

# GLADWYNE Investments LLP

## **The UK Stewardship Code (“the Code”)**

The Code, published by the Financial Reporting Council, sets out good practice for institutional investors to aspire to when engaging with the UK listed companies in which they invest. Under Rule 2.2.3R of the FSA's Conduct of Business Sourcebook, Gladwyne Investments LLP (the "Firm") is required to include on this website a disclosure about the nature of its commitment to the code or, where it does not commit to the Code, its alternative investment strategy.

The Principles of the Code are as follows:

**Principle 1:** Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.

**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.

**Principle 3:** Institutional investors should monitor their investee companies.

**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.

**Principle 5:** Institutional investors should be willing to act collectively with other investors where appropriate.

**Principle 6:** Institutional investors should have a clear policy on voting and disclosure of voting activity.

**Principle 7:** Institutional investors should report periodically on their stewardship and voting activities.

## **Introduction**

The firm is a UK based asset management group which was established in 2009 and now manages assets in excess of US \$100 Million.

The Firm has an investment management agreement with Gladwyne Fund Limited as well as several managed accounts which pursue primarily credit related strategies as well as limited investments in listed UK Equities. The Code is therefore only relevant to a small proportion of its business. In compliance with the aims of the Code, the firm seeks to enhance the quality of engagement with companies to help improve long-term returns for its clients. The firm generally supports the aims and principles of the Code.

If you have any questions regarding this statement or Gladwyne's approach to the Code, please contact Andrew Gray, the firms Compliance Officer.

The following is a brief description of how the firm believes it fulfills the aspirations of the Code:

### **Principle 1: Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.**

This policy is published on the FRC website so that investors and investee companies are aware of the way in which the firm integrates stewardship activities into its investment process. The firm has outlined in this statement each of the principles of the Code and how it complies with them or explains why it does not.

### **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.**

The firm maintains a robust policy on managing conflicts of interest which ensures its decisions are taken wholly in the interest of its clients. In compliance with the FSA rules, the firm ensures that all potential and actual conflicts are identified, evaluated, managed, monitored and recorded. All reasonable steps are taken to prevent conflicts of interest. A copy of Gladwyne's Conflict of Interest Policy is available upon request from the firm Compliance Officer.

### **Principle 3: Institutional investors should monitor their investee companies.**

Gladwyne's investment edge is through fundamental analysis of investee companies and as such close links and continuous monitoring of investee companies is an essential part of the investment process. The firm does not wish to be made insiders in normal circumstances, and therefore expects investee companies and their advisers to ensure that information that could affect Gladwyne's ability to deal in the shares of the company concerned is not conveyed to Gladwyne without its prior agreement. Where Gladwyne does elect to receive private information then that information is limited to relevant personnel using information barriers and the investee companies shares will not be investable until after the private information has become public.

### **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.**

Gladwyne's investment strategy is to build effective relationships with boards and management at the companies in which it invests. Gladwyne considers each vote on an individual basis in the light of the relevant circumstances at the company. It may also hold meetings with companies to discuss any issues that may arise. Where Gladwyne believes that it is no longer in the best interests of its clients to continue to hold the shares of a company, it will reduce or exit the position.

## **GLADWYNE Investments UK Limited**

29 St James's Place, London SW1A 1NR, UK – Telephone +44 (0)20 7965 6010  
Registered in England No OC347374, 6 New Street Square, Eighth Floor, London EC4A 3AQ

# GLADWYNE Investments LLP

**Principle 5: Institutional investors should be willing to act collectively with other investors where appropriate.**

In applying client policies and best practice guidelines, the firm considers each vote on an individual basis in the light of the relevant circumstances at the company. Gladwyne may communicate with other shareholders regarding a specific proposal but will not agree to vote in concert with another shareholder without taking legal advice. Gladwyne has previously been an active participant in shareholder action groups coordinated by law firms and would do so again should the need arise to protect client interests.

**Principle 6: Institutional investors should have a clear policy on voting and disclosure of voting activity.**

Gladwyne has in the past and will in future utilise proxy voting where the firm believes it is in the best interest of our clients. There is no guarantee that all votes will be cast and votes will only be exercised when there is strong conviction that it is in the best interests of investors to vote accordingly. It is not Gladwyne's usual policy to attend General Meetings, but on occasion may do so. When voting proxies, the firm will consider the recommendation of management but will not support the position of a company's management if the firm determines that such a position is not in the best interests of the company's shareholders.

Due to underlying client and strategic confidentiality reasons, the firm will not normally disclose specific voting. However, upon request from a client or as required by law or regulation, the firm will disclose the manner in which Gladwyne exercised voting rights on behalf of the client in relation to specific corporate actions. The firm will not normally disclose its voting intentions, but may inform parties of the provisions of this policy.

**Principle 7: Institutional investors should report periodically on their stewardship and voting activities.**

Nothing in this policy should be interpreted as to prevent dialogue between the company, its advisers and Gladwyne.

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

September 2011.

**GLADWYNE Investments UK Limited**

29 St James's Place, London SW1A 1NR, UK – Telephone +44 (0)20 7965 6010  
Registered in England No OC347374, 6 New Street Square, Eighth Floor, London EC4A 3AQ