



COMMANDER
ASSET MANAGEMENT

Commander Asset Management Limited

Stewardship Code Disclosure

April 2023

Commander Asset Management Limited (“CommanderAM” or “Firm”)

Stewardship Code Disclosure

Under the Financial Conduct Authority’s (“FCA”) Conduct of Business Rules 2.2A.5, CommanderAM is required to make a public disclosure on its website in relation to the nature of its commitment to the Financial Reporting Council’s (“FRC”) Stewardship Code.

The Code was first published by the FRC in July 2010 and it was updated in September 2012. Subsequently, the FRC published the new UK Stewardship Code 2020 (“2020 Code”), which took effect from 1 January 2020, and consists of 12 Principles for asset managers and asset owners, and six Principles for service providers.

The Code applies on a ‘comply or explain’ basis and is voluntary, aiming at enhancing the quality of engagement between institutional investors and companies, to help improve long-term returns to shareholders and provide for the efficient exercise of governance responsibilities by setting out good practice on engagement with investee companies that institutional investors should aspire to.

The FRC defines ‘stewardship’ as *‘the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.’*

The twelve 2020 Stewardship Code Principles are:

- **Principle 1:** Signatories’ purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.
- **Principle 2:** Signatories’ governance, resources and incentives support stewardship.
- **Principle 3:** Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.
- **Principle 4:** Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.
- **Principle 5:** Signatories review their policies, assure their processes and assess the effectiveness of their activities.
- **Principle 6:** Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.
- **Principle 7:** Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.
- **Principle 8:** Signatories monitor and hold to account managers and/or service providers.
- **Principle 9:** Signatories engage with issuers to maintain or enhance the value of assets.
- **Principle 10:** Signatories, where necessary, participate in collaborative engagement to influence issuers.
- **Principle 11:** Signatories, where necessary, escalate stewardship activities to influence issuers.
- **Principle 12:** Signatories actively exercise their rights and responsibilities.

CommanderAM supports the objectives of the Financial Reporting Council's UK Stewardship Code, which it recognises as best practice.

- CommanderAM is committed to being active stewards of its clients' assets and adhering to the highest standards of corporate governance and due diligence in respect of its investments.
- CommanderAM has long thought differently about how to approach investing. We believe it is possible to invest without the complexity, in a transparent predefined way.
- This systematic approach can be applied to any diversified tradeable bundles of stocks - global, regional (UK, US, Europe, Japan, Asia, Emerging Markets) and/or thematic e.g. ESG, megatrends, beliefs - and has been implemented through all of CommanderAM's strategies, notably our flagship Sustainable Global Systematic Equity fund.
- CommanderAM believes a simple mix of "equity stocks" alongside "cash" gives investors a clear and undisputed risk on / risk off foundation.
- CommanderAM intends to launch a UK NURS/OIEC. The global, long-only equity portfolio is aligned, using quarterly reviews, with the underlying regions and sectors within its equity benchmark index.
- The portfolio constituents are chosen (based principally on liquidity and sustainable / socially responsible investing "SRI" criteria) from a universe of companies with the "best-in-class" ESG ratings relative to their sector peers, according to external ESG research from MSCI; companies are excluded from this universe whose operations, products and/or services have negative impacts.
- CommanderAM's approach does not rely on other, often used, complications within equity market strategies; No complex financial derivatives (e.g. forwards, futures, options, swaps); No "short selling"; No "leverage"; No "day trading", high turnover of stocks or "high-frequency trading"; No attempt to profit from currency bets – CommanderAM's investment approach keeps the dynamic cash element in the same currency as its stock.
- CommanderAM intends to use the portfolio shareholdings to reinforce best practice corporate governance and ESG accountability through engagement and voting, using a Proxy to ensure transparency and clout.
- CommanderAM regularly internally reviews its policies and works with compliance consultants to ensure our policies best reflect our actions and meet the highest regulatory standards.

Whilst supporting the objectives underlying the Code and adhering to the highest standards of corporate governance and due diligence in respect of its investments, CommanderAM, having considered the 2020 Code, is not in a position to commit to the Code in its entirety. Should that change in the future, the Firm will review its commitment to the Code and update this disclosure accordingly. This disclosure will be reviewed at least annually.

For any questions regarding this disclosure, please email: james.rolfe@commanderfund.co.uk