

Avenue Europe Management, LLP

UK Stewardship Code Disclosure Statement 2017

Under COBS 2.2.3R of the Conduct of Business Sourcebook of the Financial Conduct Authority (“FCA”), Avenue Europe Management, LLP (the “Firm”) is required to make a public disclosure in relation to the nature of its commitment to the Financial Reporting Council’s Stewardship Code, which was published by the Financial Reporting Council (“FRC”) in July 2010 and revised in September 2012 (the “Code”).

The Code aims to enhance the quality of engagement between institutional investors and companies to help improve long-term risk-adjusted 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 institutional investors 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. As such, the FRC further recognises as legitimate that some institutional investors will not engage with companies, depending on their investment strategy, and in such cases institutional investors are required to “explain” why it is not appropriate to comply with a particular principle.

So as to protect and enhance the value that accrues to the ultimate beneficiary, the seven principles of the Code state that institutional investors should :

1. Publicly disclose their policy on how they will discharge their stewardship responsibilities;
2. Have a robust policy on managing conflicts of interest in relation to stewardship which should be publicly disclosed;
3. Monitor their investee companies;
4. Establish clear guidelines on when and how they will escalate their stewardship activities;
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.

Avenue Capital Group, which includes the Firm, one Hong Kong Securities and Futures Commission Type 9 licensed entity and four U.S. Securities and Exchange Commission (“SEC”) registered investment advisors, has robust corporate action and proxy voting policies. However, the Firm does not currently comply with the Code because it is a sub-advisor to Avenue Europe International Management, L.P., which is one of the aforementioned SEC registered investment advisors, and, therefore, does not engage in stewardship activities. Avenue Europe International Management, L.P. is responsible for such activities. As such, while the Firm generally supports the objectives that underlie the Code, the Firm does not consider it appropriate to commit to any particular voluntary code of practice relating to any individual jurisdiction.

As Avenue Europe International Management, L.P. is an SEC registered investment advisor, each investor in a private fund and each managed account client may obtain information on how it voted with respect to the securities of such fund or managed account, as applicable, and may obtain a copy of proxy voting policies and procedures by submitting a written request to Eric Ross, Chief Compliance Officer, at 399 Park Avenue, 6th Floor, New York, New York 10022 or by contacting Mr. Ross at 212 878 3500. Mr. Ross is also available for further details regarding any of the above information.

Should any of the above change, the Firm will review its commitment to the Code at that time and make appropriate disclosures.

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