



# SHENKMAN CAPITAL MANAGEMENT LTD

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**MIFIDPRU 8 DISCLOSURE**

**REMUNERATION CODE DISCLOSURE**

**STEWARDSHIP DISCLOSURE**

**SHAREHOLDER RIGHTS DIRECTIVE STATEMENT**

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**30 JUNE 2022**

## SHENKMAN CAPITAL MANAGEMENT LTD

### MiFIDPRU 8 DISCLOSURE: 30 JUNE 2022

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. Prior to this, the General Prudential Sourcebook ('GENPRU') and the Prudential Sourcebook for Banks, Building Societies and Investment Firms ('BIPRU') applied.

Shenkman Capital Management Ltd (the 'Firm' or 'Shenkman') is authorised and regulated by the Financial Conduct Authority ('FCA'). 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.

Since the MiFIDPRU Remuneration Code applies to performance periods starting on or after 1 January 2022, a disclosure under MiFIDPRU 8 has not been made for this 1 July 2021 to 30 June 2022 performance year. Instead the Firm has made a SYSC 19C BIPRU Remuneration Code disclosure to summarise its remuneration practices (see below) and will publish a MiFIDPRU 8 disclosure as soon as is reasonably practicable following the Firm's 30 June 2023 fiscal year-end.

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## SHENKMAN CAPITAL MANAGEMENT LTD

### REMUNERATION CODE DISCLOSURE: 30 JUNE 2022

#### 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 global investment advisory firm registered with the U.S. Securities and Exchange Commission. Shenkman provides investment advisory, trading, marketing and support services to its Parent Company.

Shenkman has adopted a Remuneration Policy in accordance with SYSC 19C BIPRU Remuneration Code (the 'Code'), SYSC 19F Remuneration and Performance Management and the General Guidance on Proportionality (the 'Guidance'). The Remuneration Policy seeks to ensure that Shenkman's compensation arrangements:

- are consistent with and promote sound and effective risk management;
- do not encourage excessive risk taking;
- include measures to avoid conflicts of interest; and
- are in line with the Firm's business strategy, objectives, values and long-term interests.

#### 2. Proportionality

Shenkman has not established a Remuneration Committee as, on the grounds of proportionality, it does not consider it is suitably significant in terms of its size and internal organisation. Furthermore, the current nature, scope and complexity of Shenkman's activities are not deemed to warrant this.

In accordance with the Guidance and the Code's proportionality rule, Shenkman considers it appropriate, on a firm wide basis, to disapply the following requirements relating to remuneration structures:

- retained shares or other instruments;
- deferral;
- performance adjustment; and
- the ratios between fixed and variable components of total remuneration.

Consideration has also been given to the FCA's stated position that it will normally be appropriate for a BIPRU firm to disapply these provisions. There is nothing when considering Shenkman's size, internal organisation and nature, scope and complexity of its activities that is deemed to override this presumption.

### **3. Link between Pay and Performance**

Shenkman seeks to ensure that its Remuneration Policy is in line with its business strategy, objectives, values and long-term interests, incorporating measures to mitigate conflicts of interest. The remuneration structure is devised to reward team members for the manner in which they perform their roles as opposed to being tied in a linear fashion to, for example, the underlying performance of any portfolios or assets raised.

To attract and retain talented individuals Shenkman offers a highly competitive total compensation package. All team members receive a base salary, complete benefits package and are eligible to receive a discretionary bonus.

With the exception of the executive incentive scheme, which provides certain senior team members with the opportunity to purchase equity in the Parent Company, and exceptional payments permitted under the guaranteed remuneration provisions, all compensation is encompassed in base salaries and the discretionary bonus scheme.

### **4. Decision Making Process**

Each Department Head will recommend a suitable discretionary bonus sum based on predicated factors such as individual performance, firm performance and meeting corporate objectives. Apart from the Firm's Credit Analyst, where a portion of their bonus is dependent on the quality of their investment recommendations, there is no formal methodology for determining the level of bonus awarded to team members. Any discretionary element of remuneration will also take into account a team member's commitment to Shenkman's compliance culture and adherence to compliance policies and procedures.

Mr. Mark Shenkman (President and Founder of the Parent Company and Director and Senior Manager of Shenkman) and Mr. Justin Slatky (Executive Vice President, Chief Investment Officer and Senior Portfolio Manager of the Parent Company and Director and Senior Manager of Shenkman) has ultimate approval of the discretionary bonuses paid to team members, with oversight from the Parent Company's Board of Directors, thereby providing appropriate independent challenge to the initial assessment made by Department Heads.

### **5. Remuneration of Code Staff**

Shenkman considers that there is only one business area within the Firm. Further information on the remuneration paid to employees and directors is set out in Shenkman's Annual Report and Financial Statements which is publicly available from Companies House. Shenkman has defined its Code Staff as including its directors and senior managers. For the financial year ending 30 June 2022 the aggregate remuneration awarded to Shenkman's Code Staff was \$2,229,806.25

This includes team members who have been Code Staff at Shenkman for any part of the year.

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## **SHENKMAN CAPITAL MANAGEMENT LTD**

### **STEWARDSHIP CODE DISCLOSURE: 30 JUNE 2022**

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.

Shenkman is not subject to the Disclosure Requirement as it is not currently providing portfolio management services on a discretionary basis. 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.

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## **SHENKMAN CAPITAL MANAGEMENT LTD**

### **SHAREHOLDER RIGHTS DIRECTIVE STATEMENT: 30 JUNE 2022**

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'), 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 shares traded on a regulated market ('investee companies').

Shenkman is not an asset manager for the purposes of the SRD as it is not currently providing portfolio management services on a discretionary basis. Further, Shenkman does not currently execute orders in the shares of investee companies. For these reasons, Shenkman has determined that it is not appropriate to adopt an engagement policy for the purposes of the SRD.