

Statement in Relation to the Shareholder Rights Directive II

November 2020

Background

The Shareholder Rights Directive II ((EU) 2017/828) (“SRD II”) amends the Shareholder Rights Directive (2007/36/EC) to strengthen shareholder engagement and increase transparency between traded companies and investors.

SRD II applies to asset managers, including: MiFID investment firms providing discretionary portfolio management services, full scope AIFMs, and UCITS and UCITS management companies where those firms invest in shares in companies listed on regulated markets in the EEA and other comparable markets.

Firms in scope must, on a ‘comply or explain’ basis, develop and disclose publicly an engagement policy and make an annual disclosure on how the firm’s engagement policy has been implemented. The engagement policy (COBS 2.2B.6 R) should explain how the firm:

1. integrates shareholder engagement in its investment strategy;
2. monitors investee companies on relevant matters, including: (a) strategy; (b) financial and non-financial performance and risk; (c) capital structure; and (d) social and environmental impact and corporate governance;
3. conducts dialogue with investee companies;
4. exercises voting rights and other rights attached to shares;
5. cooperates with other shareholders;
6. communicates with relevant stakeholders of the investee companies; and
7. manages actual and potential conflicts of interests in relation to the firm’s engagement.

The annual disclosure (COBS 2.2B.7 R) should include a summary of the implementation of the firm’s engagement policy, together with a general description of voting behaviour in the period, an explanation of the most significant votes and reporting on the use of the services of proxy advisors.

Application and scope

As a full scope UK AIFM with MiFID “top ups” regulated by the FCA, Marble Bar Asset Management (“MBAM” or the “Firm”) is required to comply with the applicable rules in COBS 2.2.B transposing aspects of Article 3g of SRD II.

As an investment manager of primarily alternative products (long-short strategies), it should be noted that investments in shares form only a very small proportion of MBAM’s overall assets under management. As a result, MBAM has chosen at this stage not to implement an engagement policy pursuant to the Article 3g requirements.

Nevertheless, the Firm does take matters of engagement seriously in how it conducts its business on behalf of its clients. The Firm’s general approach is outlined below.

Monitoring and Dialogue with Investee Companies

In analysing and monitoring their investee companies, MBAM's investment teams will consider various different aspects, including, but not limited to, matters of financial and non-financial performance, capital structure, social and environmental impact and corporate governance.

MBAM's individual investment teams have regular contact with, and attend meetings with investee companies or their brokers. In addition, MBAM's investments teams have at their disposal various tools and resources they can utilize to monitor their investee companies. These include, for example: company financial reports, press releases and presentations, regulatory filings, sell-side research, information platforms (e.g. Bloomberg), industry conferences and trade shows.

Meetings with investee companies enable the Firm's investment teams to raise matters of concern, provide critical feedback, and discuss issues that may present a potential material risk to a company's long-term financial performance.

MBAM's long-short strategies generally look for a range of management attributes, including consistency of strategy, a successful track record and demonstration of a strong management team with good corporate governance. The Firm's investment teams consider corporate governance issues presented by resolutions at Annual General Meetings (AGMs) and Extraordinary General Meetings (EGMs) and refer to external professional judgement and market research available.

Exercising Voting Rights

Due the size and nature of its business, it is highly unlikely that MBAM will engage in proxy voting. On the occasion where voting is undertaken, the Firm's policy is always to act in the best interests of its clients. Votes are considered on an individual basis and may take many factors into account. MBAM may vote for or against resolutions but may also abstain from voting depending on the matter under consideration.

When corporate governance issues arise, the Firm will seek reassurance from the company that the issue is being addressed, or satisfy itself that it is happy with the way things stand. In every case, the Firm will continue to monitor the situation.

MBAM's Proxy Voting Policy is available to investors and potential investors on request.

Cooperation with other shareholders

MBAM does not currently intervene on a joint basis with other institutions on particular issues to influence company strategy. Occasions on which the Firm participates in collective action are likely to be infrequent. MBAM considers the meetings with investee companies to be a highly effective mechanism for raising matters that are of concern. However, MBAM may consider consulting and/or cooperating with other shareholders where such action is believed to be in the best interests of its clients, and where there are controls in place to facilitate the sharing of information and guidelines as to how collaborative engagement should be undertaken between companies.



Managing Conflicts of Interest

MBAM aims to conduct its business according to the principle that it must act in the best interests of its clients and manage conflicts of interest fairly, both between the Firm and its clients and between one client and another. MBAM maintains a Conflicts of Interest policy which aims to identify and address all potential conflicts, including those that arise as a result of share ownership and the active engagement with companies. This policy is made available to clients on request.

This statement will be reviewed annually and, if applicable, updated to reflect changes in circumstances and practice.