

LEGAL DISCLOSURES

RK Investment Management Limited

FCA Number: 790058

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1 Conflicts of Interest Policy

RK Investment Management Limited ("RK Inv") is authorised and regulated by the Financial Conduct Authority under number 790058. This policy sets out in summary how RK Inv identifies, seeks to eliminate and where elimination is not possible to effectively manage and disclose conflicts. This policy is a public document and supplements further internal policies and procedures.

2 Basis of the Policy

RK Inv believes the success of its business depends on clients' confidence in the integrity and professionalism of its personnel. Integrity requires, among other things, being honest and candid. Deceit and subordination of principle are inconsistent with integrity.

The FCA has a series of overarching principles that set out at a high level how firms are expected to operate. Under the FCA's Principle for Business, Principle 8 (Conflicts of Interest), RK Inv are required to pay due regard to the interests of each client and to manage any conflicts of interest fairly, both between itself and its clients and between a client and another client¹.

3 What does our conflict of interest policy aim to achieve?

Identify any potential circumstance which may give rise to conflicts of interest, and which pose a material risk of damage to clients' interests:

- (i) establish and maintain procedures that whenever possible prevent conflicts of interest arising;
- (ii) if a conflict exists consider whether it is possible to eliminate the conflict;
- (iii) if a conflict exists, establish appropriate mechanisms and systems to manage those conflicts;
- (iv) maintain systems in an effort to prevent actual damage to clients' interests through the identified conflicts; and
- (v) where conflicts cannot be avoided, to make sufficient disclosure to the client such that the client is able to make an informed decision based on the conflict.

4 What is a Conflict of Interest?

Conflicts of interest appear in situations where RK Inv:

- (i) is likely to make a financial gain, or avoid a financial loss, at the expense of the client;

¹ The specific rules for dealing with conflicts of interest can be found under the Senior Management Systems and Controls (SYSC) section of the FCA rules.

- (ii) has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- (iii) has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- (iv) carries on the same business as the client;
- (v) manages a cost on behalf of a client e.g. if RK Inv manage investments that incur commissions or other costs which are borne by the client;
- (vi) if management or staff trade in the same or similar financial instruments as their clients;
- (vii) advises you to invest in a fund managed by us; or
- (viii) receives (or will receive) from a person, other than the client, an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

5 What do we do about conflicts?

RK Inv has sought to identify conflicts of interest that exist in its business and has put in place measures it considers appropriate to the relevant conflict in an effort to avoid or if unavoidable: monitor; manage; and control the potential impact of those conflicts on its clients. RK Inv monitors and regularly evaluates the adequacy and effectiveness of its systems, internal control mechanisms and arrangements in relation to conflicts of interest and will take appropriate measures to address any deficiencies.

5.1 Dealing on own account

RK Inv does not deal on its own account. RK Inv is never a counterparty to any trade with a client. RK Inv never has any positions in financial instruments it is trying to exit. RK Inv never tries to exit by selling them to a client nor does it ever try to build up a position in financial instruments for its own benefit by buying shares or other instruments from a client.

5.2 Investment by the principals of RK Inv alongside investment by clients

As part of RK Inv's alignment of interests with their investors the principals and employees of RK Inv make investment into funds managed by RK Inv. Such investment is pari passu with the investment made by investors.

5.3 Conflicts between clients

RK Inv has clear policies to deal with the potential situation whereby more than one fund may invest in any project. These policies are clearly stated in the offering documents for the funds and in our Conflicts of Interest Policy.

5.4 Client Orders

RK Inv does not take orders from clients.

5.5 Personal Account Dealing

RK Inv operates a personal account dealing regime and the rules are signed off as understood by all relevant employees regardless of their position within the company. The policy is designed to properly avoid/manage conflicts of interest between trading by staff and trading by the firm on behalf of clients.

5.6 Funds Managed by RK Inv

RK Inv manages certain funds and receives management and performance fees for doing so. A potential conflict of interest arises due to the asymmetrical impact of performance fees. RK Inv operates a strict risk management policy that is designed to prevent excessive risk taking. RK Inv believes long-term performance fees align the interests of the firm with those of its clients and the management are committed to the long-term success of the firm.

5.7 Gifts and Entertainment

RK Inv has strict rules regarding the receipt of gifts and entertainment. Employees are not allowed to accept gifts, entertainment or any other inducement from any person which might lead them to benefit one client at the expense of others when conducting investment business. In order to achieve this, RK Inv has a policy whereby all gifts and entertainment above pre-set limits have to be approved by the Compliance Officer. The Compliance Officer will only sanction occasional items above the pre-set limits if they are satisfied that the acceptance of the gift or entertainment does not generate a conflict.

5.8 Regulatory Walls

Where appropriate RK Inv will manage conflicts of interest by the establishment and maintenance of internal arrangements restricting the movement of information within the firm. This requires information held by a person in the course of carrying on one part of our business to be withheld from (or not to be used by) persons with or for whom RK Inv act in the course of carrying on another part of their business. Such an arrangement is referred to as a Regulatory (previously Chinese) Wall and can include hierarchical separation and physical barriers between the activities likely to involve conflicts of interest, thereby aiming to prevent any undue transmission of information.

5.9 Remuneration Policy

RK Inv has a remuneration policy that is designed to reward staff for their performance. RK Inv regard the fair treatment of clients as critical to their success and when deciding how to reward staff. The compliance of staff with compliance processes and the commitment to the fair treatment of client are a key part of the remuneration decision.

5.10 Disclosure

As a last resort, where there is no other means of managing the conflict, or where the measures in place do not, in RK Inv's opinion, sufficiently protect the interests of the client, the conflict of interest will be disclosed to the client to enable an informed decision to be made by the client as to whether they wish to continue doing business with RK Inv in that particular situation.

5.11 Declining to Act

Where RK Inv considers it is not able to manage the conflict of interest in any other way, it may decline to act for the client.

6 Shareholders Rights Directive/Stewardship Code/Proxy Voting Policy

RK Inv provides discretionary investment management services to specialist funds (“Fund / Funds”) involved in the financing of mines. RK Inv acts solely as a fund manager and does not invest its own money; however, the principals of the fund management company are substantial investors in the Funds. The Funds are only sold to institutional investors. The Funds that RK Inv advise provide senior secured lending to the mining sector. The Fund does not normally take equity stakes in the companies it advances loans to but occasionally receives, as part of the loan package, a non-material equity position in the company and may also receive shares / warrants as part of the overall loan structure compensation. Where the Fund does receive listed shares, absent any restrictions on the sale of such shares, the policy is to commence a program to dispose the listed shares at the earliest appropriate opportunity subject to compliance obligations. As part of the provision of loans to the counterparties, voting rights only accrue to the Funds in the unlikely event that an enforcement event occurs. An enforcement event occurs when a company has defaulted on its commitments or has committed a serious breach of the loan covenants. As a result of the above RK Inv cannot and does not routinely vote any securities.

This statement will be reviewed at least on an annual basis and when necessary to reflect changes in actual practice.

Should you require further information on RK Inv’s approach please contact us at: compliance@rkim.co.uk.

6.1 Shareholders Rights Directive

Given the nature of the investment strategy the provisions of the directive are not applicable to RK Inv / the Fund and as such RK Inv does not have or need an engagement policy, that is a policy that describes how RK Inv / the Fund engages with Companies that are invested in.

6.2 Proxy Voting Policy

Given the nature of the investment strategy the Fund will normally not have any securities to vote, however when it does the proxy voting policy is that the Fund will not vote.

6.3 Stewardship Code

Under COBS 2.2.3R of the FCA Handbook RK Inv is required to make a public disclosure in relation to the nature of our commitment to the UK Financial Reporting Council’s Stewardship Code (“the Code”), published in July 2010, and updated in September 2012 and December 2019.

RK Inv supports the principles underlying the Code but given the nature of the investment strategy not all aspects of the Code are applicable to our business.

1. [Principle 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.](#)

A key part to the investment process is an examination of the environmental, social and governance aspects of the projects that the Funds provides finance to. The Fund provides medium to long term project finance in a very specialist area. RK Inv has specialist expertise, including its employees which enables it to generate returns for the Funds investors. The Fund also appoints specialist advisors to provide additional advice including but not limited to ESG, mining specialists and legal. The projects the Fund invest in have key sustainable benefits for the local communities and countries in which they are located.

2. [Principle 2: Signatories' governance, resources and incentives support stewardship.](#)

The Fund or RK Inv have no ability to influence the management of the companies that the Fund provides finance to (other than on the completion of an enforcement action). Extensive due diligence is undertaken before making any loan. The principals of RK Inv are substantial investors in the Fund and this aligns their interest with that of investors.

3. [Principle 3: Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.](#)

RK Inv has a comprehensive conflicts of interest policy, please refer to RK Inv's Compliance Manual. RK Inv does not invest its own cash and the principals of RK Inv do not invest in competition with any fund they manage. The principals of RK Inv are substantial investors in the Funds and this promotes alignment of interest.

4. [Principle 4: Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.](#)

This principle is not applicable to RK Inv's business. RK Inv is not involved in listed markets other than occasionally it may sell shares that the Funds received as part of their compensation. Such stakes are usually immaterial.

5. [Principle 5: Signatories review their policies, assure their processes, and assess the effectiveness of their activities.](#)

RK Inv reviews all policies, process and procedures on at least an annual basis. The Board of the Funds (which is independent to RK Inv) and investors are provided with formal quarterly updates where the activities of the Fund are discussed and reviewed.

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

The Board of the Funds (which is independent to RK Inv) and investors are provided with formal quarterly updates where the activities of the Fund are discussed and reviewed.

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

A comprehensive environmental, social and governance (“ESG”) policy and process forms part of the decision to provide finance to the Funds’ counterparties. Investments require extensive due diligence by external ESG consultants prior to a decision to invest and as part of the investment ongoing monitoring is required to be provided.

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

Not applicable as RK Inv has no sub-manger or relevant service providers. RK Inv actively monitors all service providers to the Funds to seek to ensure that they are delivering high quality services at a competitive cost.

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

The structure of the Funds’ investments ensures there is no opportunity to enhance the value of assets. RK Inv seeks to maintain the value of assets via regular dialogue with counterparties and monitoring of covenants.

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

Given the nature of the Funds’ investments, RK Inv does not have the opportunity to participate in collaborative engagement to influence issuers except in a situation where covenants have been breached or insolvency, collectively a “Enforcement event”. In the

event of an Enforcement event RK Inv will consider engaging with other stakeholders with the aim of obtaining the best outcome for the Funds investors.

11. [Principle 11: Signatories, where necessary, escalate stewardship activities to influence issuers.](#)

Given the nature of the Funds' investment RK Inv does not have the ability to influence issuers as RK Inv does not have any voting rights.

12. [Principle 12: Signatories actively exercise their rights and responsibilities.](#)

The nature of the investments made does not entitle RK Inv to any voting rights. RK Inv actively monitors the companies to which the Funds lend money to in order to safeguard investments.