
Responsible Investment Policy

Introduction

Stenham is proud to provide a high standard of service and investment management to its clients, while constantly ensuring that ethical rules as applicable to a financial services firm are adhered to. As a financial institution, our ethical standards should be such that our clients trust that we deliver on our investment objectives whilst operating at the highest level of integrity. We have also long held the belief that success comes not only from fulfilling our financial objectives, but in creating a business that invests in its people, culture, processes and surrounding communities. Business that can achieve all of the above should have greater longer-term success than those that seek to deliver on financial metrics alone. With that in mind we decided in 2019 to formalise our responsible investment approach.

What is Responsible Investment?

Responsible investment is an approach to investing that aims to incorporate environmental, social and governance (“ESG”) factors into investment decisions to better manage risk and generate sustainable, long-term returns. In a world that is faced with increasing challenges that are not solely financial, it has never been more important to consider the implications that other factors, such as climate change, will have on businesses and to be able to assess how businesses are addressing such risks. We fully recognise that the integration of ESG factors can lead to superior long-term returns while at the same time having a beneficial impact over the long-term on the environment, on society and on our business through best in class governance.

Our Approach

Our investment style is focused on capital preservation and our duty to clients is to deliver strong risk adjusted returns by avoiding extreme loss while finding managers that deliver sustainable alpha. In order to do that we must understand and quantify all measurable risks. As noted above we believe that ESG factors are an increasing component of such risks, however we do face some challenges. We invest across a number of asset classes, with some strategies taking a very short-term time horizon. The data available on ESG factors varies by asset class and strategy with limited ability to assess ESG metrics in a systematic way. As this improves over time, so too will our ability to assess such factors. Our main area of focus to date has been on governance factors, something which has been an inherent part of our investment process for many years. We have a dedicated Operational Due Diligence team (“ODD”) which is responsible for assessing every aspect of a business’s operations, including but not limited to:

- Organisational structure - ensuring there is adequate segregation of duties, employees are adequately qualified and experienced, boards are diverse and correctly structured and there is not an unusual level of employee turnover.
- Conflicts of interest – ensuring that any conflicts are correctly identified and managed.
- Legal, regulation and compliance – ensuring that the correct procedures, people and process are in place to correctly implement and monitor legal or regulatory requirements.
- Risk management – ensuring that the manager is operating in accordance with its stated objectives and risk management policies.
- Internal processes– ensuring the correct control measures and systems are in place.
- Third party service providers – ensuring there is not excessive counterparty risk and that each service provider has the correct controls and procedures in place.
- Transparency – ensuring we get adequate information to correctly assess risks present at both an operational and investment perspective.
- Pricing and valuation – ensuring there is independent verification of the assets and pricing of the portfolio.

Stenham's standardized ODD report rates each of the above areas independently, from 'A – Excellent' to 'E- Very Poor'. This analysis results in Approved or Not Approved status. Any fund receiving an E in any one area of its operations is automatically rejected. Only Approved Funds can be put forward to the Investment Advisory Committee for review. A detailed ratings matrix outlines our expectations of findings in each area. It is important that the ODD team has power of veto over fund approvals and has exercised this veto on a number of occasions when an investment did not meet the necessary requirements.

While this process is focused on governance and does not explicitly set out environmental and social factors, we have established a similar process for collecting such information from underlying managers. Based on the strategies in which we invest, which means we are exposed to a range of different asset classes and thousands of instruments, it is difficult to ensure full ESG compliance. Therefore, at this stage we seek to understand our underlying managers' approach to ESG. We request that all existing and prospective managers respond to our request to complete the PRI Responsible Investment DDQ. A ratings matrix similar to the above has been created based on our expectations of answers to each of the questions in the DDQ. Given the complexity of the underlying investments, we have not at this stage set out criteria for exclusion or not approving a manager, other than on governance factors as covered under ODD. However the completion of the ratings matrix, gives us a greater understanding of the approach each of our underlying managers take and where we have the opportunity to engage with those who could make improvements.

We would note however, that as part of our overall policy, any manager that had significant, discretionary exposure to investments believed to be environmentally or socially harmful would also be vetoed.

Our Business

ESG considerations are not only important as part of our investment approach but inherent in the day to day running of our business. As such we commit to the following:

- Environmental
 - We track our carbon footprint through our use of electricity and business travel and commit to offsetting this through a carbon offset programme via myclimate.org.
 - We make all applicable business purchases via EasyFundraising.com which donates a percentage of the purchase amount to Earthwatch, an environmental organisation that seeks to drive change through science and education.
 - We promote the use of recyclable materials in our workplace.
- Social
 - We contribute to the local community and encourages employees to volunteer and contribute to charity.
 - We provide internships and work experience opportunities for those that might not otherwise have access to such an opportunity.
 - We provide our employees with a proper working environment that is fair, respectful and based on each and everyone's commitments to integrity towards all our stakeholders.
 - We treat all employees and candidates on an equal and fair basis, without discrimination based on age, race, gender, colour, sexual tendency, ethnicity, physical ability, religion or political views. We encourage diversity and tolerance towards each other – both with regard to employees and external stakeholders.
- Governance
 - We operate at the highest level of integrity at both the investment and operational level.
 - Our boards are fair and diverse and our fund boards have at all times, at least two independent directors.
 - We continuously aim for best practice in all areas of our business.

At all times we seek to evaluate and improve how we operate in accordance with the above.

UNPRI

In May 2019 Stenham became a signatory to the UNPRI (www.unpri.org) to further embed our core values with respect to ESG. As such we commit to the following Six Principles:

Principle 1	We will incorporate ESG issues into investment analysis and decision-making processes.
Principle 2	We will be active owners and incorporate ESG issues into our ownership policies and practices.
Principle 3	We will seek appropriate disclosure on ESG issues by the entities in which we invest.
Principle 4	We will promote acceptance and implementation of the Principles within the investment industry.
Principle 5	We will work together to enhance our effectiveness in implementing the Principles.
Principle 6	We will each report on our activities and progress towards implementing the Principles.

For further information on Stenham’s Responsible Investment Policy, please contact:



Lynda Stoelker
 Director and Head of Investor Relations
 E-mail: lynda.stoelker@stenham.com
 Tel: +44 20 7079 6625

Disclaimer

This document relates to the services of the asset management division of the Stenham Group and certain both regulated and unregulated collective investment schemes (the “Funds”) as defined in the Financial Services and Markets Act 2000 (“FSMA”). It has been approved by Stenham Advisors Plc. The Funds have not been authorised or otherwise approved by the Financial Conduct Authority. This communication is directed only at, and the units to which this communication relates are available only to, such persons who satisfy the criteria for one or more of the following : (a) an investment professional, being a person having professional experience of participating in unregulated schemes within the meaning of article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) Order 2001, as amended (the “CIS Promotion Order”); (b) a certified high net worth individual, being an individual who has signed, within the preceding 12 months, a statement complying with Part I of the Schedule of the CIS Promotion Order; (c) a high net worth company, unincorporated association etc, being an entity to which article 22(2) of the CIS Promotion Order applies; (d) a certified sophisticated investor, being a person: (i) who has a current written certificate signed by an authorised person stating that the person is sufficiently knowledgeable to understand the risks associated with participating in unregulated schemes; and (ii) who has signed, within the preceding 12 months, a statement in the terms set out at article 23(1) of the CIS Promotion Order; (e) an association of high net worth or sophisticated investors within the meaning of article 24 of the CIS Promotion Order; and (f) any other person to whom it may otherwise be lawfully communicated, including, where the communicator is an authorised person, those persons listed in rule 4.12 of the Conduct of Business Sourcebook of the FCA Handbook (“COBS”); (collectively, “Exempt Recipients”). It is not intended for Retail clients.

This communication is exempt from the scheme promotion restriction in section 238 of FSMA on the communication of invitations or inducements to participate in unregulated schemes on the grounds that it is made to Exempt Recipients. It is a condition of your receiving this communication that you are, and you warrant to Stenham Advisors Plc that you are an Exempt Recipient. Persons who do not satisfy the criteria to be an Exempt Recipient should not rely on this communication nor take any action upon it, but should return this communication immediately to Stenham Advisors Plc at 180 Great Portland Street, London W1W 5QZ.

This communication is confidential and intended solely for the person to whom it is delivered. No part of this communication may be reproduced in any form or by any means or re-distributed without the prior written consent of Stenham Advisors Plc. This communication should not be construed as an offer to sell any investment or service. This communication does not constitute the solicitation of an offer to purchase or subscribe for any investment or service in any jurisdiction where, or from any person in respect of whom, such a solicitation of an offer is unlawful. This communication does not constitute investment advice or a personal recommendation. If you are in doubt about the units to which this communication relates, you should consult an authorised person specialising in advising on participation in unregulated schemes. The information in this communication has been prepared in good faith, however, no representation or warranty, expressed or implied, is or will be made and no responsibility or liability is or will be accepted by Stenham Advisors Plc or its officers, employees or agents in relation to the accuracy, completeness or fitness for any purpose of this communication. Past performance is not a reliable indicator of future results. The information stated, opinions expressed and estimates given are subject to change without prior notice.

The services described are provided by Stenham Advisors Plc or by its subsidiaries and/or affiliates in accordance with appropriate local legislation and regulation. Certain products and services may not be available in all locations or to all Stenham Advisors Plc clients.

Stenham Advisors Plc is authorised and regulated by the Financial Conduct Authority.