

Alvento Capital Partners LLP - UK Stewardship Code Disclosure Statement

Under Rule 2.2.3R of the FCA's Conduct of Business Sourcebook, Alvento Capital Partners LLP ("Alvento") is required to include on this website a disclosure about the nature of its commitment to the UK Financial Reporting Council's Stewardship Code (the "Code") or, where it does not commit to the Code, its alternative investment strategy. The Code is a voluntary code and sets out a number of principles relating to engagement by investors with UK equity issuers.

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 Code is directed in the first instance to institutional investors with equity holdings in UK listed companies; 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 to 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:

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

Alvento is an alternative asset manager that invests in a concentrated portfolio of European & Latin American listed equities. We have a deep commitment to fundamental, research-driven stock selection with a focus on the intrinsic value and growth of the businesses we invest in.

Alvento manages an equity Long/Short strategy: The flagship hedge fund Alvento Long/Short Equity was launched in July 2015 and invests across the utilities, renewables, infrastructure, water and energy sectors and across all market caps. We regularly meet with the management teams of the companies we invest in to better understand their businesses and their strategic objectives. We do not seek to take an activist role in the management of the companies we invest in. We are privately owned and, in the best interests of our clients, we do not seek to partner with other business or act jointly with any other investors. We are a standalone asset management business and, aside from asset management, we do not have any other income streams or other business lines that could conflict with our core business. In the spirit of the Code, Alvento aims to be transparent with its business objectives and the way it reports its business activities to its stakeholders. Alvento supports the aims and principles of the Code.

Our statement of compliance with the seven principles of the Code is set out below:

Principle 1: Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities. Alvento is primarily a fundamental research driven medium to

long-term investment management firm and makes investment decisions based on proprietary research and meetings with company management. Our direct clients are our co-mingled investment fund and managed accounts. We are registered with the FCA in the UK as an Alternative Investment Fund Manager (“AIFM”) and have a formal corporate governance structure in place that we believe to be appropriate given the size and complexity of our business. An executive committee, risk management committee and valuations committee formally meet to implement the strategy of the business. It is noted that Alvento does not hold client money. Investment positions are actively monitored on an ongoing basis and the investment team are constantly engaged to review the composition of our portfolios. On a quarterly basis, the senior management of Alvento participates in the board meeting of our co-mingled investment fund. At these board meetings Alvento present to the independent Directors of the fund areas of performance, risk, compliance, marketing and operations. The senior management of Alvento also have regular dialogue with the underlying investors in the fund either via weekly performance reporting, monthly portfolio reporting or ad hoc meetings and discussions. Investment research is undertaken by the Alvento Investment Team which is the subject of consideration by the Portfolio Manager, who is ultimately responsible for making investment decisions.

Principle 2: Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed. It is our policy and duty to act in the best interest of our clients. Where possible, we seek to organise our business activities to avoid conflicts of interest. For example, we do not have any financial affiliates (e.g. connected brokerage facilities), we do not have any direct investments (all our investing is conducted through the funds we manage), and we do not hold client money. Where conflicts are unavoidable, we develop both formal and informal procedures for their management. These include the maintenance of an inventory of all potential and actual conflicts of interest, the key risks and how we actively manage them. Such procedures are designed to ensure that the management of the conflict takes place in such a way that the firm or its employees are not advantaged and that no client is disadvantaged. We recognise that from time to time natural conflicts of interest may arise. For example, if a pension fund of one of our service providers seeks to make an investment in our investment fund. In these instances the conflict will be identified, discussed by Senior Management with the help of external legal and compliance counsel, where required. Conflicts are then disclosed to investors via a public document, for example on our SEC Form ADV 2A and 2B. Where the Firm is not reasonably confident that it is able to manage a particular conflict to adequately protect the interest of a Client, the general nature and/or sources of conflicts of interest will be clearly disclosed to the Client before undertaking any business. We are aware that the education and awareness of staff is key to identifying, avoiding and managing conflicts. At least annually all personnel receive a copy of the Firm’s Compliance Manual containing the Firm’s conflicts arrangements. In addition, all personnel are required to give a quarterly undertaking of adherence to the Firm’s compliance procedures, including personal account dealing and receipt of gifts and inducements. All Personnel receive both formal and informal training in respect of conflicts of interest generally, and on specific or potential conflicts to the Firm on at least a bi-annual basis.

Principle 3: Institutional investors should monitor their investee companies. We actively monitor the investment portfolio of the fund through regular engagement with company management, discussions with industry analysts and via quantitative and qualitative in-house research. We do not seek to take an activist role in companies. Our aim is to add value to our underlying investors through buying and holding over the medium to long term high-quality, well managed businesses that we know and understand. Similarly, we look for short ideas in businesses we believe to be over-earning, over appreciated, or in structural decline. In addition to monitoring the underlying

businesses of our portfolio companies we also monitor their share prices, volatility and liquidity. We have clearly defined risk management parameters that is actively monitored. On an ongoing basis the investment team monitor the portfolio companies through a combination of company meetings, discussion with industry analysts and proprietary research. As a general rule, we do not wish to be made insiders. We expect investee companies and their advisers not to convey information to us that could affect our ability to deal in the shares of the company concerned, without prior agreement. To assist us in this respect we have formal procedures for the treatment of non-public price sensitive information and we ensure all staff undertake annual training and are aware of their responsibilities.

Principle 4: Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value. We are principally a medium to long-term, research-driven asset manager investing in mid to large cap listed securities. We seek to enhance and protect shareholder value through thoughtful stock selection and portfolio management. The strategies employed by Alvento seek to protect and enhance shareholder value are detailed in the prospectus and investment management agreements of our clients. These strategies can include buying, selling, shorting, covering securities as well as the use of financial derivatives to hedge certain risks (e.g. foreign exchange movements). The portfolio companies of our clients are actively monitored against our investment outlook. The portfolio is monitored on an ongoing basis so as to capture any material movements in the risk profile of our portfolio companies. The Chief Operating Officer also has a direct reporting line to the independent board of our investment fund. The portfolio manager has a mandate to take action to sell or cover a position that no longer meets their investment objective. In line with our investment mandate, we do not seek to take an activist role in the companies in which we invest. We do engage with management where we identify an issue or where we need further information on a company decision. In these instances we will look to meet with the senior management team to better understand the company strategy and to share our views on what we believe to be best for the shareholders of the business. If we become concerned about any aspect of an investee company's investment strategy, performance, governance or any other matter, we may wish to escalate this to the management of the company. Alvento may hold meetings with companies to discuss issues. Where Alvento believes that it is no longer in the best interests of its clients to continue to hold shares of a company, it will sell or cover its position.

Principle 5: Institutional investors should be willing to act collectively with other investors where appropriate. As a standalone investment manager we seek to avoid conflicts of interest and to act in the best interests of the fund and underlying investors wherever possible. Consequently, we do not seek to act collectively with other asset managers. In line with our investment mandates, we do not seek to take an activist role in the management of our investee companies. There are however certain situations where we would be willing to participate, on an independent basis, alongside other investors. Such situations would include the initial public offering stage of a new security or during a secondary market placement, provided that such offerings were administered by a third party (e.g. an underwriting bank) and permitted by our mandate.

Principle 6: Institutional investors should have a clear policy on voting and disclosure of voting activity. To avoid potential conflicts of interest we typically do not seek to vote and to date have not done so. In the event that Alvento would seek to vote then the details of the vote would be held on a register and would be disclosed to Fund investors upon request.

Principle 7: Institutional investors should report periodically on their stewardship and voting activities. Alvento regularly engages with the board of its investment fund and underlying investors.

Alvento prepares a monthly newsletter that goes to both the board of its investment fund and underlying investors. The monthly newsletter includes the net performance for the month, year to date and since inception and a commentary on the performance of the portfolio, main drivers and thematic observations as well as a number of statistical observations regarding the portfolio. The newsletter also includes announcements on any material changes in the governance structure at Alvento. On a quarterly basis Alvento reports to the board of its investment fund a summary of the portfolio performance, risk, compliance and operations. Within Alvento the Risk Management and executive Committee meet on a monthly basis and key points are communicated to the owners of Alvento and the board of our investment fund. Minutes (Quarterly for the executive committee) and records of all meetings are stored and archived. Alvento has appointed MHA MacIntyre Hudson as external auditors to the business. They undertake an annual independent audit and share any material findings in the form of a letter to management. We also maintain an internal controls report which covers the key controls across the business and assesses their design, implementation and operating effectiveness. This document is updated annually and reviewed by the senior management team.

This Stewardship Code Disclosure will be reviewed and updated, if necessary, on an annual basis.

For further details on any of the above information, please contact Lance Peatling (lance@alventocap.com)

Alvento Capital Partners LLP

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