

Purpose of the Code:

The Stewardship Code (“the Code”) sets out good practice for investor engagement and was adopted by the Financial Reporting Council (“FRC”) on 2 July 2010 and revised in September 2012. The Code is directed predominantly at institutional investors with equity holdings in UK listed companies and its aim is to enhance the quality of engagement between institutional investors and firms managing investments on their behalf through fund structures in order to help improve the long-term returns to shareholders. The Code sets out good practice for dealing with investee companies and where parts of the Code might not be relevant due to proportionality, Saltus Partners LLP (“Saltus”) applies the Code on a “comply or explain” basis. Saltus’ statement on the Code is made in compliance with the requirements of COBS 2.2.3R of the FCA Handbook.

Saltus fully complies with its statutory obligations and requirements to disclose the nature of its commitment to the FRC’s Code in the United Kingdom. Our commitment to the Code forms part of our governance responsibilities. We will use the Code to fully disclose our voting procedures and our relationships with the management of investee companies which are owned by our clients.

Saltus policies on stewardship and its arrangements to be compliant with the seven principles of the Code are set out below.

THE UK STEWARDSHIP CODE

Principle 1:

Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.

Saltus is an independent investment management company that specialises in multi-asset class real return management.

Investment decisions are made by our Investment Committee which meets formally every week and informally continuously every day. This is the forum where existing investments are reviewed and new investments opportunities are formally presented. Approved holdings are assigned a maximum weight based on their expected return and risk characteristics.

Saltus adopts an active approach to the management of its clients’ investments. Where possible, the investment management team seeks to maintain open communications with the management of the investee funds and investee companies through regular meetings and updates. This forms an integral part of Saltus’ investment process. If we have a material concern over the management and or governance of an investee company, we will attempt to discuss our concerns with the management and seek effective mitigating actions or seek to divest the client’s interests as we feel most appropriate.

Although we recognise the importance of voting rights in the protection of our clients’ interests, we do not pursue an active policy on voting rights. However, we use a proxy voting agency together with our fund administrators to keep us informed of upcoming shareholder meetings and instruct them, where appropriate, to take all reasonable measures to ensure that any vote proxies (where we have

the appropriate voting authority) on behalf of client mandates accounts are always undertaken in the best interest of clients and in accordance with applicable statutes in the relevant jurisdiction.

Principle 2:

Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.

Saltus is committed to carrying out its business in compliance with the highest standards of corporate governance but our senior management recognises that conflicts of interest may arise in our business and our policy on Conflicts of Interest has been adopted to manage any conflicts that have been identified. This policy is a procedure designed to promote our ability to conduct our business in compliance with the highest principles while, at the same time, acknowledging that there should be a procedure to protect us, our members of staff, and our clients and investors from the adverse effects of any possible conflicts of interest.

We are committed to paying due regard to the interests of our clients and treating them fairly and in doing so, managing any conflicts of interest fairly, both between ourselves and our clients and between a client and another client.

We recognise that there is no 'one size fits all' approach to conflicts of interest that can address the full range of conflicts that may arise in our business. We review the specific issues relevant to our business on a case by case basis and tailor our conflicts management policies accordingly.

We believe it is the responsibility of our senior management to implement arrangements, policies and procedures to manage conflicts effectively and secure our continuing compliance with the regulatory requirements. We have identified the following principles of good practice which are fundamental to our successful corporate governance and management of any conflicts, these include:

- our senior management being fully engaged in conflict identification, prevention and management;
- our senior management taking a holistic view of conflicts risk and conflict mitigation within the full range of business activities for which they are responsible;
- our senior management having some means of achieving a consistent treatment of conflicts of interest throughout the business activities for which they are responsible;
- our senior management receiving management information on the extent of, prevention of, and mitigation of, conflicts of interest in their business in order to effectively control the business activities for which they are responsible;
- our review on a regular basis the types of mitigation we consider acceptable to address conflict risks; and
- the establishment and maintenance of our corporate culture for the proper management of conflicts of interest.

In general, we will seek to disclose an actual or potential conflict of interest as a method of managing a conflict, but only when we are not reasonably confident that our other procedures and measures for managing and preventing the conflict or potential conflict will prevent the risk of damage to our

clients' and investors' interests. This does not imply that disclosure cannot be the appropriate method of managing a conflict. But it does change the emphasis – we will always consider whether other measures will be more effective before resorting to disclosure.

We ensure that, at all times, our effective management of conflicts remains a high priority. It is incumbent not just on our senior management but on all our members of staff to manage our conflicts and guard against the risk of market abuse being committed or facilitated and thereby ensure that proper market and business standards are maintained.

We take any market abuse through persistent use of conflicts very seriously. To this end, our policy makes it clear that if any member of staff engages in misconduct, in any form, or abuse of any conflict, we will take the appropriate disciplinary action against them, which can ultimately lead to the loss of employment and the notification of any such misconduct to the FCA, which retains the statutory authority to pursue the individual.

Principle 3:
Institutional investors should monitor their investee companies.

All client investments are actively monitored by the investment management team at Saltus. Monitoring will include, but not be limited to, detailed analyses of an investee company's financial statements, analyses of third party brokers' investment research and any market available information together with any in-house investment research and analysis that might be undertaken by a member of the investment team.

Where applicable, we might monitor an investee company to determine whether it has effective governance structures and arrangements in place. This might involve an active dialogue and or meetings with the members of the governing body and senior management, including any independent management. We will consider an investee company's explanation for its non-compliance with the UK Corporate Governance Code and as stated in Principle 1, Saltus adopts an active approach to its management of clients' investments. Where possible, the investment team seeks to maintain open communications with the management of the investee companies through regular meetings and updates. This forms an integral part of Saltus' investment process. If we have a material concern over the management and or governance of an investee company, we will firstly attempt to discuss our concerns with the management and seek effective mitigating actions or seek to divest the client's interests.

All monitoring is undertaken on a case by case basis and to ensure that the investee company in question is in compliance with any specific client requirements set out in the client's mandate, the investment objectives and restrictions and our duties and responsibilities as determined in either the investment management agreements or in the scheme particulars; and to protect any investment value for the client. In accordance with its regulatory obligations, Saltus keeps a record of all meetings held with investee companies, as well as records on any proxy voting decisions (including the reasons behind the decision)

Saltus has established and maintains arrangements to cover market abuse and the potential misuse of inside information. Where practically possible, Saltus will avoid the situation whereby it would be made an insider. Saltus' policy is to always ensure that inside information is not communicated by any investee company to any member of the investment management team without its prior agreement.

Principle 4:

Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.

All meetings by members of Saltus' investment management team with the management of an investee company are undertaken on a confidential basis and in accordance with the applicable statutes in the relevant jurisdiction. In circumstances where our expectations differ from those of the management of the investee company, which could result in actions being taken to the detriment of our clients' returns on their investment, Saltus will either undertake to escalate its involvement with the investee company or divest its interest.

This process could result in additional meetings with senior management (both executive and independent) specifically to discuss either performance or governance issues; where applicable, meetings with the investee company's corporate advisers; collaborative action with other investment institutions; and active participation at AGM's or EGM's through proposing specific resolutions.

Principle 5:

Institutional investors should be willing to act collectively with other investors where appropriate.

As stated in Principle 4, as part of its escalation process, Saltus would consider collaborative action with other investment institutions on a case by case basis and as long as this course of action is in the best interest of its clients.

Principle 6:

Institutional investors should have a clear policy on voting and disclosure of voting activity.

Saltus' policy on proxy voting is specified in Principle 1. All decisions taken will be made in the best interests of our investment clients. This means that there might be instances where Saltus will not support the board and management of an investee company though this is only likely to be after attempts to engage the investee company dialogue have failed. Saltus does not disclose publicly its voting records as it deems this to be confidential information and the property of the investment client. Disclosure of the voting records will on be made public on request and after written agreement by the client.

Principle 7:

Institutional investors should report periodically on their stewardship and voting activities.

Saltus provides reports to its clients and to the board of directors of the funds managed on a periodic basis and in accordance with its regulatory reporting requirements and its obligations under the client's mandate, the investment objectives and restrictions and our duties and responsibilities as set out in either the investment management agreements or in the scheme particulars. The content of such reports will include, where applicable to the specific client's requirements, full disclosure of its stewardship and voting actions. Saltus does not disclose its stewardship and voting activities publically.

Saltus does not consider it necessary to seek an independent opinion of its engagement and voting processes. As outlined above Saltus provides reports to its clients and to the board of directors of the funds managed.

Elaine Shore
Acting Head of Compliance