

The UK Stewardship Code

Under Rule 2.2.3R of the FCA's Conduct of Business Sourcebook, Kite Lake Capital must disclose on its website the nature of its commitment to the UK Financial Reporting Council's Stewardship Code (the "**Stewardship Code**") or, where it does not commit to the Stewardship Code, its alternative investment strategy. The Stewardship Code is a voluntary code that sets out a number of principles relating to engagement by investors with UK equity issuers.

Kite Lake Capital supports the objectives of the Stewardship Code, but has chosen not to commit to it. Kite Lake Capital pursues a multi-asset-class global event-driven strategy focusing on hard-catalyst events across the capital structure. The strategy is implemented through transactions involving merger arbitrage, major operational reorganisations, credit events, distressed situations and other significant corporate events.

UK equities will therefore normally represent a relatively small part of the firm's client portfolios, and will be held indirectly through swaps in almost all circumstances. Where this is the case, the firm will not have the right to exercise voting rights attaching to the shares. Where Kite Lake Capital does have the authority to exercise voting rights, it must do so in a way that it believes will maximise risk-adjusted returns for its clients. While the firm believe that this will often be consistent with the principles underlying the Stewardship Code, the decision-making process is necessarily focused on the relevant catalyst events. If an investment strategy is adopted by the firm to which the Stewardship Code can apply, the firm will reconsider its commitment to the Stewardship Code.