

## Brochure

This brochure provides information about the qualifications and business practices of Laxey Partners Ltd. If you have any questions about the contents of this brochure, please contact us at +44 1624 690900. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Laxey Partners Ltd also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

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## 1 Advisory Business

### a) Description and advisory services offered

Laxey Partners Ltd ("Laxey"), is a private limited liability company incorporated under the laws of the Isle of Man on 13 November 1998 under the provisions of the Companies Acts 1931 to 2004. The entire issued share capital of Laxey, is held by Laxey Group Limited and is legally and beneficially owned equally by Mr. Kingsnorth and The Pegge Family Trust. Mr. Kingsnorth and Mr. Pegge (together with Mr. Haxby and Mr I Melvin) are executive directors of Laxey. There are also two independent non-executive directors appointed to the Board of Laxey.

Laxey is an authorized person in the Isle of Man, holding an investment business license issued by the Financial Services Authority of the Isle of Man under section 7 of Financial Services Act 2008. Laxey is licensed to carry on the following regulated entities:

Class 2 investment business

Class 3 Services to collective investment schemes

Class 4 Corporate Service Provider.

Laxey is also registered with the U.S. Securities and Exchange Commission as an investment adviser (this registration does not imply a certain level of skill or training).

### b) Client assets managed on a discretionary basis

Laxey has approximately US\$ 104,109,777 under discretionary investment management (as at 30 June 2016).

## 2 Fees and compensation

The management fees are reviewed with each client/fund regularly and are paid monthly in arrears on each of the funds. Currently the management fees range from 0.5% to 1.5% across the funds under management and are deducted from the clients assets held in the funds.

## 3 Performance-Based Fees

For some of the clients/fund performance fees are agreed with each client/fund on an individual basis, they are payable on the funds under management when the fund valuation exceed the previous high water marks after being adjusted for subscriptions and redemptions.

Distribution fees are payable on some funds under management further to the change in investment strategy as detailed in section 5a below.

## 4 Types of Clients

Laxey Provides investment management and advice to investment companies (the funds).

## 5 Investment Strategy / Investing Policy / Risks

### a) Investment Strategy

Laxey was historically a global active value investment management company that pursued one strategy: it actively promoted shareholder engagement and sound corporate governance to close the valuation gap between the share price at which an asset trades and its intrinsic value. This strategy had previously been mirrored in the objectives and strategies in the funds to which it is appointed investment adviser/manager.

A change of strategy has been implemented to move away from managing client monies and concentrate on proprietary trading. The executive are currently reviewing opportunities in order to consolidate the illiquid client assets that will benefit the investors whilst the illiquid assets can be realized.

The services provided by LPL still required it to be licensed by the Isle of Man Financial Services Authority. The scope of licence has not been changed.

## 6 Disciplinary Information

Not applicable

## 7 Other Financial Industry Activities and Affiliations

Not applicable

## 8 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

### a) Code of Ethics

Laxey conducts its business fairly, impartially, in an ethical and proper manner, in accordance with the company's values rules and procedures, and in full compliance with all laws and regulations. In the course of conducting company business, integrity must underlie all company relationships, including those with customers, suppliers, communities and among employees. The highest standards of ethical business conduct and compliance are required of its employees in performance of their company responsibilities. Employees must not engage in conduct or activity that may raise questions as to the company's honesty, impartiality, reputation or otherwise cause embarrassment to the company. Conduct that is prohibited under its policies or does not comply with the laws and regulations may not be accomplished on an employee's behalf by anyone outside the company.

Laxey operates by the following code of ethics:

- To act honestly and fairly and with due skill, care and diligence in the best interest of customers and the integrity of the markets;
- To respect its obligation to the public to observe just and equitable principles of trade;

- To adhere to the applicable laws and regulations and rules of self-regulatory organisations or contract markets and registered derivatives transaction execution facilities;
- To obtain and assess the financial situation and investment experience of every client;
- Disclosure of material information to clients;
- The avoidance, proper disclosure and handling of conflicts of interest;
- Proper understanding of and adherence to supervisory systems and internal controls at all times.

A copy of the code of ethics to any client or prospective client is available upon request.

#### **b) Conflicts**

Laxey serves as investment manager and adviser to a number of clients that have similar investment objectives and strategies.

It is generally the intention for these clients to make parallel investments, except when Laxey considers such investments inappropriate for a specific client; for reasons of risk profile, for example.

As a result of the foregoing, Laxey may have conflicts of interest in allocating management time, services, and functions among its clients.

Investment decisions are made for each client of Laxey in a fair and equitable manner in light of relevant investment considerations. In many instances, simultaneous transactions for client accounts will occur.

Purchases and sales are then allocated among clients so as to ensure that no client be treated less favourably than another. In general, purchases and sales that are deemed appropriate for more than one client are allocated among client accounts pro rata in accordance with relative net assets under management (subject to rounding), after taking into account relative liquidity of each client account and the risk profile of the investment in question.

Laxey may engage in other business activities and manage the accounts of numerous clients, including those of investment funds. The investment strategy may be the same as or may vary from that of other clients of Laxey. Laxey is not required to refrain from any other activity or disgorge any profits from any such activity including acting as investment adviser or managing agent for funds with objectives similar to those of other clients. Laxey will devote such time and effort to each client as it deems necessary and appropriate and sufficient.

Laxey may cause client accounts to invest in securities in which the directors of Laxey or its affiliates have a financial interest, or to engage in transactions with brokers, dealers or others with whom they have financial or other business relationships. In the event that any such conflict of interest arises, the directors of Laxey that are not in conflict will ensure that the conflict is resolved fairly.

#### **c) Personal Dealing**

In accordance with the SEC rules Laxey has in place personal dealing procedures in relation to those personnel who are deemed to be access persons being any individual who:

- Has access to non public information regarding any fund purchases; or
- Sales of securities; or

- Is involved in making securities recommendations to the firm's funds, or has access to such recommendations that are non-public.

All the employees and directors of Laxey must adhere to the personal dealing procedures.

Employees and the directors of Laxey must not make use of information obtained during the course of their employment whether for personal gain for another's benefit, when purchasing and / or selling stocks and shares or any subsidiary financial instruments and are aware that it may constitute a criminal offence to do so.

Investments that are held at the commencement of employment with Laxey may be sold provided the compliance officer ("the CO") or Director ("**Authorising Officer**") has given prior written approval for the trade. Furthermore, all new investments require the prior approval of an Authorising Officer which must be requested using an Employee Personal Dealing Authorisation Form. The Authorising Officer will consider whether that transaction will conflict with Laxey's duties to its clients under the regulatory system. A register of all personal account transactions will be maintained by the CO.

PA dealings may be made through any intermediary. Only when the Authorising Officer, has given permission may the relevant member of staff enter into such transaction. The Authorising Officer will provide, in writing, memo or e-mail, his permission or his decision to not allow the transaction to the staff member. Dealing permission is only valid on the day permission is granted. If the trade is not executed during this period a new request must be obtained. All securities must be held for 30 days.

After entering into a personal account transaction, the employee must provide the CO with full details about the transaction immediately after the transaction has been effected. The employee must also provide a copy of the deal confirmation (or contract note) shortly after execution. This may be sent directly to the CO by the firm effecting the trade. This should include:

- date, title of security (inc. ticker symbol or CUSIP no. where applicable)
- interest rate / maturity date (where applicable)
- number of shares and principal amount
- nature of the transaction (e.g. purchase or sale)
- price of the security
- name of broker, dealer or bank through which the trade was effected
- date of submission of the report. The transaction report must be submitted within 30 days of the quarter end which must include all transactions within that quarter.

It is of paramount importance that no-one shall deal ahead of, or adversely affect the position of the company's clients. Their interests must always take priority.

Dealings of a short term or speculative nature are discouraged.

Staff may deal in options, both traditional and traded, provided they have received permission to deal in such instruments and have signed the necessary risk disclosure statement. In no circumstances may options be written or money taken for uncovered positions.

Staff are reminded that where their duties involve advising clients and others on investment matters they should ensure that they do not receive any benefit which cannot be regarded as properly justifiable in all the circumstances.

Investments that are managed on a discretionary basis are exempt from this policy.

The CO will keep a record of all permissions given or refused, confirmations received and each notification made by staff. These records will be kept for a period of 10 years. The CO will also keep a record (for a 10 year period) of these PA dealing rules and of any amendment made.

## 9 Brokerage Practices

In the selection of brokers, dealers or futures commission merchants (collectively, “brokers”) and the placing of orders for the purchase and sale of portfolio investments Laxey seeks to obtain the most favourable price and execution available, except to the extent it may be permitted to pay higher brokerage commission for brokerage and research services as described below. In using its best efforts to obtain the most favourable price and execution available, Laxey, bearing in mind the client’s best interests at all times, considers all factors it deems relevant, including, by way of illustration price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker involved and the quality of service rendered by the broker in other transactions.

Laxey may cause a client (or fund) to pay a broker that provides brokerage and research services to Laxey an amount of commission for effecting a portfolio investment transaction in excess of the amount of commission another broker would have charged for effecting that transaction, if Laxey determines in good faith that such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker, viewed in terms of either that particular transaction or overall responsibilities with respect to the client and to other clients of Laxey over which Laxey exercises investment discretion, without any requirement to demonstrate that any such services are of direct benefit to the client.

From time to time, the funds may execute over-the-counter trades on an agency basis rather than on a principal basis. In these situations, the broker used by the funds may acquire or dispose of a security through a market-maker (a practice known as “interpositioning”). The transaction may thus be subject to both a commission and a markup or markdown. Laxey believes that the use of a broker in such instances is consistent with its duty of obtaining best execution for the funds. The use of a broker can provide anonymity in connection with a transaction. In addition, a broker may, in certain cases, have greater expertise or greater capability in connection with both accessing the market and executing a transaction.

From time to time, brokers may assist the funds in raising additional funds from investors. In addition, from time to time, an investor may request that Laxey direct brokerage to a broker affiliated with an adviser to the investor who had recommended that the investor invest in the funds. Subject to its obligation to seek best execution, the Investment Manager may consider referrals of investors to the Fund, and requests by investors to direct brokerage, in determining its selection of brokers. However, the Investment Manager will not commit to an investor or broker to allocate a particular amount of brokerage in any such situation.

## 10 Review of Accounts

Interim financial statements and audited financial statements of all the funds are prepared and distributed to all underlying investors.



## 11 Client referrals and Other Compensation

Not Applicable

## 12 Custody

Not Applicable

## 13 Investment Discretion

Laxey accepts discretionary authority to manage accounts (the funds) on behalf of the clients. Laxey enters into an investment management or investment advisory agreement with each of the funds or general partners of the limited partnerships setting out the terms of its appointment to manage the funds, and also in accordance with each of the fund's investment objectives and parameters as set out in the offering documents of the funds.

## 14 Voting Client Securities

Laxey ensures that client securities over which the Company has voting discretion are voted in the best interests of the client and resolves any material conflicts that may arise between the client's interests and the interest of Laxey. In general, if the client has granted Laxey discretion to vote securities held for its account, the portfolio manager will exercise that authority in a manner consistent with achieving the investment objectives that have been established for the clients' account (fund). Any material conflicts of interest that may arise will be disclosed to, and direction will be sought from, the client and, in the absence of direction Laxey will abstain from voting the client's securities.

Clients may obtain information on how their securities were voted or a copy of Laxey's Proxy Voting Policies, Procedures and Guidelines by written request addressed to Laxey.

## 15 Financial Information

Laxey does not foresee any condition that is likely to impair its ability to meet contractual commitments to clients.

## 16 Requirements for State-Registered Advisers

Laxey is not a State-registered adviser.