SHENKMAN CAPITAL MANAGEMENT LTD

MiFIDPRU 8 DISCLOSURE

STEWARDSHIP DISCLOSURE

SHAREHOLDER RIGHTS DIRECTIVE STATEMENT

30 JUNE 2023

SHENKMAN CAPITAL MANAGEMENT LTD
Fifth Floor|49 St James's Street|London|SW1A 1JT
Authorised and regulated by the Financial Conduct Authority

SHENKMAN

SHENKMAN CAPITAL MANAGEMENT LTD

MiFIDPRU 8 DISCLOSURE: 30 JUNE 2023

1. Introduction

Shenkman Capital Management Ltd (the 'Firm' or 'Shenkman') is authorised and regulated by the Financial Conduct Authority ('FCA'). The Firm is wholly owned by Shenkman Capital Management, Inc. (the 'Parent Company'), a traditional and alternative credit manager registered as an investment advisor with the U.S. Securities and Exchange Commission. Since its inception in 1985, the Parent Company's business has been focused on researching and investing across the entire capital structure of highly leveraged companies through in-depth, bottom-up, fundamental credit analysis. The Firm provides sub-advisory services, together with other ancillary support services, to its Parent Company.

Effective 1 January 2022, the Prudential Sourcebook for MiFID Investment Firms ('MiFIDPRU') and the MIFIDPRU Remuneration Code became the new prudential regime applicable to MiFID Investment Firms. Chapter 8 of MiFIDPRU ('MiFIDPRU 8') sets out public disclosure rules and guidance with which the Firm must comply.

The Firm is classified under MiFIDPRU as a small and non-interconnected firm (an 'SNI'). As such, the Firm is required by MiFIDPRU to comply with the core requirements of the MiFIDPRU Remuneration Code and disclose information regarding its remuneration policies and practices. The standard and extended remuneration requirements do not apply to the Firm.

2. General Information on Remuneration Arrangements

Shenkman's Remuneration Policy is designed to be proportionate to the nature, scale and complexity of the risks inherent in its business model and activities. The Firm seeks to ensure that its compensation arrangements:

- are in the line with the Firm's business strategy, objectives, values and its long-term interests, including those of its client;
- promote sound and effective risk management;
- include measures to avoid conflicts of interest;
- encourage responsible business conduct; and
- promote risk awareness and prudent risk taking.

To attract, motivate and retain talented individuals the Firm offers a highly competitive total compensation package. All team members receive a base salary and complete benefits package. The Firm also operates a discretionary bonus scheme and executive incentive scheme.

The remuneration structure is devised to reward team members for the manner in which they perform their roles as opposed to being formally tied to the performance of a particular fund, account or strategy for which team members may have responsibility, nor is it tied to targets in respect of asset raising. The Firm therefore considers its policy on remuneration to be consistent with, and promote, sound and effective risk management which does not encourage risk-taking that exceeds tolerated levels.

The Remuneration Policy has been reviewed and approved by the Firm's Board of Directors.

SHENKMAN

3. Fixed and Variable Components of Remuneration

Team members receive a base salary (fixed remuneration) and are eligible to receive a discretionary bonus (variable remuneration).

Base Salary:

When determining a team member's base salary, the following are examples of the components that are considered:

- Reference to equivalent roles in similar companies, including the Shenkman Group of Companies (the 'Shenkman Group'), if any.
- Skills and experience of the individual.
- Risks and responsibilities associated with the role.
- Salary expectations of the individual.

Discretionary Bonus:

The scheme is designed to incentivise long term individual performance. When determining a team member's discretionary bonus payment, the following are examples of the components that are considered:

- Performance of the Shenkman Group determines the available bonus pool. Such determinations are forward looking, and adjustments are made to ensure the integrity of the Shenkman Group's capital position, as well as that of the Firm. Furthermore, the Firm ensures that variable remuneration is only paid after it has satisfied its regulatory capital and liquidity requirements.
- Individual performance is formally assessed and documented in the Annual Performance Appraisal Process. Team member performance is assessed against the following non-financial criteria:

    1. Job knowledge
    2. Quantity and quality of work
    3. Professionalism
    4. Communication Skills
    5. Teamwork
    6. Problem Solving and decision making
    7. Initiative
    8. Organisation and planning
    9. Reliability and adaptability
    10. Leadership

The Firm may assess the performance of team members across various timeframes. In certain instances, such assessment may include, but is not limited to, an evaluation of performance across multiple years, such as when evaluating the individual's performance through a market or economic cycle, during an implemented change to Shenkman's business, or during a transition to a new role. Such assessments across multiple years are undertaken, when deemed pertinent, to help assure, where appropriate, that such longer-term considerations form an element of feedback and overall compensation outcomes.

All remuneration components are combined to ensure an appropriate total remuneration package that reflects the team member's seniority in the Firm and professional activity.

Whilst the ratio between the fixed and variable components of the total remuneration paid varies considerably between team members, the Firm believes that the fixed component represents a sufficiently high proportion of the total remuneration paid to team members to allow the Firm to pay no variable award, ensuring that a fully flexible policy on discretionary remuneration is maintained. Team members are fully aware of this possibility and the fully discretionary nature of the bonus is set out in employment contracts.

4. Governance and Oversight

Shenkman is not required to establish a Remuneration Committee. Furthermore, the current nature, scope and complexity of Shenkman's activities are not deemed to warrant this.

Instead, Mark Shenkman (Senior Manager and Director (and President of the Parent Company)) and Justin Slatky (Senior Manager and Director (and Executive Vice President, CIO and Senior Portfolio Manager of the Parent Company)) have ultimate approval of the bonuses paid to team members across the Shenkman Group, thereby providing appropriate independent challenge to the initial assessment made by Department Heads. The remuneration of the Shenkman Group's senior management is reviewed by the Parent Company's Board of Directors.

5. Quantitative Remuneration Disclosure

For the 1 July 2022 to 30 June 2023 fiscal year, the total amount of remuneration awarded to the Firm's team members was $2,472,754.29, of which $770,651.06 comprised the fixed component of remuneration, and $1,702,103.22 comprised the variable component.

This MiFIDPRU 8 Disclosure has been approved by the Firm's Board of Directors.

SHENKMAN

SHENKMAN CAPITAL MANAGEMENT LTD

STEWARDSHIP CODE DISCLOSURE: 30 JUNE 2023

Shenkman Capital Management Ltd (the 'Firm' or 'Shenkman') is authorised and regulated by the Financial Conduct Authority ('FCA'). Under FCA Rules, a firm that manages investments for professional clients is required to make a public disclosure on the nature of its commitment to the voluntary Stewardship Code (the 'Code'), as published by the Financial Reporting Council ('FRC'), referred to hereafter as the 'Disclosure Requirement'.

Effective from 1 January 2020, the Code has been substantially updated to apply to a broader range of asset classes beyond listed equities, to also include fixed income bonds, real estate and infrastructure. It also requires signatories to take account of material environmental, social and governance ('ESG') factors when fulfilling their stewardship responsibilities. Stewardship is defined in the Code 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 Code sets out twelve principles to be applied by asset managers on an 'apply and explain' basis covering matters such as purpose and governance, investment approach, engagement and exercising rights and responsibilities. To become a signatory to the Code, asset managers must submit a Stewardship Report to the FRC explaining how they have applied the Code's principles in the previous twelve months. The FRC will assess the report and if it meets the reporting expectations, the firm will be listed as a signatory to the Code.

Other than in circumstances invoked under formalised business continuity arrangements, the Firm is not currently providing portfolio management services on a discretionary basis. As such, it has not become a signatory to the Code. However, it is important to note that the Firm is supportive of the Code's objective with several of its principles being closely aligned with the Shenkman Group's approach to responsible investing and its ESG principles.

SHENKMAN CAPITAL MANAGEMENT LTD

SHAREHOLDER RIGHTS DIRECTIVE STATEMENT: 30 JUNE 2023

Shenkman Capital Management Ltd (the 'Firm' or 'Shenkman') is authorised and regulated by the Financial Conduct Authority ('FCA'). Under FCA Rules, derived from the EU Shareholder Rights Directive ('SRD II'), asset managers are required to adopt, on a 'comply or explain' basis, an engagement policy describing how an asset manager integrates in its investment strategy shareholder engagement relating to investments in shares traded on a regulated market ('investee companies').

Other than in circumstances invoked under formalised business continuity arrangements, Shenkman is not an asset manager for the purposes of the SRD II, as it is not engaged in portfolio management services on a discretionary basis. Furthermore, the Firm is not expected to invest in the shares of investee companies and, if it did, such activity would not form a material part of the investment strategy and expected only to be held as an investment ancillary to, or as a result of, a credit investment.

For these reasons, Shenkman has determined that it is not necessary or appropriate to adopt an engagement policy for the purposes of the SRD II. Shenkman shall periodically review its position under SRD II to determine whether an engagement policy should be adopted.