- its purpose, investment beliefs, strategy and culture enable stewardship that creates long term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society;
- its governance, resources and incentives support stewardship;
- it manages conflicts of interest to put the best interests of clients and beneficiaries first;
- it identifies and responds to market-wide and systemic risks to promote a well-functioning financial system;
- it has reviewed its policies and processes and assessed the effectiveness of its activities;
- it takes into account client and beneficiary needs and communicates the activities and outcomes of its stewardship and investment to them;
- it systematically integrates stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil its responsibilities;
- it monitors and holds to account managers and/or service providers;
- it engages with issuers to maintain or enhance the value of assets;
- where necessary, it participates in collaborative engagement to influence issuers;
- where necessary, it escalates stewardship activities to influence issuers;
- it actively exercises its rights and responsibilities.

While Privium UK supports the objectives of the Code, it does not fully comply with the Code for the following reasons:

- The Firm's business model includes funds and accounts being managed by a variety of portfolio managers who operate independently of each other and as such, enforcing a uniform approach to stewardship is not feasible or appropriate;

- The investment strategies employed by each portfolio manager are also diverse, meaning that it is not possible to apply the Code to all strategies or to have a single policy that covers all situations;
- Sometimes the funds and accounts are managed for temporary periods only and it would not be either feasible or appropriate to make temporary changes to the investment approach;
- We determine our approach to stewardship on a case by case basis, taking into account the actions that will lead to the most favourable outcome for the value of our investments.

Should any of the above factors change, we will review our commitment to the Code at that time and make an appropriate disclosure.