

Shareholder Rights Directive II (SRD II) Engagement Policy

1. Introduction

Bybrook Capital LLP (Bybrook) provides Investment Management services to the Funds that we manage (clients).

At Bybrook Capital LLP, we believe that effective stewardship and engagement benefit companies, investors and the economy as a whole. This document comprises our Shareholder Rights Directive II (SRD II) Engagement policy, which complies with the principles of the SRD II.

The SRD II aims to promote shareholder engagement and improve stewardship practices across the European Union (EU). The updated Directive, which has been implemented into domestic law in the United Kingdom, became effective as of 10 June 2019. The SRD II imposes transparency obligations on institutional investors (such as insurers and pension funds) and asset managers (such as investment firms providing discretionary portfolio management services) to the extent investments are made in shares traded on a regulated market, including certain markets situated outside the European Economic Area (EEA), and encourages long-term shareholder engagement.

2. Shareholder Rights Directive II

2.1 Disclosure of Engagement Policy

Under the SRD II, and by virtue of COBS 2.2B of the FCA Handbook, Bybrook is required to disclose a shareholder engagement policy or provide a clear and detailed explanation why we are not.

In accordance with our disclosure obligations, this policy provides information on how Bybrook:

- Integrates shareholder engagement in our investment strategy;
- Monitors investee companies on relevant matters, including:
 - Strategy;
 - Financial and non-financial performance and risk;
 - Capital structure; and
 - Social and environmental impact and corporate governance.
- Conducts dialogues with investee companies;
- Exercises voting and any other shareholder rights;
- Co-operates with other shareholders;
- Communicates with relevant stakeholders;
- Manages actual and potential conflicts of interests in our engagement.

2.2 Annual Disclosure Obligations

Under the SRD II disclosure requirements and COBS 2.2B.7 of the FCA Handbook, Bybrook will, where applicable, disclose free of charge, on an annual basis, the following information:

- A general description of voting behaviour
- An explanation of the most significant votes

- The use of proxy advisers; and
- How Bybrook cast votes in the general meetings of companies in which it holds shares unless such votes are considered insignificant due to either the subject matter of the vote, or the size of the holding in the company.

2.3 SRD Institutional Investors – Annual Disclosure

Bybrook will disclose the following information, where applicable, on an annual basis where it invests on behalf of SRD Institutional Investors, whether on a discretionary client-by-client basis or through a collective investment undertaking.

An SRD Institutional Investor is generally an undertaking carrying out the activity of life assurance and/or of reinsurance, provided that those activities cover life-insurance obligations, or an institution for occupational retirement provision.

The Disclosure to SRD Institutional Investors will show how Bybrook's investment strategy and the implementation of the strategy contributes to the medium-to long-term performance of the assets of the SRD Institutional Investor or of the fund.

The annual disclosure to SRD Institutional Investors will include information on:

- the key material medium- to long-term risks associated with the investments;
- portfolio composition;
- turnover and turnover costs;
- the use of proxy advisers for the purpose of engagement activities;
- Bybrook's policy on securities lending and how that policy is applied to support Bybrook's engagement activities if applicable, particularly at the time of the general meeting of the investee companies;
- whether and, if so, how, Bybrook makes investment decisions based on evaluation of medium-to long-term performance of an investee company, including non-financial performance; and
- whether and, if so, which conflicts of interests have arisen in connection with engagement activities and how the firm has dealt with these conflicts.

Proxy Advisers

Bybrook does not use a Proxy Adviser.

Portfolio Turnover and Costs

As required by the SRD II annual disclosure requirement, information on portfolio composition, turnover and turnover costs is provided, where applicable, as part of our periodic client reporting.

3.1 Integration of shareholder engagement in Bybrook's investment strategy

Bybrook manages investments across a wide range of financial instruments.

Bybrook's Chief Investment Officer (CIO), a professionally qualified investment manager, manages these investments. The Investment Analysts are responsible for maintaining close engagement in the relevant investments and, where these relate to companies, this includes the maintenance of relations with management and other shareholders.

The level of engagement will tend to be proportionate to our significance as a shareholder. As a result, the level of engagement may well be more limited where companies are large in comparison to the size of our investment.

On the other hand, where we have a significant shareholding in a company, the Investment team seek a significantly closer relationship with management and other shareholders. The Investment Manager will in such circumstances seek to apply Bybrook's influence more. This would occur where we are a relatively large investor in a relatively small company, or where we have specific expertise with respect to a company or industrial sector.

3.2 Monitoring investee companies

As part of our investment process, we undertake research and ongoing monitoring of the companies in which we invest to assess the potential of providing long-term returns. Both the investment managers and our research analysts carry out analysis of potential investments and ongoing monitoring which may focus on the investee company's strategy, performance, risks faced, and its commitment to corporate governance and quality and experience of management.

We also monitor the public statements of investee companies through financial information platforms such as Bloomberg, financial statements and regulatory announcements, reports & accounts, results meetings and capital markets days.

We seek to integrate environmental, social and corporate governance (ESG) considerations into our investment process. The ESG review approach is applied to some of our existing investments. In this regard, there are a number of areas within investee company's strategy that are taken into consideration including proposed acquisitions/disposals and other business planning that may affect both the investee company's value and risk. One purpose of our investment research is to obtain a better understanding of the investee's company balance sheet and potential financial performance.

We hold regular Investment Committee meetings where the investment team and the CIO review and discuss potential and existing investments. Our investment team may employ differing strategies when conducting monitoring or engaging with our investee companies.

3.3 Engagement with investee companies

Before deciding to make an investment, the investment management team will research the investee company being considered. Where possible, the investment team will meet with the investee company management to assess certain indicators of possible future success. This could include:

- Current valuation of stock;
- Investee Company's business model sustainability;
- Potential risks to the investee company and its industrial sector;
- Potential for the business growth of the investee company; and

- The alignment of the investee company with the interests of its shareholders.

Bybrook's investment strategy is such that our clients are invested across a variety of securities and as a result, our levels of engagement with investee companies is somewhat limited. However, where we are able to engage with our investee companies, senior members of Bybrook's investment team, all of whom possess high levels of financial experience and expertise, conduct the engagement.

Our investment analysts communicate internally on the status of engagement activities and any outcomes arising.

3.4 Voting Rights

When necessary, Bybrook may attend and/or vote at company shareholder meetings. It is not Bybrook's policy to vote on AGM or EGM resolutions and corporate actions except where:

- Bybrook's clients have a material interest in the outcome of the resolution or action, for the protection or enhancement of their shareholder value and beneficial interest, and Bybrook's vote is likely to make a material difference to the outcome.
- Holdings of Bybrook's clients are material to the outcome of the resolution or action.
- Where Bybrook does vote, it votes in what it considers the best interests of its clients.

3.5 Co-operation with other shareholders

Bybrook recognises that there may be occasions where it will be appropriate to work with other shareholders to effect positive change within an investee company.

Bybrook is willing to act collectively with other investors. However, this is considered on a case-by-case basis. Working with other investors must always be conducted in compliance with applicable laws and regulations. In all circumstances, we will act in the best interests of our clients ensuring that we treat all of our clients fairly.

3.6 Conflicts of Interest

Bybrook takes all reasonable steps to identify, mitigate and manage conflicts of interest between the firm and our clients, client against client conflicts, individual versus client conflicts and intra-group conflicts to ensure we act in the best interests of our clients.

Bybrook's conflicts of interest arrangements are outlined in our Conflicts of Interest policy. In identifying the conflicts of interest that may arise while providing clients with services and activities, we consider, amongst others, whether:

- the entity or group entity is likely to make a financial gain or avoid a financial loss at client's expense;
- a client is disadvantaged or makes a loss when a member of staff makes a gain;
- a client makes a gain or avoids a loss while another client makes a loss or is disadvantaged; and
- the entity or a member of staff benefits at the expense of a group entity.

4. Annual Review

This Engagement policy will be reviewed on at least an annual basis and is publicly available on our website.