



FAIR OAKS
CAPITAL

COMMITMENT TO THE UK STEWARDSHIP CODE

Under Rule 2.2.3R of the Financial Conduct Authority's ("FCA") Conduct of Business Sourcebook, Fair Oaks Capital Ltd ("Fair Oaks" or the "Firm"), to the extent it is managing investments for a professional client (as defined by the FCA), is required to include 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, explain its considered choice based on the Firm's investment approach. The Code is a voluntary code and sets out a number of principles relating to engagement by investors with respect to stewardship across asset classes. For this purpose, "stewardship" is defined as *"the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries, which leads to sustainable benefits for the economy, the environment and society"*.

Fair Oaks manages separate accounts on behalf of large institutional investors which invest in notes issued by collateralised loan obligation (or CLO) issuers, which are backed by senior secured bank loans and/or which otherwise invest directly in senior secured bank loans or corporate bonds and also manages a number of CLO issuers.

The British Private Equity and Venture Capital Association's ("BVCA") published a response in March 2019 to the FRC's proposed revision to the UK's Stewardship Code in the context of private equity ("PE") and venture capital ("VC") firms. The BVCA stated that in their view the Stewardship Code is less applicable to such firms and hence there would be limited benefits for such firms in adopting it. Furthermore, it would result in duplicate reporting requirements given the existence of other similar codes across the industry.

The Firm shares the same view as expressed above in connection with the alternative credit strategies it pursues and therefore it has chosen not to commit to the Code. It should be noted however, that the Firm is a signatory of the UN Principles for Responsible Investment ("UN PRI") which are fully embedded within its ESG Policy and underlying investment processes. Compliance with the PRI Principles forms a key basis for engagement with the Firm's investors, investee companies and other stakeholders.