

Lightman Investment Management Limited Stewardship Code Disclosure

Introduction

Under Rule 2.2.3R of the FCA's Conduct of Business Sourcebook, Lightman Investment Management Limited (the "Firm") is required to maintain a voting policy that is in line with interests of other long-term stakeholders in the investee company. Further, Financial Reporting Committee (FRC) also requires that the Firm include on this website 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, its alternative investment strategy. The Code sets out a number of principles relating to engagement by investors with UK equity issuers, as follows:

The twelve principles of the Code are that institutional investors should:

- 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;
- Signatories' governance, resources and incentives support stewardship;
- Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first;
- Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.
- Signatories review their policies, assure their processes and assess the effectiveness of their activities.
- Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.
- Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.
- Signatories monitor and hold to account managers and/or service providers.
- Signatories engage with issuers to maintain or enhance the value of assets.
- Signatories, where necessary, participate in collaborative engagement to influence issuers.
- Signatories, where necessary, escalate stewardship activities to influence issuers.
- Signatories actively exercise their rights and responsibilities.

<https://lightmanfunds.com/legal/disclaimer>

Background to the Firm

The Firm is UK based investment management firm focusing on investments in European equities listed on one or more of major European exchanges and regulated markets. The Firm currently makes all investments for the portfolio of UK and EU UCITS funds, as delegated portfolio manager.

The Firm pursues an investment strategy that expects the investee company's senior management to take relevant actions into unlocking the currently depressed market value of the investee company. The asset universe and the management action requirements for strategy success to which the Code is relevant. The Firm has accordingly created a Proxy Voting mechanism to allow conflict free exercise of voting rights and has included this document on its website to confirm compliance with FRC stewardship code.

Firm's Approach

It is important to note that the Firm is not a signatory to the FRC Stewardship Code. The Firm aims to follow the principles of the Code to the best of its abilities.

Its arrangements to consider the Code principles are listed below.

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;*

The Firm's investment strategy (and products) are designed with a long term investment objective (around 5 years).

As a small firm with limited resources and voting rights, the Firm has limited influence on the key management decisions taken by the investee companies. However, the Firm's investment philosophy relies strongly on the positive momentum generated by the senior management of the investee companies.

Accordingly, the Firm's investment team regularly engages with investor relations of its investee companies to share its expectations of the actions/inactions etc. of the investee companies.

2. *Signatories' governance, resources and incentives support stewardship;*

The Firm has created a responsible investment policy, stewardship policy, and reports on voting activity on an annual basis. The Firm has also appointed an established proxy voting advisor (Glass Lewis) to provide voting recommendations.

A key component of the responsible investment policy is to ensure that the Firm is able to participate in maximum ballots and vote on the basis of long term benefits of stakeholders.

3. *Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first;*

The Firm has created a conflict of interest policy and a conflict register. More importantly, the Firm does not engage in short term investments or quantitative strategies.

The current process of voting is independent of individual conflict as the proxy advisor recommendations are automatically and directly used for ballots. Further, the Firm being employee owned, the employees are working towards generating long term value for the Firm, which depends on the long term value creation of the underlying investee companies.

4. *Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.*

The Firm has limited influence over systemic financial events. However, the Firm has created a well-considered market abuse policy and ensures the principles are well implemented, through appropriate training and monitoring.

5. *Signatories review their policies, assure their processes and assess the effectiveness of their activities.*

The Firm conducts annual assessment of its compliance infrastructure. Compliance forms a standard agenda item of the Management Committee and is discussed at length in general day to day operation of the Firm.

Policies and procedures are reviewed and refreshed regularly.

6. *Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.*

The Firm's investment team regularly engages with key institutional investors in the funds and gathers their views and opinions on pertinent matters such as responsible investing, ESG, stewardship etc. The detailed portfolio and several monitoring reports detailing portfolio's performance on metrics such as environmental performance, exercise of voting rights etc. are both shared directly with key institutional investors and published on Firm's website as part of regulatory and voluntary disclosures.

7. *Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.*

The Firm has created a responsible investment policy and as part of the policy the Firm has committed a minimum threshold of the portfolio as improving its environmental and/or social performance.

The Firm has registered its EU UCITS as an Article 8 SFDR product with commitment of a minimum 50% of the portfolio in economic activities that improve key environmental metrics.

The Firm has voluntarily signed up to the UNPRI and has become a supporter of the TCFD.

The Firm also regularly completes its own GHG footprint and offsets that using Gold Standard certified voluntary credits.

8. *Signatories monitor and hold to account managers and/or service providers.*

The Firm regularly engages with its service providers to ensure that the quality of products and services received from them remain in line with what is expected. This review includes quality of:

- Quality of key fund services such as fund administration, valuation, and registry services as these are important part of investor experience.
- Quality of fund reporting to ensure investors receive the required reports in a timely and comprehensive manner.
- Quality of research received from research providers to ensure the research remains relevant.
- Quality of execution received to ensure that investors don't lose out on market movement (or other priorities from time to time).

Such review takes place on a regular basis through a combination of meetings, reports, sign-offs etc.

9. Signatories engage with issuers to maintain or enhance the value of assets.

The Firm's investment team regularly discussed its own investment beliefs and expectations with the investor relations teams of investee companies. During such engagement, the investment team discussed about the key issues that it wants to see change, the typical industry standards it is observing in key areas, and future plans of the investee companies.

The Firm has a policy to keep its engagement with the senior management teams of the investee companies to a minimum, under its market abuse policy.

10. Signatories, where necessary, participate in collaborative engagement to influence issuers.

The Firm currently does not actively or directly engage with other stakeholders. This will be explored in the future, as required.

11. Signatories, where necessary, escalate stewardship activities to influence issuers.

The investment team regularly discusses key issues with the investor relations teams of the investee companies. The Firm believes that the investor relations teams have a much more holistic and comprehensive view of the company compared to many senior management individuals.

Where required, the Firm escalates issues to the senior management of the investee companies, but not beyond that, due to resource constraints.

12. Signatories actively exercise their rights and responsibilities.

The Firm has created a voting policy, appointed a proxy voting operator, and a proxy voting advisor with ESG recommendations.

Conclusion

The Firm has implemented various aspects of the FRC stewardship code, but it does not report on the compliance to the FRC.

The Firm has created a detailed responsible investment policy, responsible operational policy, voting policy, stewardship policy, and ensures that its operations and investments are in compliance with such policies.

The Firm has appointed a proxy voting advisor and relies on their recommendations to exercise voting rights. The Firm regularly engages with investor relations teams of investee companies to share expectations and feedbacks.

The Firm has voluntarily signed up to UNPRI, TCFD, and has registered a product as SFDR Art. 8.

The Firm has a small investment team and takes relatively smaller positions (less than 1% of the outstanding shares) and accordingly can exercise relatively low influence on the senior management.

Disclosures:

This document is owned by Lightman Investment Management Limited ("Lightman", "we", "us"). Lightman Investment Management Limited (FRN: 827120) is authorised and regulated by the Financial Conduct Authority ("FCA") as a UK MiFID portfolio manager eligible to deal with professional clients and eligible counterparties in the UK. Lightman is registered with Companies House in England and Wales under the registration number 11647387, having its registered office at c/o Buzzacott LLP, 130 Wood Street, London, United Kingdom, EC2V 6DL.

Target audience:

This document is intended for 'Eligible Counterparties' and 'Professional' clients only, as described under the UK Financial Services and Markets Act 2000 ("FSMA") (and any amendments to it). It is not intended for 'Retail' clients and Lightman does not have permission to provide investment services to retail clients. Generally, marketing documents are only intended for 'Eligible Counterparties' and 'Professional' clients in the UK, unless they are being used for purposes other than marketing, such as regulations and compliance etc. The Firm may produce marketing or communication documents for selected investor types in non UK jurisdictions. Such documents would clearly state the target audience and target jurisdiction.

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The collective investment scheme(s) – WS Lightman Investment Funds (PRN: 838695) ("UK OEIC", "UK umbrella"), and WS Lightman European Fund (PRN: 838696) ("UK sub-fund", "UK product") referenced in this document are regulated collective scheme(s), authorised and regulated by the FCA. In accordance with Section 238 of FSMA, such schemes can be marketed to the UK general public. Lightman, however, does not intend to receive subscription or redemption orders from retail clients and accordingly such retail clients should either contact their investment adviser or the Management Company Waystone Management (UK) Limited ("Waystone UK") in relation to any fund documents.

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Luxembourg umbrella and Luxembourg sub-fund are also approved for marketing to professional clients and eligible counterparties in the UK under the UK National Private Placement Regime (NPPR). UK registration numbers for the funds are as follows: Elevation Fund SICAV (PRN: 957838) and Lightman European Equities Fund (PRN: 957839). Please write to us at compliance@lightmanfunds.com for proof of UK registration of the funds.

Luxembourg sub-fund is also approved for marketing to qualified investors in Switzerland, within the meaning of Art. 10 para. 3 and 3ter CISA. In Switzerland, the representative is Acolin Fund Services AG, Leutschenbachstrasse 50, 8050 Zurich, Switzerland, whilst the paying agent is NPB Neue Privat Bank AG, Limmatquai 1 / am Bellevue, 8024 Zurich, Switzerland.

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