UK Stewardship Code (2020) Disclosure Statement

February 2021

Kintbury Capital LLP

(“Kintbury” / the “Firm”)

Contents

Kintbury's Capital LLP's approach to Stewardship

Background

Kintbury Capital LLP is a boutique hedge fund manager based in London, UK that was launched in January 2015 by Christopher Dale our sole Portfolio Manager. Chris runs a European long short mid to large cap equity strategy focusing on fundamental investment ideas. Our standard portfolio is approximately 30 to 40 long positions and 35 to 45 short positions. We hold long positions for generally 1 to 3 years and short positions for 12 to 18 months. We manage institutional assets through a commingled fund and segregated accounts.

The Kintbury Executive Committee feel strongly that as a business we have a responsibility to consider and act upon the issues impacting the community, environment and ethical aspects of the world around us. These are felt by all businesses in many ways but for Kintbury are largely identified on two fronts:

- We feel a Corporate Responsibility regarding how we run our business, the resources we consume and our contribution to society; and
- the Investment Approach of how we consider, use and encourage activity in areas of an Environmental, Social and Governance (generally known as ESG) nature within our investment process.

The Financial Reporting Council ("FRC")'s UK Stewardship Code frames this under the concept of "Stewardship" which we feel is another dimension to the overarching ESG movement that has been growing in all aspects of investing and business generally. We have therefore set-out how we approach ESG investing under each of the principles of the code as we feel this povides a wider perspective on our practices while still covering the Code's requirements.

Firms with an environmentally sustainable and socially responsible way of operating significantly de-risk their business model, and therefore, build higher quality long-term businesses. These issues are integral to our business, both our own operations and those of our portfolio companies.

In developing our ESG[1] policy, we have given consideration to a range of codes and standards, including the United Nations supported Principles for Responsible Investment (PRI), the FRC's UK Stewardship Code and the requirements of our Anti-Bribery and Corruption Policy.

Kintbury pursues an investment strategy which fundamentaly is supportive of positive change in the companies it invests in whether long or short. At a portfolio level the primary method of actioning this is through cost of capital. We are generally supportive of well managed, ESG high scoring businesses through long positions held for a considerable period which helps increase share prices and reduces cost of capital for those business and the same approach is punitive to less well run, lower ESG scoring, businesses via holding short positions which potentially contributes to downwards pressure on their share prices increasing their cost of capital and therefore requiring management to drive positive ESG change.

[1] See Appendix 1 of our approach to ESG on our website

As a boutique alternative investment manager our primary objective is to generate a return for our investors but where we can we contribute to try to achieve a positive outcome from an ESG and Stewardship perspective.

Kintbury intends to become a signatory to the UK Stewardship Code. This status will be supported by the provision of a Stewardship Report which must be provided to the FRC on an annual basis and explains how the Firm has complied with the Principles of the Stewardship Code. This document forms the basis of this Stewardship Report, thus fulfilling the obligation of COBS Rule 2.2.3R.

Once the Firm has been accepted as a Code signatory, this Report will be a public document, made available on the Firm's website.

This entire document should be considered in the context of Kintbury's size, specific investment strategy and universe and the structure of our investment vehicles and investment holdings. We are in total 9 people and manage under $1bn so the team is very focused on their individual roles while often wearing a number of "hats". This means that any resource we have is scarce and the adoption of ESG practices in the business has therefore been a material step for us We also believe our investors best interests related to returns are achieved as a fundamental investment manager that regularly meets with companies and industry researchers to discuss points rather than adopt the stance of an activist investor.

Within the European equity space in which Kintbury operate and in the context of our investment strategy the most efficient method of gaining exposure to a company's shares is often through derivative products such as contracts for difference or total return swaps. It is therefore important for us to use these products despite their structure unfortunately removing our ability to vote or exercise any rights as a shareholder. We have endeavoured to help mitigate this by asking the counterparties to these derivatives to manage and vote their hedging positions in a positive ESG / Stewardship manner but this is ultimately outside of our control.

The Firm's statement of compliance with the twelve Principles of the Code is set out below:

Purpose and Governance

Principle 1

Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

The Kintbury Executive Committee feel strongly that as a business we have a responsibility to consider and act upon the issues impacting the community, environment and ethical aspects of the world around us. These are felt by all businesses in many ways but for Kintbury are largely identified on two fronts:

- We feel a Corporate Responsibility regarding how we run our business, the resources we consume and our contribution to society; and
- the Investment Approach of how we consider, use and encourage activity in areas of an Environmental, Social and Governance (generally known as ESG) nature within our investment process.

Firms with an environmentally sustainable and socially responsible way of operating significantly de-risk their business model, and therefore, build higher quality long-term businesses. These issues are integral to our business, both our own operations and those of our portfolio companies.

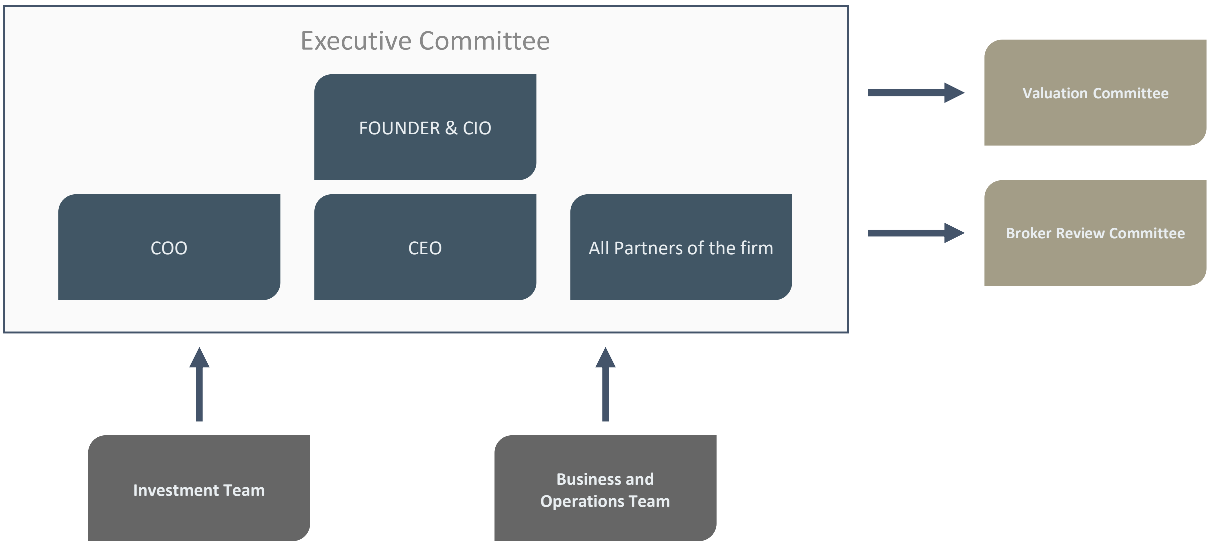
We have taken a a number of steps to action the views of the Executive committee. From a portfolio perspective the main element has been to create an ESG reporting function within the business that integrates with our existing fundamental research function. We now create twice annual summaries of all positions in our portfolio from an ESG persepctive. These reference both MSCI ESG data that we subscribe for as well as other available data from websites and elsewhere. These reports are then integrated within our investment analysis. In doing this we are looking to drive positive ESG criteria into our long investment ideas and negative ESG criteria into our short portfolio. This, when combined with our active approach of meeting and discussing issues with companies and other market players helps drive the change we are seeking.

The above approach can be seen in a simple ESG rating review of the long v short book which shows the positive ESG bias we are looking for (i.e. long ESG score less short ESG score) but also has influenced our investments in a number of other ways from supporting firms that potentially have a poor ESG score but are actually changing ther approach and leading the way from an ESG perspective to identifying firms which on the face of it have a good ESG score but upon our analysis have poor governance or other factors and so should be encouraged to change.

Principle 2

Signatories' governance, resources and incentives support stewardship.

As a small firm Kintbry has a simple but effective governance structure:



ESG and Stewardship practices are embedded from the top of the Kintbury infrastructure down. The Executive Committee and particularly our CIO and founder lead the focus on this and all team members are encouraged to participate. As a small firm we do not have many governance bodies, the Executive Committee is the primary body for formal discussion of the issues the firm faces.

As a small firm of 9 people we are somewhat constrained as to how we approach it but we have looked to involve all staff in contributing to its positive effect on our portfolio. This has been through expanding the roles of the non-investment team to create an independent ESG summary on firms to then integrating this with the work being done by the investment team themselves.

All members of the team are encouraged to attend conferences and seminars on ESG issues whether these are broad based or company specific. We have subscribed to the market leading ESG data resource in the MSCI ESG ratings database and continue to look for other data sources such as Bloomberg ("BBG") ESG information.

The Firm's CIO and CEO have also participated in a number of industry wide seminars talking about ESG and our approach to it.

As a small firm we do not have any complex remuneration structures but a portion of the partners profit share is discretionary and all employee bonuses are. These bonueses are assessed based on the employees actions during the year which clearly include those relevant to ESG functions. Their positive contribution to these can clearly be demonstrated to have a positive impact on their awards of discretionary variable remuneration.

We feel our approach to embedding ESG in to our business and our investment process has been very successful and we hope driven Cost of Capital for a positive ESG outcome. We feel it has flowed through to both thematic investing in the portfolio and discussions with individual company management.

Going forward we will look to continually improve the reports we produce, the data sources we use and the feedback we make to investee company management.

Principle 3

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

As an FCA authorised company we have a clear conflict of interest policy as part of an overall compliance policies and procedures manual. Kintbury's policy on managing conflicts of interest is designed to ensure its decisions are taken wholly in the interest of its clients. Kintbury aims to ensure that all potential and actual conflicts are identified, evaluated, managed, monitored and recorded. This would of course be considered in respect of our Stewardship and ESG approach. However, as a small firm where we operate a single invesment strategy and no team members have any external roles we don't have any significant direct conficts and would not anticipate any arising. As part of Kintbury's conflicts of interest policy, all members of staff must notify the Firm's Compliance Officer if they become aware of any conflict of interest arising,

We feel as a small equity long / short manager we are able to align the interests of our investors with our ESG goals without the conflicts that arise in large firms with varying priorities across their divisions. As a fundamental long / short strategy with generally 30 to 40 long positions and 35 to 45 short positions we are able to be very specific as to the stocks we want to hold and why. We therefore don't have an obligation to own the whole index as many large managers or pension funds would do and therefore don't have the conflict where this may be against their ESG views on these firms. However, we have a fundamental obligation to make the best investments we can for our fund and in turn for our investors and we therefore will at times make investments in sectors or companies that potentially have some ESG conflicts. We manage this through portfolio transparency with all investors. The decision to invest in these sectors of course includes a consideration of whether the fact they could be considered to be non-ESG compliant sectors changes the investment case.

Examples of this may be:

Volkswagon – car manufacturer - VW had previously been embroiled in the Dieselgate scandal and so has a very low ESG rating on many ESG rating platforms. However, they are focusing on electric cars and their overall environment footprint and are likely to be the largest EV maker in the world soon.

Conversely, in relatively benign sectors we sometimes have to review and reverse decisions based on ESG criteria such as:

Clothing maker – we had an investment in a clothing firm but it became apparent that they had poor work practices for their divisions in Asia and so we closed the position.

One benefit of our strategy is that we are able to manage negative ESG positions through short positions rather than being restricted or conflicted with only long positions as other investment managers may be.

Principle 4

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

We recognise the importance to contribute to the minimisation of current and future environmental challenges, promote responsible business practices, encourage diversity, and protect human rights. We understand that as an investment manager, we have a vital role to play in encouraging positive change for future generations.

Through our in-depth analysis of a business during our investment process, we gain a strong understanding of the risks that may be impacting that business from a broad perspective. As indicated elsewhere in this statement ESG considerations are integrated into this investment decision-making process and the Firm's ongoing risk management processes.

As an equity long / short strategy we are able to help flag and mitigate systematic risks through our positioning. Shorting companies that may be a fraud risk or have negative ESG credentials and discussing this with the companies themselves and the equity research teams at the banks helps identify and manage these issues within the industry. In addition, our short portfolio and short positioning generally helps create liquidity in the markets and supports the effective functioning of financial markets.

We were short Wirecard for a considerable period prior to its collapse based on concerns around accounting and corporate governance. At a company meeting these issues were raised with management but they declined to engage

We see a systematic risk with a number of banks and their core regulatory capital and profitability. We have therefore been short a number of them over the last few years.

As a small firm, market-wide risks are more of an issue and ones we have to manage against rather than mitigate. To the extent they can our investment team, led by the CIO and using insight from a number of research providers, looks to identify the impact of these and adjust the portfolio appropriately. These research providers cover a broad range of areas including:

- pure ESG analysis;
- general investment research;
- governance and accounting analysis; and
- macro analysis.

Principle 5

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

Kintbury's policies are reviewed annually by the Firm or following any material changes or regulatory developments that are applicable to the business. This process seeks the input of appropriately knowledgeable third parties as decided by the Executive Committee or other senior manager with functional responsibility for the given policy area.

As a small fim still developing its approach and activities in the area of ESG external assurance is not yet on our agenda. However, our Executive Committee are the fundamental judge as to whether we are doing enough and as all members are active participants in the business they are able to appraise our activities and where we should look to improve based on feedback from clients, peers and industry bodies such as the FRC and UN PRI. Our Annual UN PRI reporting also creates a natural pause for us to review an asses our ESG policies and adapt if appropriate.

An example of this periodic re-evaluation has recently resulted in us looking at our investment process and the analysis of poor governance / accounting of our portfolio companies and wider investment universe. Having considered our current activities we identified we need more resource on this front and we have recruited a person (starting April 2021) who will solely focus on this type of analysis.

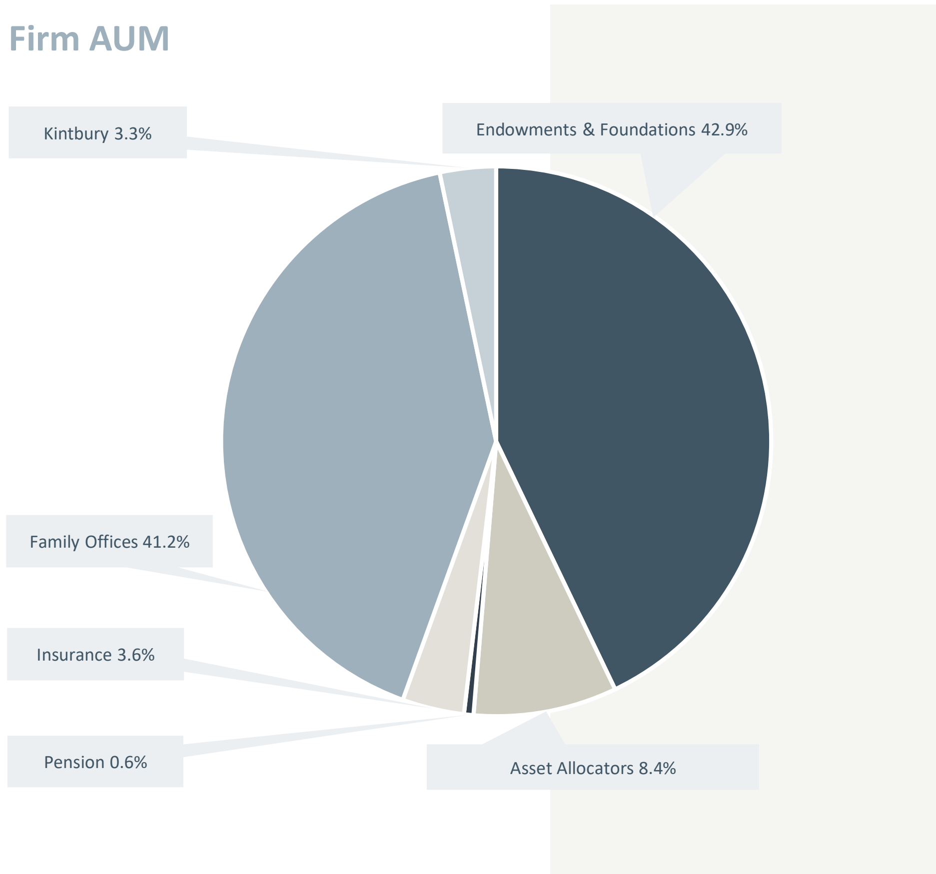
ESG and Stewardship is also a standing agenda topic in our discussions with existing and prospective investors. They help us gauge whether we are doing enough on this front and how we compare to the market. We complete many investor due diligence questionnaires on our approach to this topic and to date have not had any negative feedback.

Investment Approach

Principle 6

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

Kintbury manages a hedge fund structure primarily for institutional clients. This is based on on a long term investment horizon of 3+ years. Clients are global but with approximatey two thirds coming from North America and 30% from Europe.



Through our monthy newsletter reporting we disclose our approach to investments and current thoughts on ESG matters to all investors. We also meet with our large institutional investors periodically and discuss their views on Stewardship and ESG and how this relates to our activities. Many institutional investors also request either pre or regularly post investment that we complete ESG related quesionnaires. Other than our annual UN PRI report, we do not provide any pro-forma ESG metrics but are happy to complete bespoke ESG reporting as requested.

We also have our ESG approach documented on our website at www.kintburycapital.com. Within the ESG section of our website we have published a “Kintbury Capital Approach to ESG” document which sets out the full details of our Stewardship and this is therefore publicly available.

It is clear from our discussions with investors that they are supportive of our approach. They don’t necessarily want us to be rigid in our interpretation of ESG factors but, as we do through our investment approach, consider and implement them in a rounded investment analysis.

Principle 7

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

It is important to note that Kintbury does not expressly run ESG or Responsible Investment products at the current time. In a period where many managers are "Green Washing" products we see it as an important part of our governance approach to be clear as to how we consider and implement ESG considerations into our process.

Since we have started explicitly considering ESG within our investment process we have found that this has been a continuation and emphasis on issues which we would previously have identified and considered when analyzing if a company is a good long candidate or a good short candidate from a fundamental perspective. While there are specific ESG elements which may not have been considered previously, we have found that many ESG considerations have always been part of our fundamental analysis.

ESG has a number of areas given due consideration within our investment process, including but not exclusively:

- ESG investment themes;
- Company specific ESG issues and ratings and the market impact;
- Opportunities due to changes in a company's ESG practices;
- Weaknesses in ESG rating systems leading to investment opportunities; and
- Opportunities to create change in an investee organisation.

Kintbury manages a long / short equity strategy and considers ESG as one of the factors in our investment process contributing to our overall view of a company or theme. This is in much the same way as we would consider other factors such as financial aspects like cashflow generation. We look at all of the above areas of consideration within our ESG factor analysis and as is naturally the case some are more prominent in some situations than in others.

<u>Thematic investing</u>

As a result of our fundamental, bottom-up analysis, several ESG themes have emerged in recent years. Examples include regulatory driven themes such as IMO2020 as well as socially driven themes such as renewable energy, renewable diesel, shift to electric vehicles, hydrogen as an energy source, new technology for public transport, battery technology and fuel cells. Within these themes we are focused on the best in class companies (across all investment factors) and potential transition companies as long ideas and on the short side companies which are not embracing the theme or may be at a competitive disadvantage as a result of the theme. Examples of this would be:

AP Moller-Maersk – As a slow and late adopter of IMO2020 requirements we have long held a short position in this company. They are now starting to addres the issue and look at more environmentally friendly ships.

NEL ASA - we are long a global supplier of hydrogen technology for industrial / energy purposes. We see this as a key contributor to the worlds efforts to move towards zero carbon emissions.

Principle 8

Signatories monitor and hold to account managers and/or services providers.

As the underlying investment manager this is not as relevant to Kintbury. However, Kintbury outsources various functions to third party providers. We ensure that third party service providers provide a high-quality service and are managed to the standards expected by us based on their criticality in each case. We believe it part of Kintbury's responsibility acting as agent for its clients to ensure that the quality of our third-party providers we engage is in-line with the quality of service delivery they expect from us.

In performing our analysis of companies we do rely on MSCI ESG data and where we feel their analysis and data perhaps misses something or has the wrong emphasis we will flag this to them to hopefully improve the product for all. This may be in the form of specific considerations they have missed or more holistic discussions of the focus on certain issues versus others. A good example of this would be Volkswagen (VW) where MSCI rate the company as CCC due to the Dieselgate scandal a number of years ago as their processes won't move on from such legal issues until they are legally resolved. However, philosophically we believe that VW have moved on, they are taking the appropriate legal and financial penance for the historic activities and are now fully embracing the electric vehicle market. They will be the largest manufacturer of electric vehicles and are also taking many other ESG appropriate steps as an organisation. We have therefore discussed with MSCI that we feel their rating is possibly not appropriate.

Engagement

Principle 9

Signatories engage with issuers to maintain or enhance the value of assets.

As a fundamental investor a key part of our investment process is engagement with both company management and bank research teams in regard to the companies we have positions in and potential investment candidates. The investment team conduct approximately 200 to 300 company management meetings a year and 400 bank research team interactions and discuss all aspects of a companies business from their financials to their approach to key ESG themes depending on the key factors we have identified.

As a small firm we don’t have as much impact as some larger or potentially activist firms and so direct results are possibly not identifiable, however firms such a housebuilders have improved their ESG credentials both environmentally and socially (such as improving house quality etc) which is an area we have been discussing with them. Potential failures could include companies such as Wirecard where we had a short position and had discussed the governance and accounting issues with the company but it didn’t lead to an earlier understanding of the issues in the firm and the fraud continued for a number of years before the company identified the fraud and went bankrupt.

Principle 10

Signatories, where necessary, participate in collaborative engagement to influence issuers.

Our main collaborative approaches are:

- UN PRI Signatory
- Participation in industry discussions on ESG topics.

Our CIO and CEO have participated in a number of industry discussions on the subject at seminars and conferences as well as sharing our thoughts with investors.

Although not directly collaborating we also share our thoughts and views on these issues with the research teams of the banks which could potentially impact the general industry view.

Principle 11

Signatories, where necessary, escalate stewardship activities to influence issuers.

As a boutique investment manager there is not much scope for escalating stewardship activities. We consider all activities within our normal operations and make investment and operational decisions on the back of that.

Significant concerns will be escalated to the company management or market participants if felt it would be more effective to intervene jointly with other investors/institutions but we will only do so where this is considered appropriate and in the best interest of clients. Clearly if those concerns were of a nature that should be reported to the regulator then we would do so but as we only use and act on public information this is unlikely. Kintbury acknowledges that a variety of factors will make each situation unique and therefore the approach taken to escalation of concerns will vary on a case by case basis.

Exercising Rights and Responsibilities

Principle 12

Signatories actively exercise their rights and responsibilities.

As noted previously we have a duty to manage our portfolio in the best interests of our investors and as such we hold almost the entire portfolio through single stock equity derivative products. The downside of such products is that it breaks the direct ownership link to the shares of the companies we invest in and so we are not able to vote at all in respect of those companies.

In an effort to mitigate this to the extent we can we have notified the counterparty to those derivatives (our prime broker or ISDA counterparty) that where possible we would like them to vote so as to achieve positive ESG results.

Declaration:

This Report has been reviewed and approved by the governing body of Kintbury Capital LLP

Signed:

Michael Burton
Chief Executive Officer on behalf of Kintbury Capital LLP

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