



**Capstone Investment Advisors, LLC  
Capstone Investment Advisors (UK), LLP**

Modern Slavery Statement

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# 1. Introduction

This joint statement discloses the actions taken by Capstone Investment Advisors, LLC and Capstone Investment Advisors (UK), LLP (collectively, "Capstone") to address risks of modern slavery, forced labour, and human trafficking in our business and supply chains for the financial year ended 31 December 2020 (the "Reporting Period"). This statement is prepared to comply with the requirements of the United Kingdom Modern Slavery Act 2015 and the Australian Modern Slavery Act 2018.

As an investment manager, our mission is to anticipate and harness the complexities of global derivatives markets to create unique opportunities for our clients, team and industry. Our vision is to provoke the evolution of asset management through open and continuous collaboration.

We are committed to upholding our key values, which define who we are and how we operate:



### Transcendent Thinking

Where others fear instability, we find opportunity.



### Tenacious Innovation

Anticipate change and adapt proactively to maintain a sustainable advantage.



### Deliberately Particular

Promote a results-driven work ethic that seeks out and nurtures the exceptional.



### Progressive Transparency

Lead through open and continuous collaboration with our team, clients and industry.



### Rigorous Discipline

Maintain exceptional standards and support one another to achieve them.



### Pure Integrity

Build trust by delivering results with objectivity and humility.

Capstone is also committed to treating all people with respect and dignity. As such, we do not tolerate any forms of slavery or human trafficking.

# 2. Our structure, operations and supply chains

## 2.1 Our structure and operations

Capstone is a global, alternative investment management firm operating across a broad range of derivatives-based strategies with a deep understanding of volatility. With approximately \$9 billion of assets under management as of June 1, 2021 and 190+ employees, Capstone was established in 2004 and is headquartered in New York with offices in London, Amsterdam, Stamford, and Los Angeles. Through strategic insight, market-leading expertise, and advanced technology, we seek to anticipate and harness the complexities of world markets, creating unique opportunities for our clients, team, and industry.

**Capstone Investment Advisors, LLC** is a Delaware limited liability company and a registered investment advisor with the United States Securities and Exchange Commission. It is also a member of the National Futures Association ("NFA") and registered with the Commodities and Futures Trade Commission ("CFTC") as a Commodity Pool Operator. Capstone Investment Advisors, LLC holds management control of Capstone Investment Advisors (Netherlands), B.V., a Dutch private company with limited liability that serves as a sub-advisor to investment vehicles for which Capstone Investment Advisors, LLC is the Investment Manager. It also holds ownership and management control of Capstone Investment Advisors (Aus) Pty Ltd and Capstone Investment

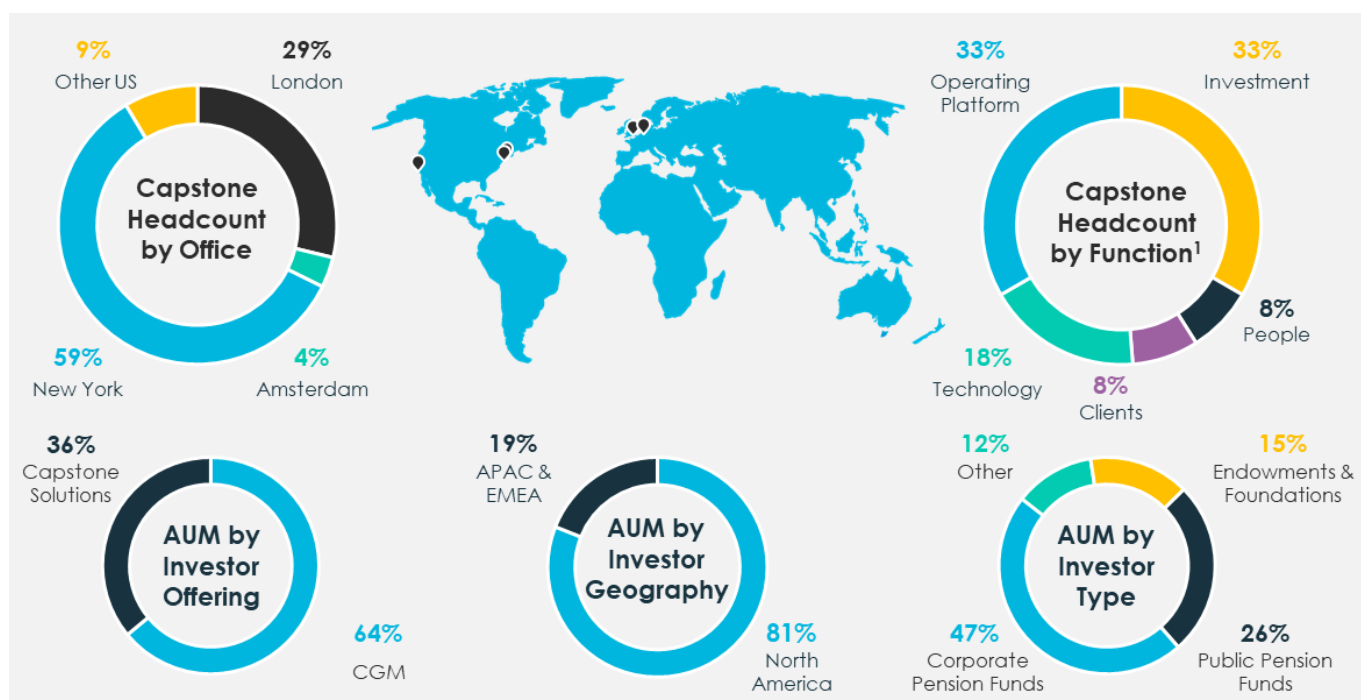


Advisors (UK), LLP. Capstone Investment Advisors, LLC is also registered as a foreign entity in Australia (ARBN 635 015 771).

**Capstone Investment Advisors (UK), LLP** is a London-based subsidiary and serves as a sub-advisor to Capstone Investment Advisors, LLC. It is authorized and regulated by the UK Financial Conduct Authority in addition to the United States Securities and Exchange Commission. It is also a member of the NFA and registered with the CFTC as a co-Commodity Pool Operator.

**Capstone Investment Advisors (Aus) Pty Ltd** (ACN 643 307 671) is a Sydney-based subsidiary of Capstone serves as a sales affiliate solely for investment vehicles managed by Capstone Investment Advisors, LLC. It is also a member of the NFA and registered with the CFTC as a co-Commodity Pool Operator. Capstone Investment Advisors (Aus) Pty Ltd did not meet the reporting threshold during the Reporting Period and is not a reporting entity for the purposes of the Australian Modern Slavery Act 2018.

Both Capstone Investment Advisors, LLC and Capstone Investment Advisors (UK), LLP are reporting entities for the purpose of this joint statement.



As of June 1, 2021.

## 2.2 Investment Management Business

Capstone serves as the investment manager with both discretionary and non-discretionary trading authority to investment vehicles that are offered to investors on a private placement basis.

Capstone represents a set of sophisticated global institutional investors, including public and corporate pension funds, university endowments, charitable foundations, sovereign wealth funds, insurance companies, and banks.

We operate across two separate investment platforms: Capstone Global Master (CGM) and Capstone Solutions. Through its two platforms, Capstone seeks to capitalise on perceived inefficiencies in the pricing of volatility in target derivative markets.



CGM

Multi strategy approach trading derivatives across asset classes and regions, with a focus on volatility and relative value



CAPSTONE SOLUTIONS

Customized mandates and strategies tailored to client needs across the volatility and derivatives spectrum

More information regarding our operations can be found [on our website](#).

## 2.3 Supply chain

As a financial services business, our supply chains largely consist of the following categories:

- professional services companies including legal and consulting firms
- Technology infrastructure and services
- Office infrastructure, rent, and services

During the Reporting Period, we had slightly less than 290 direct suppliers worldwide. The nature of our business means that our spend is highly concentrated. Our top fifteen vendors accounted for almost 50% of our overall spend in 2020.

Generally, our vendor relationships are stable and longer term. The majority of our suppliers are based in the United States or the United Kingdom and employ skilled labour in developed financial markets.

## 3. Modern slavery risks in our operations and supply chains

### 3.1 In our operations

Most of our staff carry out highly skilled activities requiring post-secondary qualifications. Roles are performed in office-based contexts in countries considered low risk for modern slavery and human trafficking.

Our staff are compensated in excess of the applicable minimum wage commensurate with experience and qualifications. Capstone complies with relevant employment legislation across our offices and ensures that employees are not subject to any form of modern slavery and human trafficking. We have internal policies that outline equitable standards for compensation, working conditions, and fair and ethical treatment of all employees.

For the reasons set out above, we consider the risk of modern slavery and human trafficking in our operations to be low.

In relation to our investment management business, we generally do not have majority ownership or control in the investments we make. We do, however, recognize the potential for modern slavery risks in investments, but consider these to be low.



## 3.2 In our supply chain

The risks of modern slavery and human trafficking in our first tier supply chains relating to professional services is low, for much the same reasons set out in relation to our operations. The area of greater risk is likely to exist in relation to our procurement of non-core functions such as office cleaning, catering, and building facilities services. As with all businesses, there is modern slavery risk in the IT and telecommunications hardware we use to operate, often deep within the supply chains of our suppliers.

We recognise that a number of our direct suppliers are likely to rely on global supply chains for the provision of goods and/or services provided to us, which makes it challenging for us to have visibility across our supply chains beyond the first tier.

## 4. Actions taken to assess and address modern slavery risks

### 4.1 In our operations

Upon hiring, all employees are required to provide evidence of working rights. Human Resources also check that those we employ are of legal working age and are choosing to work of their own free will.

Capstone is committed to acting with fairness, honesty, and integrity. Our Code of Ethics outlines the general principles that all employees are expected to uphold, including, amongst other things, to comply with all applicable laws and regulations.

We encourage people to speak up if they become aware of potential misconduct as well as modern slavery risks and promote a culture in which everyone feels supported. Capstone's Whistleblower Policy details our grievance reporting process. Capstone has also made available a confidential and anonymous reporting hotline to all employees.

Further, Capstone takes seriously its obligation to uphold its fiduciary duty with respect to its proxy voting determinations. Capstone has engaged Institutional Shareholder Services ("**ISS**") to facilitate the firm's votes on behalf of its clients. Unless Capstone deems an alternative vote selection to be more advantageous to a fund or separately management account, ISS has been authorized and instructed to vote all of Capstone's eligible proxy ballots in accordance with a recommendation resulting from the application of the ISS US Sustainability Voting Guidelines. The Sustainability Voting Guidelines focus on long-term economic value preservation and enhancement through promotion of corporate governance best practices that mitigate risks to shareowners but also reflect the recognition that ESG factors could present material risks to portfolio investments. The Sustainability Voting Guidelines were specifically formulated to meet the growing need by mainstream institutional investors to account for ESG elements in their voting practices, including signatories to the United Nations Principles for Responsible Investment ("**PRI**") looking to fulfill their obligations to the PRI from a proxy voting perspective. ISS liaised with the United Nations PRI Secretariat to help inform the development of the Sustainability guidelines.

### 4.2 In our supply chains

As an investment manager, Capstone has relatively simple supply chains largely comprising of business and professional service organizations. As a result, we believe there is limited risk of modern slavery or human trafficking taking place within our business or supply chains.

We have adopted a materiality risk-based approach by seeking to understand where the risks of modern slavery and human trafficking are greatest and prioritizing accordingly. In assessing our risk, we categorized our suppliers based on the following criteria:

- Amount of spend



- Type of good and/or service provided; and
- Industry risk.

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.

Furthermore, we conduct certain due diligence when retaining any third-party service providers that are involved in Capstone's provision of investment advisory services, or that have contact with clients or Investors. We are assessing how this process can be extended to include modern slavery risk.

## 5. Proposed Improvements

Capstone aims to improve its approach to assessing and addressing modern slavery and human trafficking risks year on year. In 2021, we will strive to do so by:

- updating our Whistleblowing Policy to expressly include modern slavery and human trafficking as reportable conduct;
- introducing modern slavery and human trafficking risks as part of the procurement process for material suppliers; and
- providing modern slavery and human trafficking awareness training to all departments involved in employment and procurement processes.

## 6. Consultation and approval

In preparation of this statement, members of senior management liaised with the executive leadership of Capstone Investment Advisors, LLC and Capstone Investment Advisors (UK), LLP.

This statement was approved on 29 June 2021.

**Paul Britton**

Chief Executive Officer  
Capstone Investment Advisors, LLC  
Capstone Investment Advisors (UK), LLP