

## Stewardship Code Disclosure Statement Dec 2019

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. The Code sets out good practice on engagement with investee companies to which the FRC believes institutional investors should aspire and operates on a ‘comply or explain’ basis. The FSA requires UK authorised asset managers to report on whether or not they apply the Code. The Code recognises that not all parts will be relevant to all institutional investors and that smaller institutions may judge some of the principles and guidance to be disproportionate.

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 on voting and disclosure of voting activity; and
- report periodically on their stewardship and voting activities.

Castellain Capital LLP’s statement of compliance with the seven principles of the Code is set out below:

### **Principle 1: Policy on discharging stewardship responsibilities**

Our investment decisions are taken following fundamental analysis of the underlying companies. This includes, inter alia, consideration of the company accounts, management team, shareholders and corporate governance arrangements.

Once a new investment is made, it is monitored on an ongoing basis, including meetings with management where appropriate.

## **Principle 2: Policy on managing conflicts of interest in relation to stewardship**

We have in place a conflicts of interest policy and other supporting policies such as personal account dealing. Castellain always seeks to act in the best interest of its clients, including in relationship to stewardship matters. Should a conflict of interest arise, the partners of Castellain would act to ensure that the conflict is appropriately managed.

## **Principle 3: Monitoring investee companies**

As outlined in Principle 1, investee companies are closely monitored post investment. This includes analysing new information relating to the company and meeting with management, brokers and/or other advisers when and where appropriate. We retain records of our analysis and our meetings with investee companies both to enable historic fact-checking and to guide and enhance our investment process with new companies.

## **Principle 4: Guidelines on escalation to protect and enhance shareholder value**

We apply this principle proportionately. We are active investors and where we believe it is appropriate and we can add value, we engage with our investee companies. This is generally considered on a case-by-case basis. Engagement to protect and enhance shareholder value is a core part of our investment process.

## **Principle 5: Acting collectively with other investors**

We have historically – and would do so again if appropriate – acted collectively with other investors.

## **Principle 6: Policy on voting and disclosure of voting activity**

Our policy on voting is to consider each proposed resolution on its own merits. We note the board's recommendations in respect of voting but do not place undue weight on such recommendations. We will generally vote on all resolutions proposed by our investees as we believe it is important to stewardship to have considered all resolutions, even if the result is that we

register an abstention. We do not disclose our voting activity as our investments are not made publicly available to our clients.

### **Principle 7: Reporting on stewardship and voting activities**

As discussed in Principle 6, it is not our policy to provide voting information to our clients but we would consider doing so on a case by case basis, should a request for such information be received.

For further information on the above, please contact:

Robert Goldsmith  
info@cascap.co.uk  
Castellain Capital LLP  
34 New Cavendish Street, London, W1G 8UB