



Stewardship Policy



Brummer & Partners Asset Management (UK) Ltd

<i>Adopted by:</i>	The Board of Directors
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1. Introduction

Brummer & Partners Asset Management (UK) Ltd (“**BPAM**”) manages the Brummer Multi-Strategy funds domiciled in Cayman Islands; Brummer Multi-Strategy (Cayman) Ltd, Brummer Multi-Strategy (Cayman) Master Ltd, and Brummer Multi-Manager Fund Limited, as well as Brummer Multi-Strategy 2xL (Bermuda) Ltd, collectively referred to as (the “**BMS UK Funds**”).

The BMS UK Funds allocate to investment strategies managed by Sub-investment managers in the Brummer & Partners group, or by PM (Portfolio Manager) Pods employed by BPAM. By allocating to different investment strategies with exposure to a variety of asset classes, BPAM strives to build diversified “all weather” portfolios that generate sustainable alpha over time, independent of market direction.

BPAM is a wholly-owned subsidiary of Brummer & Partners AB (“**Brummer**”), a limited liability company incorporated in Sweden. BPAM, together with Brummer, its affiliates, and the Sub-Investment Managers and PM Pods are herein collectively referred to as the “**Brummer Group**”.

2. Stewardship activities

BPAM believes that stewardship activities may help inform investment decisions and encourage consideration of and action on certain ESG characteristics, such as climate change, and that stewardship therefore contributes to the BMS UK Funds’ objective of generating long-term sustainable returns. The stewardship strategies relevant to BPAM are:

- proxy voting;
- engagement with Sub-investment managers and PM Pods to inform investment decisions and raise awareness;
- collaborative engagement activities targeted at investee and non-investee companies to raise awareness of and encourage action on certain ESG characteristics;
- monitoring of the investment strategies that the BMS UK Funds allocate to;
- education and training of Sub-investment managers and PM Pods;
- management of potential conflicts of interest in relation to engagement; and
- membership in industry bodies and initiatives and participation in international working groups.

2.1 PROXY VOTING

The BMS UK Funds allocate to Sub-Investment Managers and PM Pods that manage different investment strategies and invest in a wide variety of financial instruments. While the long/short equity strategies invest in equity related financial instruments that may or

may not carry voting rights, systematic trend following strategies invest in financial instruments that do not carry voting rights, for example future contracts on commodities.

When equity investments carry voting rights, the decision to vote or not is depends on:

- feasibility of voting in relation to the investment strategy (quantitative systematic investment strategy vs fundamental discretionary, holding period, and position sizing);
- the best interest of investors;
- alignment with investment objectives;
- potential conflicts of interest; and
- alignment with relevant policies, for example the Responsible Investment Policy.

When trading restrictions are applied in relation to exercising voting rights, it may be concluded that voting is not in the best interest of investors as proxy voting results may have a material effect on a company's share price and the investment team's possibility to act on such changes is restricted. Also, voting rights are typically not exercised for companies where the exposure is taken for hedging purposes or when they are associated with short exposure.

Voting decisions are typically made by the relevant Sub-investment manager's or PM Pod's investment team. BPAM's (and the Brummer Group's) Sustainability team engages with the investment teams in advance of proxy voting deadlines to gain an understanding of the rationale behind voting decisions and to influence them, when relevant. The investment teams perform their own voting research and have access to the Sustainability team's proxy voting research acquired from a proxy voting research provider however, the voting decisions are made independent of such third-party research.

Votes are documented in the vote execution solution ProxyEdge which is accessible by the Sub-investment managers and the Sustainability team.

2.2 ENGAGEMENT ACTIVITIES

Engagement activities relevant to BPAM are outlined below.

2.2.1 Engagement with Sub-investment managers and PM Pods

BPAM engages with the Sub-investment managers on topics such as investment process, risk exposures and risk limits (including sustainability risks), performance attribution, investment themes, and on the investment teams' engagement with investee companies and proxy voting activities, for example.

The engagement is performed by relevant BPAM and Brummer teams and may be both formal and structured as well as more informal and ad-hoc. The Sustainability team for example, holds quarterly calls with all investment teams on sustainability related matters and also liaises with the investment teams on an ad-hoc and on-going basis to discuss investee companies' sustainability performance, sustainability related regulatory changes, engagement with investee companies or other stakeholders, and, as outlined above, proxy voting, for example.

2.2.2 Engagement with investee companies

The Sustainability team may also engage directly with investee companies in the Sub-investment managers' and PM Pods' portfolios to support the investment teams with subject-matter expertise and to raise awareness on ESG factors that are of interest to us and other investors.

In addition, the Sub-investment managers and PM Pods perform engagement with investee or potential investee companies on their own behalf for research and analysis purposes, which implicitly includes financially material sustainability- and ESG risks and opportunities. They may also engage with investee or potential investee companies on sustainability risks explicitly, either by themselves or with the support of the Sustainability team. Apart from investee companies, engagement may also be performed with exchanges and index providers on ESG related disclosures or index characteristics, for example.

2.2.3 Collaborative engagement

BPAM participates in collaborative engagement initiatives, coordinated by ISS-ESG, to encourage action on climate change and compliance with international norms and conventions on human rights, labour rights, the environment and anti-corruption. ISS-ESG compiles a list of companies that they nominate for engagement activities and that the participating investors then vote upon to elect target companies. Targeted companies are approached by ISS-ESG on behalf of the participating investors and dialogues are held by email, video meetings and in-person meetings. Progress reports are distributed to participating investors quarterly and annually.

2.3 MONITORING

Monitoring is performed both on investment strategy level and on investee company level.

2.3.1 Monitoring of Sub-investment managers and PM Pods

BPAM's, and Brummer's, Sustainability and Risk teams screen the Sub-investment managers' and PM Pods' portfolios to ensure compliance with Responsible investment policies including on investment restrictions relating to certain sustainability risks and potential adverse impacts of investment decisions on sustainability factors. The Risk team also monitor the portfolios to ensure compliance with investment guidelines and other risk related policies and limits and to calculate key metrics, including sustainability related ones.

Screening results and key risk metrics are reported to the relevant investment teams' Board of directors and are also topics of engagement for relevant BPAM and Brummer teams, for example the BMS UK Funds' investment team on Sub-investment managers' and PM Pods' portfolio themes and exposures, and the Sustainability team when a Sub-investment manager's or PM Pod's investee company had been downgraded by the ESG research provider.

2.3.2 Sub-investment managers' and PM Pods' monitoring of investee companies

Investment teams' monitoring of investee companies include review of corporate events, business strategies and adaptation to disruptive trends and technologies, financial reports

including material financial and non-financial returns, capital structures, corporate governance structures and practices, as well as sustainability activities, for example.

2.4 EDUCATION AND TRAINING

In addition to the Sustainability team's on-going engagement with and support to all investment teams in the Brummer Group which, amongst other things, help raise awareness and action on sustainability risks and opportunities, and to prepare for and comply with sustainability regulations for example, the Sustainability team may also organise training sessions with BPAM or the Sub-investment managers and PM Pods to educate them on sustainability more generally and on relevance to their investment strategies more specifically.

2.5 INDUSTRY BODIES AND INITIATIVES

BPAM, through its parent company Brummer, is a signatory to the United Nations supported Principles for Responsible Investment ("PRI"). The PRI strives to achieve a sustainable global financial system by encouraging responsible investment principles and practices and collaboration on their implementation.

Brummer is one of the 14 founding members of the Standards Board for Alternative Investments ("SBAI"), an industry initiative where asset owners and asset managers come together to develop best practice standards for the alternative investment industry, including on responsible investment. The standards form a governance framework for transparency, integrity and business ethics and complement applicable laws and regulations. BPAM is a signatory to the SBAI and report to the SBAI annually on a comply or explain basis.

BPAM is also a member of the Alternative Investment Management Association ("AIMA"), an industry initiative that develops best practice standards and educational guides to promote the alternative investment industry and enhance a wider understanding of its function.

2.5.1 Engagement with policy makers

By being a member of or signatory in the initiatives mentioned above and participating in working groups and contributing to developing standards and best practice, the Sustainability team may also engage with policy makers on sustainability related regulations to provide feedback on applicability to hedge fund strategies, for example. BPAM may also engage directly with financial supervisory authorities on industry practices or regulatory initiatives. BPAM does not however engage in political engagement related to specific political parties and does not make any financial contributions or in other ways support political parties in order to influence the democratic agenda or process.

2.6 CONFLICTS OF INTERESTS

As a means to achieve well-diversified portfolios however, the BMS UK Funds allocate to different investment strategies managed by separate investment teams who may or may not make contradictory investment decisions in relation to equities and other financial instruments, and who may or may not have different opinions on shareholder proposals.

Also, conflicts of interest may arise when BPAM, the Sub-investment managers and the PM Pods engages with companies that are invested in by other investment teams in the Brummer Group.

BPAM's and the Sustainability team's engagement activities on behalf of the BMS UK Funds are guided by BPAM's and the investment teams' Responsible investment policies. The Responsible investment policies adopted by the investment teams in the Brummer Group include certain common criteria on for example investment restrictions and screening as well as encouraging compliance with the international norms, for example. The alignment of Responsible investment policies is a mitigating factor in terms of conflicts of interest in relation to engagement on sustainability matters. In addition, the Sustainability team informs the investment teams on target companies and topics of engagements and may also share progress reports with the investment teams to consider in their research and analysis and investment decision making processes.

In determining whether there exists a conflict of interest in relation to sustainability activities or other areas related to BPAM's business activities, some of the general factors which BPAM considers, and encourages the Sub-investment Managers and PM Pods to consider, are:

- business relationships;
- personal relationships;
- familial relationships; and
- fund relationships.

A potential conflict of interest is to be evaluated on a case-by-case basis and BPAM requires the Sub-investment managers and PM Pods to resolve conflicts duly and promptly.

For more information on BPAM's and the Sub-investment managers' and PM Pods' identification and management of conflicts of interest, see their respective Conflicts of interest policies.

3. Annual disclosure on policy implementation

BPAM will disclose a general description of voting behaviour, an explanation of the most significant votes, how it has cast votes in the general meetings of companies in which it holds share, report on the use of proxy advisors annually, or give an explanation as to why these disclosures are not being made.

4. Auditing and record-keeping

The Compliance function has the overall responsibility for maintaining files and records regarding BPAM's Stewardship policy, as well as ensuring that practices are conducted in an appropriate manner.

5. Borrowing stocks to vote

As a general principle, BPAM does not accept voting on borrowed stocks.

6. Prevention of market abuse

If a Sub-investment manager intends to join efforts with other investors in engagement activities, the Sub-investment manager must consider the policies and procedures implemented to prevent market abuse. The Sub-investment manager must, prior to joining any such efforts, liaise with the Compliance function if the Sub-investment manager identifies potential market abuse issues or market notification requirements.

BPAM requires the Sub-investment managers to have procedures and instructions in place to prevent market abuse.

7. UK Stewardship Code

Portfolio management of the BMS UK Funds is deployed across a wide range of futures, forwards, derivatives and cash instruments amongst diverse asset classes such as fixed-income, credit, foreign exchange and equities. Exposure to listed companies is frequently achieved through equity swap positions. Whilst BPAM generally supports the objectives that underlie the Code, the diversification of the investment strategies of the Sub-investment managers and PM Pods, and the wide variety of financial instruments trades, means that the Code's provisions are of lesser relevance and therefore BPAM has chosen not to commit to the Code for the time being.

8. Review of the policy

The Compliance function is responsible for ensuring that this policy is reviewed in consultation with the content owner at least annually. The CEO is also responsible for ensuring that the policy is updated when necessary.