

## **UK STEWARDSHIP CODE DISCLOSURE STATEMENT**

**JULY 2014**

FCA Conduct of Business Rule 2.2.3R requires FCA authorised firms to either disclose their compliance or explain their non-compliance with the principles set out in the UK Financial Reporting Council's ("FRC") Stewardship Code (the "Code"). Volpe Capital Management LLP ("Volpe") is authorised and regulated by the FCA in the United Kingdom and therefore subject to the Code.

The Code aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities. It sets out good practice on engagement with investee companies and is to be applied by firms on a "comply or explain" basis. The FRC recognises that not all parts of the Code will be relevant to all institutional investors and that smaller institutions may judge some of the principles and guidance to be disproportionate. It is of course legitimate for some asset managers not engage with companies, depending on their investment strategy, and in such cases firms are required to explain why it is not appropriate to comply with a particular principle.

The seven principles of the Code are that institutional investors should:

- Publicly disclose their policy on how they will discharge their stewardship responsibilities.
- Have and publicly disclose a robust policy on managing conflicts of interest in relation to stewardship.
- Monitor their investee companies.
- Establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.
- Be willing to act collectively with other investors where appropriate.
- Have a clear policy voting and disclosure of voting activity.
- Report periodically on their stewardship and voting activities.

Volpe manages assets across a number of global diversified hedge fund strategies, but does not take an activist shareholder approach. Accordingly, whilst Volpe supports the Code as a mechanism to promote best practice in the institutional shareholder conduct of UK listed companies, it does not consider the Code or its principles to be appropriate for the funds' investment strategies.

Volpe actively endorses hedge fund industry best practice and should the investment approach change, Volpe will review its commitment to the Code at that time and make the appropriate disclosures.

For further details on any of this disclosure, please contact Paul Feldman ([paul.feldman@volpecm.com](mailto:paul.feldman@volpecm.com)).