

Fulcrum Asset Management LLP

Modern Slavery Statement

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Contents

1. Introduction.....	3
2. Organisation structure, business operations and supply chains.....	3
3. Fulcrum’s Policies and Processes.....	4
4. Fulcrum’s Supply Chain.....	4
5. Risk assessment and management.....	5
6. Due Diligence	5
6.1 Supply Chain Due Diligence	5
6.2 Investments Due Diligence	5
7. Training	5

1. Introduction

The Modern Slavery Act 2015 requires certain companies operating in the United Kingdom that meet the below threshold requirement to publicly disclose a modern slavery and human trafficking statement.

Criteria for modern slavery and human trafficking public disclosure
<ul style="list-style-type: none">• is a body corporate or a partnership, wherever incorporated;• carry on a business, or part of a business, in the UK;• supply goods or services; and• has an annual turnover of £36m or more.

Source: <https://www.gov.uk/guidance/publish-an-annual-modern-slavery-statement>

Fulcrum Asset Management LLP (“Fulcrum”) is not required to establish a public disclosure statement under these threshold requirements, however, the firm has chosen to establish this statement as best practice.

Accordingly, this document outlines Fulcrum’s approach and status to meeting the requirements of the Modern Slavery Act 2015.

2. Organisation structure, business operations and supply chains

Headquartered and based in the United Kingdom, Fulcrum authorised and regulated by the Financial Conduct Authority to provide investment management services, is a macroeconomic discretionary investment manager with assets under management of £3.5bn as at 30th June 2020. Its clients comprise of the collective investment schemes that it directly manages as alternative investment manager; and the third-party management companies of collective investment schemes that have delegated investment management authority to Fulcrum. Additionally, Fulcrum acts as global distributor for certain managed collective investment schemes and its clients in this regard may include institutions, consultants and financial intermediaries.

Fulcrum has a global presence and manages collective investment schemes in the United States, Australia, Luxembourg, Cayman Island, Ireland and the United Kingdom. On behalf of these CISs it invests in a wide range of financial instruments, including equities, commodities, derivatives and fixed income products in and outside of the United Kingdom.

Additionally, it has an affiliate office, Fulcrum Asset Management LP in the United States (together referred to as, “Fulcrum group”) and employs c.80 members of staff.

3. Fulcrum's Policies and Processes

Fulcrum is an equal opportunities employer and does not tolerate any form of discrimination, bullying, harassment, modern slavery or human trafficking in its direct business operations or indirectly from the services provided from its suppliers or any companies invested in.

To support its stance on the matter, Fulcrum has established a number of policies to create an inclusive environment, provide equal opportunities and mitigate the risk of modern slavery/human trafficking across its business operations and investments on behalf of its managed collective investment schemes. To name a few, Fulcrum has established the following policies:

- Whistleblowing policy;
- Responsible Investment Policy, which includes how Fulcrum considers environmental, social and governance issues;
- Sanctions Policy including pre and post trade sanction screening of investments;
- Stewardship Code Disclosure Statement; and
- Proxy Voting Statement.

Additionally, Fulcrum is signatory to United Nations' Principles for Responsible Investments ("UN PRI") and its management body, the Founder Partner Board, has established a Responsible Investment Committee ("RIC") to risk review, amongst other things, Fulcrum's investments from an ESG and modern slavery/human trafficking perspective. Fulcrum uses risk management data providers, Sustainalytics, to assist with its risk review of existing and prospective investments. The RIC monitor exposure to modern slavery and highlight conversation areas to the portfolio managers.

4. Fulcrum's Supply Chain

Fulcrum's core services provided to its clients are established in-house. It does not sub-contract any of its investment management services to third parties. However, from a marketing and global distribution perspective, from time-to-time Fulcrum may appoint a locally based sub-distributor in certain jurisdictions where it is a regulatory requirement to do so. Accordingly, Fulcrum generally appoints service providers to provide ancillary support to its core services and to run its general business operations. Fulcrum's suppliers are deemed as low risk from a sector and location perspective. Many of our suppliers are professional services firms, including banks, accountants and law firms. We also source services relating to, among others, catering, cleaning and printing. Fulcrum considers most of its suppliers to be low risk from a jurisdictional and sector perspective. Professional cleaning firms may be considered a higher risk and where necessary Fulcrum will periodically obtain undertakings on ensuring that employment rules surrounding minimum wage payments and work permits are obtained as well as background checks (criminal and credit). To summarise, Fulcrum's supply chain generally consists of the following:

- **Vendor software and hardware providers** - these are off-the-shelf software which are hosted in Fulcrum's IT systems and network as well as IT hardware e.g. computers, monitors, mobile phones used to facilitate its business processes.
- **Data Providers** - these are organisations that provide data which are fed to Fulcrum's portfolio order management systems.
- **Platforms** - this includes electronic trading / clearing / settlement platforms, portals of prime brokers / custodians and other technology platforms.
- **Office Management** – this includes cleaning operative staff, printers, stationary, paper and printing suppliers.
- **Professional services providers** – this includes external legal counsel, research providers, financial auditors, consultants and training providers.

5. Risk assessment and management

Fulcrum uses a risk-based approach to minimise the risk of modern slavery and human trafficking either in its supply chains or investment portfolios. Fulcrum bi-annually assesses its modern slavery risks on its firm-wide Risk Register and deems its overall risk exposure to be low in light of its nature of business (i.e. investment management), the jurisdictions in which it operates (i.e. clients based in US/Australia/Europe that would follow equivalent or similar standards of conducts) and where suppliers are based (i.e. in the UK, EU and US). The risk register is maintained by Fulcrum's Risk Management team and is tabled, at least annually, at the Founder Partner Board meetings for review and approval.

6. Due Diligence

6.1 Supply Chain Due Diligence

Fulcrum uses a risk-based approach to monitoring and vetting suppliers and its managed funds' investment portfolios for modern slavery and human trafficking risks which generally are sector or jurisdiction specific. Examples of due diligence on suppliers includes pre-engagement checks on commercial contracts and noting if any services are sub-contracted to a jurisdiction that would be deemed high-risk (e.g. a country with poor labour laws). In most cases, supplier chains are based in the United Kingdom, United States or Europe. Ongoing monitoring includes adverse media reviews on key suppliers.

6.2 Investments Due Diligence

Fulcrum invests in a wide range of financial instruments including equities which are either held directly or indirectly via single swaps or equity baskets. The risk exposure in an equity position is considered in Fulcrum's Responsible Investment Policy and Committee comprising of the following individuals:

- Matt Roberts, Head of Alternatives;
- Fawaz Chaudhry, Head of Equities;
- Joe Davidson, Chief Operating Officer/Chief Compliance Officer;
- Piotr Chmielowski, Chief Risk Officer; and
- Nabeel Abdoula, Deputy Chief Investment Officer

The RIC oversees the implementation of responsible investment firm wide. A core part of this is the integration of ESG risk consideration which forms part of the investment process where we invest in equities. Modern slavery, human trafficking and child labour forms part of the Social considerations. ESG issues are considered primarily from a risk management point of view, however, we are monitoring exposure to and controversies related to these issues due to their unacceptable nature. To underpin this overview, we use data from Sustainalytics. If any company is flagged this is brought to the attention of the portfolio manager and, if required, the RIC.

7. Training

Fulcrum is responsible for ensuring that all staff are aware of modern slavery and human trafficking risks that may arise across the firm and reporting this to the Compliance team as necessary. To assist with staff awareness, Fulcrum provides business conduct policies addressing financial crime such as Anti- Money Laundering and Terrorism Finance, Criminal Finance Act, Fraud and Anti-Bribery which may implicate modern day slavery and human trafficking risks. Additionally, it complies with UK employment laws, also enforcing a whistleblowing policy through which staff may report any concerns without the fear of retaliation.