

Statutory Disclosure

Welwing Capital Group Limited is licensed to carry out Type 9 activity by the Hong Kong Securities and Futures Commission (CE#: BOP594), as well as registered as an Exempt Reporting Advisor with the Securities and Exchange Commission in the United States (CRD#: 306751). Welwing Capital Management (UK) LLP is authorised and regulated by the Financial Conduct Authority (FRN: 985443).

UK Regulatory Disclosures

Stewardship Code Disclosure

Under Rule 2.2.3R of the Financial Conduct Authority's ("FCA") Conduct of Business Sourcebook, Welwing Capital Management (UK) LLP ("Welwing Capital" or "the Firm"), to the extent it is managing investments for a professional client (as defined by the FCA), is required to disclose 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, explain its considered choice based on the Firm's investment approach. The Code is a voluntary code and sets out a number of principles relating to engagement by investors in UK-listed companies.

Welwing Capital pursues a global fixed income relative value investment strategy and as such invests across a variety of asset classes and markets globally. Exposure to UK listed issuers as part of that strategy is limited and where such exposure is taken it is not typically through investment directly into individual UK equities. Therefore, whilst Welwing Capital generally supports the objectives that underlie the Code, the nature of its investment strategy is such that its provisions are not materially relevant. The Firm has therefore chosen not to commit to the Code at this time.

SRD Disclosure

Under Rule 2.2B.5.R of the Financial Conduct Authority's ("FCA") Conduct of Business Sourcebook, Welwing Capital Management (UK) LLP ("Welwing Capital" or "the Firm"), is required to disclose whether it has an engagement policy in relation to the issuers of investments traded on a regulated market or comparable overseas market (the "Engagement Policy") or, where it does not comply with such requirements, to disclose why it has chosen not to do so. Given the Firm's investment approach it has chosen not to have an Engagement Policy for the reasons described below.

The Firm pursues a global fixed income relative value investment strategy and as such invests across a variety of asset classes and markets globally. Exposure to listed issuers on regulated or comparable markets is not a material element of that strategy and where such exposure is taken it is not typically taken on an activist investor basis. Therefore, an Engagement Policy has limited applicability to the Firm's investment strategy given its limited ability to exercise stewardship. Whilst the Firm supports the objectives that underlie the rationale for development of an Engagement Policy, the nature of its investment strategy is such that it means that it is not practical for it to formally engage with investee companies or carry out shareholder engagement activities at this stage although this remains under periodic review.

Modern Slavery Statement

Introduction

This statement is made by Welwing Capital Management (UK) LLP (“Welwing UK” or “the Firm”), pursuant to section 54 of the UK Modern Slavery Act 2015 (the “Act”) and in respect of the financial year ended 31st December 2023.

Business and Organisational Structure

Welwing Capital Group Limited and its affiliates (collectively, “Welwing”) is a global alternative investment manager that seeks to integrate fixed income arbitrage with global macro strategies. Welwing UK is a sub-investment manager to Welwing.

Welwing UK is a limited liability partnership incorporated in England and Wales and regulated by the UK Financial Conduct Authority to carry on investment management activities.

Welwing employs a workforce comprising employees, independent contractors and consultants who perform business and non-core functions. Most of these staff carry out highly-skilled activities and therefore the risk of these individuals being subject to Modern Slavery is very low.

Supply Chain

As a financial services business we have a limited supply chain comprised mostly of professional services companies such as institutional financial firms, financial data providers and information technology service companies that employ skilled labour in developed financial markets where the risk of Modern Slavery in such supply chains is low.

Welwing also receives services for certain non-core functions (for example office cleaning, catering and building facilities services) that may pose a higher risk of Modern Slavery.

We expect all of our suppliers to adhere to all applicable laws in conducting their businesses and to operate a fair and ethical workplace for their staff. Welwing will not tolerate modern slavery or human trafficking within its supply chain and, where applicable, we have contacted suppliers to remind them of our values and ethical standards.

Awareness and Training

We have existing policies in place that are relevant to addressing Modern Slavery, including a Staff Handbook, a Whistleblowing policy and policies related to the prevention of money laundering, bribery and corruption. Staff receive periodic training on modern slavery to ensure they remain vigilant and we expect any concerns about modern slavery to be raised via our Whistleblowing policy.

MIFIDPRU 8 Disclosure

Introduction

The Financial Conduct Authority (“FCA” or “regulator”) in the Prudential sourcebook for MiFID Investment Firms in the FCA Handbook (“MIFIDPRU”) sets out the detailed prudential requirements that apply to Welwing Capital Management (UK) LLP, (“Welwing” or the “Firm”). Chapter 8 of MIFIDPRU (“MIFIDPRU 8”) sets out public disclosure rules and guidance with which the Firm must comply, further to those prudential requirements.

Welwing is classified under MIFIDPRU as a small and non-interconnected MIFIDPRU investment firm (“SNI MIFIDPRU Investment Firm”). As such, the Firm is required by MIFIDPRU 8, more specifically under 8.6, to disclose certain information regarding its remuneration policy and practices and this document is designed to satisfy those requirements.

The purpose of MIFIDPRU 8.6 disclosure is to provide the reader with an understanding of the risk profile of the firm and/or the assets it manages through summary information on (1) our approach to remuneration, (2) the objectives of financial incentives and (3) the decision-making procedures and governance surrounding the development of the remuneration policies/practices.

This document has been prepared by Welwing in accordance with the requirements of MIFIDPRU 8 and we have provided information that we consider to be appropriate to our size and internal organisation, and to the nature, scope and complexity of our activities. Unless otherwise stated, all figures are as at the Firm’s 31st December financial year-end.

Qualitative Remuneration Disclosures

Approach and Objective of Remuneration

As an SNI MIFIDPRU Investment Firm, Welwing is subject to the basic requirements of the MIFIDPRU Remuneration Code (as laid out in Chapter 19G of the Senior management arrangements, Systems and Controls sourcebook in the FCA Handbook (“SYSC”)).

Welwing’s approach to remuneration is to have a remuneration policy and process which enables us to meet the remuneration requirements and promote sound and effective risk management and not encourage risk taking which is inconsistent with the risk profile of Welwing’s clients. We also recognise that remuneration is a key component in how we attract, motivate, and retain quality staff and in how those staff sustain consistently high levels of performance, productivity, personal growth and results which meet our firm’s strategic objectives. As such, the remuneration process must also have regard to broader market components, role specific or industry wide, as well as individual and firm performance.

Collectively, our remuneration policy and the financial incentives stemming from it have the objectives of:

- Promoting effective risk management in the long-term interests of the Firm and its clients;
- Ensuring alignment between risk and individual reward;
- Supporting personal growth, positive behaviours and healthy firm culture, on a consistent basis,
- Discouraging behaviours that can lead to misconduct and poor customer outcomes; and
- Meeting regulatory requirements.

In line with the Firm's core values with regard to equality, diversity and inclusion, we do not discriminate against gender or other such personal or cultural characteristics when assessing and awarding (or not awarding) remuneration.

Governance and Oversight

Following an assessment of the size, internal organisation, and nature, scope and complexity of our business, we have not appointed a Remuneration Committee. The LLP Executive Committee – which is the highest level of governance for the firm – is responsible for implementing Welwing's remuneration policy and practices and awarding compensation. The LLP Executive Committee:

- Is appropriately staffed to enable it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital, and liquidity across the entire business. The LLP Executive Committee is comprised of the Group COO, Group Head of Compliance, and a Senior Portfolio Manager. As a Partner and Senior Manager within the Firm, the Group Head of Compliance can ensure that any relevant compliance considerations are considered when setting individual remuneration awards.
- Prepares decisions regarding remuneration, including decisions that have implications for the risk and risk management of the Firm.
- Ensures that the Firm's remuneration policy and practices consider the long-term interests of stakeholders in the Firm.
- Ensures that the overall remuneration policy is consistent with the business strategy, objectives, values, and interests of the Firm and of its clients.

Welwing's remuneration policy and practices are reviewed at least annually by the LLP Executive Committee.

Welwing Remuneration Structure

Components of Remuneration

Remuneration is a total compensation number composed of base salary (fixed compensation) and discretionary bonus (variable compensation). Given the size and nature of the firm, we believe the best approach to meeting the objectives of our remuneration policy is to assess performance throughout the year and then conduct a formal annual review of compensation for all staff. We believe this provides strong incentive for staff to focus on their contribution to the firm within an appropriate timeframe to prove consistent delivery and motivate personal and professional development in line with our firm objectives.

Fixed compensation is set competitively, commensurate with market rates bearing in mind this is a primary reflection of professional experience and organisational responsibility set at a level to attract and retain skilled staff. Fixed compensation is contractual i.e., permanent, pre-determined, non-discretionary, non-revocable and not dependent on performance. The LLP Executive Committee has sought to set the fixed element of employee total compensation at a sufficient level to provide staff with comfortable living standards, which avoids reliance on the variable element of remuneration, whilst ensuring the Firm's capital and liquidity position remains strong.

Variable remuneration is paid on a discretionary basis and takes into consideration the Firm's financial performance and long-term performance of the individual in contributing to the Firm's success. All staff

members are eligible to receive variable remuneration where performance allows and payment of such an award does not weaken the financial stability of Welwing.

Summary of Financial and Non-Financial Performance Criteria

The financial and non-financial performance criteria used across the Firm in assessing variable compensation include:

Firm level criteria

- Assets under management and investment performance
- Outlook and risks for the Firm in the future
- Outlook for the market/competition for staff

Business unit criteria

- As a small firm, we focus on role specific criteria for individuals which gives us better granularity on performance than setting business unit criteria

Individual staff member level criteria

- Performance of the individual personally – their productivity and contribution to the business and team in line with their role and defined objectives and/or target metrics
- The value of the staff member to the Firm as determined by the LLP Executive Committee, and the staff member's contribution to its strategy and overall objectives
- Adherence by the staff member to the Firm's policies and procedures including compliance policies and risk limits
- For investment management staff, formula-based remuneration tied to their individual portfolio performance

Overall, we consider that the fixed and variable components of remuneration are appropriately balanced: the fixed component represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible policy on variable remuneration. This allows for the possibility of the Firm not paying a variable remuneration component in certain situations, such as where the Firm's profitability performance is constrained, or where there is a risk that the Firm may not be able to meet its capital or liquidity regulatory requirements.

Quantitative Remuneration Disclosure

For the financial year 1st January 2023 to 31st December 2023, the total amount of remuneration awarded to all staff, including pension, was £222,083, of which £222,083 comprised the fixed component of remuneration, and £0 comprised the variable component. For these purposes, 'staff' is defined broadly, and includes employees of the Firm and the Partners, but where relevant employees of other entities in the group.