



Fulcrum Asset Management LLP

March 2020

UK Stewardship Code Disclosure Statement

Introduction

Fulcrum Asset Management LLP (“**Fulcrum**” or “**the Firm**”) provides discretionary investment services to a variety of clients. This statement is intended to describe the Firm’s approach to the Financial Reporting Council’s (“**FRC**”) 2012 UK Stewardship Code. The publication of this statement is being made in accordance with Rule 2.2.3 R of the FCA’s Conduct of Business Sourcebook.

The UK Stewardship Code (“**the Code**”) was originally published in July 2010 by the FRC, the United Kingdom’s independent regulator responsible for promoting high quality corporate governance and reporting in order to foster investment. The Code aims to enhance the quality of engagement between institutional investors and companies they invest in. Engagement includes pursuing purposeful dialogue on strategy, performance and the management of risk, as well as on issues that are the immediate subject of votes at general meetings.

In January 2020, the UK Stewardship Code 2020 came into effect replacing the 2012 Code. It requires organisations wanting to become signatories to the 2020 Code to produce an annual Stewardship Report explaining how they have applied the 2020 Code in the previous 12 months. Firms have until March 2021 to do so.

This current statement is made against the 2012 Code and thus the information contained within relates only to the application of the 2012 Code.

Firm values

Fulcrum is in general a top-down, macro investor alongside a significant systematic business, investing across all asset classes. Trades are executed in both the cash and derivatives markets. As single stock equities play an important role in many of the strategies, the principle of stewardship with respect to these investments is well understood and strongly supported.

At Fulcrum, we aim to act in the best interests of all our stakeholders by engaging with the companies that we invest in, and by exercising our voting rights with care in order to manage, acquire and dispose of clients’ assets. Fulcrum will vote proxies in a prudent and diligent manner and in the best interests

of clients, consistent with the objective of maximising long term investment returns. Not only is this commensurate with good market practice, it goes hand in hand with ensuring the responsible investment of our clients' funds.

Our approach to corporate governance is set out in our Engagement Policy, Responsible Investment Policy and our Proxy Voting Policy.

All documents are available on Fulcrum's website at <https://www.fulcrumasset.com/uk-iach/responsible-investments/>

Fulcrum's approach to the code

As appropriate, Fulcrum will engage and vote on issues affecting the long-term value of a company in which it is invested. Issues may include, but are not limited to, business strategy, acquisitions and disposals, capital raisings and financing operations, internal controls, risk management, board effectiveness and succession, shareholder rights, corporate responsibility, culture and values, and remuneration.

Whilst not a direct signatory, Fulcrum is dedicated to the seven principles set out by the Stewardship Code.

Principle 1 – Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities

Fulcrum's approach to stewardship is publicly disclosed on its website. The Firm's approach is one that is aligned to investment considerations and is designed to enhance and protect our clients' capital. Where we invest directly in securities, we are active owners and understand the critical importance of good governance.

We fulfil our corporate governance obligation with respect to voting through our connection to the Broadridge platform and we have appointed Glass Lewis, a leading independent corporate research house, to provide us with their independent research which is our default election.

In addition, Fulcrum has established two Committees (detailed below) that strengthen internal communications on stewardship issues. The Committees provide a platform to coordinate and review engagement and to debate whether we are receiving the desired response from companies. Other member departments include risk, fund management representatives, compliance and our Responsible Investment Officer.

Responsible Investment Committee:

The objective of the Committee in relation to this policy is to review Fulcrum's engagement activity with companies on environmental, social and governance (ESG) issues and monitor these. The Committee meets on a quarterly basis and consists of representatives across the Firm's investment strategies as well as risk, compliance and client facing teams. The Committee is chaired by the Head of Alternative Investments.

Stewardship Committee:

The Committee is a subcommittee of the RI committee which also meets on a quarterly basis. The Committee is responsible for reviewing Fulcrum's policies on stewardship and engagement and

ensuring adherence to the company's stewardship obligations. The Committee is chaired by the Chief Operating Officer (COO).

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.

Fulcrum maintains a robust Conflicts of Interest policy and recognises the importance of managing potential conflicts of interest on behalf of its clients when voting their shares and engaging with investee companies. The objective is always to act in the clients' best interests when considering matters such as voting and engagement. Fulcrum will vote in the best interests of the funds/clients who hold shares in the company, using the principles of Treating Customers Fairly (TCF).

Principle 3 - Institutional investors should monitor investee companies.

Fulcrum's approach to monitoring investee companies forms part of the overall stewardship responsibilities. Stewardship is about understanding a company's culture, policies and practices that underpin and shape its long-term financial performance.

As a macro investor, Fulcrum's monitoring of corporate governance is done primarily through a third-party research house, Glass Lewis, which is a leading independent corporate governance research house.

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

Fulcrum may be supportive of the company's management team's strategy, but where company-specific issues arise calling into question the protection of shareholder value, the Firm will primarily use its voting rights as an investor and vote against management recommendations as informed by independent analysis.

It is important to note, however, that as a macro-investor it is not part of Fulcrum's investment approach to be an activist investor. Therefore, it will often be the case that where the use of voting rights does not suffice in protecting best interests of its clients, the Firm will simply proceed to sell its holdings in the company and rebalance its portfolios accordingly.

Principle 5 – Institutional investors should be willing to act collectively with other investors where appropriate

In some circumstances, collaboration with other investors may be the most productive way to engage with a company. This could be in situations where the use of the Firm's voting rights has not produced a desirable outcome or during times of significant corporate or economic stress. In doing so, Fulcrum gives due regard to its policies concerning governance and engagement.

Fulcrum may work alongside other organisations on both policy and company specific matters. Fulcrum's internal guidance and policy is to avoid being an insider or acting in concert. The decision to collaborate on company specific matters will be taken on a case by case basis by the fund manager, who may seek input from the Founding Partners, the Chief Investment Officer and the RI and Stewardship committees.

Nevertheless, where a company no longer meets the Firm's investment criteria in providing shareholder long-term value, it will often be the case that the Firm will proceed to sell its holdings rather than seek collective action.

Principle 6 – Institutional investors should have a clear policy on voting and disclosure of voting activity.

Fulcrum maintains a clear policy on voting and disclosure of voting activity which is reviewed on an annual basis.

Please see Fulcrum's Proxy Voting Policy here: <https://www.fulcrumasset.com/uk-iach/responsible-investments/>

Principle 7 – Institutional investors should report periodically on their stewardship and voting activities.

It is Fulcrum's intention to review this statement at least annually and update it should there be any changes to the Firm's approach to stewardship and/or its voting activities.

This statement was approved by the Board and the Founding Partners in March 2020.

For further information:

Visit <https://www.fulcrumasset.com/uk-iach/responsible-investments/> for more information on Fulcrum's corporate governance and engagement activities.

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Authorised and regulated by the Financial Conduct Authority whose address is 12 Endeavour Square, London E20 1JN.