



LEA 02	Disclosures	Monetary	Principles
<p>Disclosures are provided for each of the 100 largest investments in the portfolio. The disclosures are provided in a table format, with the following columns: Investment, Engagement, and Reason for Interaction. The disclosures are provided in a table format, with the following columns: Investment, Engagement, and Reason for Interaction.</p>	<p>LEA 02</p>	<p>Monetary</p>	<p>Principles</p>
<p>Type of engagement</p> <p>Individual/ internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p>Reason for interaction</p> <p>To support investment decisionmaking in & comply with ESG issues</p> <p>To enhance corporate transparency or identify the need to enhance our ESG issues</p> <p>To engage through ESG disclosure</p> <p>Other: specify</p> <p>We do not engage via internal staff</p> <p>To support investment decisionmaking in & comply with ESG issues</p> <p>To enhance corporate transparency or identify the need to enhance our ESG issues</p> <p>Other: specify</p> <p>We do not engage via collaborative engagements</p> <p>To support investment decisionmaking in & comply with ESG issues</p> <p>To enhance corporate transparency or identify the need to enhance our ESG issues</p> <p>Other: specify</p> <p>We do not engage via service providers</p>		

RI TRANSPARENCY REPORT

2019

DDJ Capital Management, LLC

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the reporting period specified above. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information.

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

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OO 01.1 Select the services and funds you offer

Select the services and funds you offer	% of asset under management (AUM) in ranges
Fund management	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Fund of funds, manager of managers, sub-advised products	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Other	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Total 100%	

OO 02.1 Select the location of your organisation's headquarters.

United States

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

53

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04.1 Indicate the year end date for your reporting year.

31/12/2018

OO 04.2 Indicate your total AUM at the end of your reporting year.

Total AUM
 8,207,992,692 USD
 8,207,992,692 USD

OO 04.4 Indicate the total assets at the end of your reporting year subject to an execution and/or advisory approach.

Not applicable as we do not have any assets under execution and/or advisory approach

OO 05.1 Provide an approximate percentage breakdown of your AUM at the end of your reporting year using the following asset classes and investment strategies:

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income	100	0

Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Fund of hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Money market instruments	0	0
Other (1), specify	0	0
Other (2), specify	0	0

OO 06	Mandatory	Descriptive	General
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OO 06.1	Select how you would like to disclose your asset class mix.
<input checked="" type="checkbox"/>	as percentage breakdown
<input type="checkbox"/>	as broad ranges

OO 06.3	Indicate whether your organisation has any off-balance sheet assets [Optional].
<input type="checkbox"/>	Yes
<input checked="" type="checkbox"/>	No

OO 06.5	Indicate whether your organisation uses fiduciary managers.
<input type="checkbox"/>	Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.
<input checked="" type="checkbox"/>	No, we do not use fiduciary managers.

OO 07	Mandatory to Report, Voluntary to Disclose	Gateway	General
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Private

OO 09	Mandatory	Peering	General
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OO 09.1	Indicate the breakdown of your organisation's AUM by market.
100	Developed Markets
0	Emerging Markets
0	Frontier Markets
0	Other Markets

OO 09.2	Additional information. [Optional]
Not Applicable	

OO 10	Mandatory	Gateway	General
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OO 10.1	Select the active ownership activities your organisation implemented in the reporting year.
<input checked="" type="checkbox"/>	Fixed income Corporate (non-financial) – engagement
<input checked="" type="checkbox"/>	We engage with companies on ESG factors via our staff, collaborations or service providers.
<input type="checkbox"/>	We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

OO 11	Mandatory	Gateway	General
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OO 11.1	Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).
	Fixed income - corporate (non-financial)
	<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.

OO 12	Mandatory	Gateway	General
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OO 12.1 Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.

	Core modules
	<input checked="" type="checkbox"/> Organisational Overview <input checked="" type="checkbox"/> Strategy and Governance
	RI implementation directly or via service providers
	Direct - Fixed Income
	<input checked="" type="checkbox"/> Fixed income - Corporate (non-financial)
	Closing module
	<input checked="" type="checkbox"/> Closing module

OO 12.2	Additional information. [Optional]
	Not Applicable

OO FI 01	Mandatory	Gateway	General
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OO FI 01.1 Provide a breakdown of your internally managed fixed income securities by active and passive strategies

Type	Passive	Active - quantitative	Active - fundamental & others	Total internally managed fixed income security
Corporate (non-financial)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	100%

OO FI 01.2	Additional information. [Optional]
	Not Applicable

OO FI 03	Mandatory	Descriptive	General
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OO FI 03.2 Indicate the approximate (+/- 5%) breakdown of your corporate and securitised investments by investment grade or high-yield securities.

Type	Investment grade (+/- 5%)	High-yield (+/- 5%)	Total internally managed
Corporate (non-financial)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	100%

OO FI 03.3	Additional information. [Optional]
	Not Applicable

SG 01.1 Indicate if you have an investment policy that covers your responsible investment approach.

✓ Yes

SG 01.2 Indicate the components/types and coverage of your policy.

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Other, specify (1) <p style="padding-left: 20px;">Proxy Voting Policy</p> <input checked="" type="checkbox"/> Other, specify(2) <p style="padding-left: 20px;">Engagement Policy</p>	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3 Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4 Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

DDJ's research process is designed to generate investment ideas with compelling risk/return profiles across an entire client portfolio. DDJ attempts to identify companies that have a solid core business with sufficient enterprise value coverage and generate sufficient free cash flow to service their fixed income debt obligations. DDJ's investment approach creates a comprehensive analytical overview of a target company focused on its current and future business prospects.

DDJ integrates various ESG considerations, such as a company's transparency in corporate governance, existence of an independent and experienced board of directors, a commitment to environmental protection and a track record of product safety, into its investment research process. DDJ endeavors to identify material ESG factors that may contribute to financial downside (in particular, significant event risks that can affect an issuer's creditworthiness), as well as to assess whether or not market pricing adequately reflects those risks with respect to any proposed investment. If DDJ believes that an identified ESG-related risk will have a material negative impact on the business that may disproportionately change the risk/reward profile of such investment, DDJ will factor that assessment into its investment decision-making process (and, accordingly, may not make such investment on behalf of its clients).

SG 01.5 Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

To further enhance the quality of its ESG-related research, DDJ licenses ESG data from a leading third-party provider of such data for many of the companies within DDJ client portfolios as well as its investable universe more broadly. Such information includes both industry-wide and company specific research reports. In addition, the vendor provides ESG ratings for a broad list of corporate credit issuers, including many portfolio holdings of DDJ's clients. DDJ's research team can access such ESG ratings within DDJ's trade order and portfolio management system. Although DDJ does not use these ratings to strictly include or exclude an investment from client accounts, DDJ does instruct its analysts to incorporate such information in their fundamental research process in an effort to better understand the topical ESG-related risks as well as the relative value among existing and prospective investment opportunities.

DDJ, which pursues fixed income investment strategies, believes that issuer engagement as a debt holder tends to be more indirect when compared to that of an equity owner. In the high yield market, DDJ would like to see more robust ESG disclosures and increased transparency by issuers, and to further this objective, seeks to influence new issue bond indentures when possible (e.g., increased reporting obligations by issuers). DDJ also identifies inconsistencies between its third party ESG vendor research on certain companies and DDJ's evaluation of those companies. In such cases, DDJ initiated discussions with both the issuers and with its third party ESG vendor in an effort to improve the quality of the ESG research produced.

DDJ's active approach to fixed income investing oftentimes includes frequent interaction with company management, as DDJ seeks to keep an open line of communication with respect to actions that could negatively impact the investment made by DDJ on behalf of its clients. In the event that DDJ does not believe that it can advocate for practical change to mitigate a material ESG risk factor, divestment may be warranted. In addition, DDJ implements exclusionary screens at the request of certain of DDJ's clients and works with new clients to tailor products that meet their internal requirements (e.g., investment restrictions on issuers associated with the production of Cluster Munitions, Tobacco, etc).

No

SG 01 CC	Voluntary	Descriptive	General
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Private

SG 02	Mandatory	Core Assessed	PRI 6
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SG 02.1 Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

Policy setting out your overall approach

URL/Attachment
<input checked="" type="checkbox"/> URL http://www.ddjcap.com/ddjcapital-template/documents/pdfs/responsible_investment_policy.pdf
<input type="checkbox"/> Attachment (will be made public)

Asset class-specific RI guidelines

URL/Attachment
<input checked="" type="checkbox"/> URL http://www.ddjcap.com/ddjcapital-template/documents/pdfs/responsible_investment_policy.pdf
<input type="checkbox"/> Attachment (will be made public)

Screening / exclusions policy

URL/Attachment
<input checked="" type="checkbox"/> URL http://www.ddjcap.com/ddjcapital-template/documents/pdfs/responsible_investment_policy.pdf
<input type="checkbox"/> Attachment (will be made public)

Other, specify (1)

Other, specify (2)

We do not publicly disclose our investment policy documents

SG 02.2 Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment
<input checked="" type="checkbox"/> URL http://www.ddjcap.com/ddjcapital-template/documents/pdfs/responsible_investment_policy.pdf
<input type="checkbox"/> Attachment

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment
<input checked="" type="checkbox"/> URL http://www.ddjcap.com/ddjcapital-template/documents/pdfs/responsible_investment_policy.pdf
<input type="checkbox"/> Attachment

Governance structure of organisational ESG responsibilities

URL/Attachment
<input checked="" type="checkbox"/> URL http://www.ddjcap.com/ddjcapital-template/documents/pdfs/responsible_investment_policy.pdf
<input type="checkbox"/> Attachment

ESG incorporation approaches

URL/Attachment
<input checked="" type="checkbox"/> URL http://www.ddjcap.com/ddjcapital-template/documents/pdfs/responsible_investment_policy.pdf
<input type="checkbox"/> Attachment

Active ownership approaches

URL/Attachment
<input checked="" type="checkbox"/> URL http://www.ddjcap.com/ddjcapital-template/documents/pdfs/responsible_investment_policy.pdf

Attachment

Reporting

URL/Attachment

URL

http://www.ddjcap.com/ddjcapital-template/documents/pdfs/responsible_investment_policy.pdf

Attachment

We do not publicly disclose any investment policy components

SG 02.3 Additional information [Optional].

Not Applicable

SG 03

Mandatory

Core Assessed

General

SG 03.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

SG 03.2 Describe your policy on managing potential conflicts of interest in the investment process.

DDJ generally considers a conflict of interest to arise when there exists a set of circumstances that creates a risk that professional judgment or actions regarding a primary interest (e.g., client interest) will be unduly influenced by a secondary interest (e.g., DDJ or personal interest). Such potential conflicts of interest include valuing illiquid or otherwise hard-to-price assets; regulating personal trading by DDJ employees; achieving best execution of trades; and allocating of investment opportunities amongst client accounts. DDJ believes that the compliance policies and procedures within its compliance manual are designed to address these potential conflicts of interests that may arise in the ordinary course of DDJ's investment management activities. The effectiveness of such policies and procedures is also reviewed periodically by DDJ's compliance personnel in connection with the firm's annual compliance review conducted pursuant to rules promulgated by the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended. Although numerous DDJ personnel share responsibility for managing these potential conflicts of interest, the firm's chief compliance officer is responsible for overseeing the compliance policies and procedures contained within the compliance manual.

No

SG 03.3 Additional information. [Optional]

Not Applicable

SG 04

Voluntary

Descriptive

General

Private

SG 05

Mandatory

Gateway/Core Assessed

General

SG 05.1 Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

Quarterly or more frequently

Biannually

Annually

Less frequently than annually

Ad-hoc basis

It is not set/reviewed

SG 05.2 Additional information. [Optional]

DDJ reviews its responsible investment policy on an annual basis and may review it more frequently than annually if necessary.

SG 06

Voluntary

Descriptive

General

Private

SG 07

Mandatory

Core Assessed

General

SG 07.1 Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.

Roles

Board members or trustees

Internal Roles (triggers other options)

Select from the below internal roles

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee

Oversight/accountability for responsible investment

Implementation of responsible investment

No oversight/accountability or implementation responsibility for responsible investment

Other Chief-level staff or head of department, specify

- Chief Compliance Officer
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
- Investor relations
- Other role, specify (1)

Other description (1)

Senior Compliance Analyst

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (2)

Other description (2)

Portfolio Specialist

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment

External managers or service providers

SG 07.2 For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

DDJ's management operating committee, which is responsible for overseeing the firm's operations, has tasked the DDJ investment review committee, with input from cross-functional groups, as the internal body responsible for monitoring and reviewing ESG processes, ESG exposures and the scoring of portfolio investments. Such committee comprises five senior members of DDJ's investment team, and provides a structured forum to discuss existing holdings, industry news, trends, new investment ideas, and portfolio level risk exposures.

On a quarterly basis, the investment review committee evaluates ESG factors in connection with the top-down risk reports that are produced by the DDJ analytics team. Such review covers broad ESG topics, such as ESG coverage and ratings trends, or specific topics, such as carbon intensity.

Finally, DDJ has established an internal ESG working group, which is a cross-functional group tasked with formulating ESG policies, procedures and goals, and working with the third party ESG research provider, and monitoring the quality of data and analysis of the data provided by such third party ESG vendor.

SG 07.3 Indicate the number of dedicated responsible investment staff your organisation has.

0

SG 07.4 Additional information. [Optional]

Not Applicable

SG 07 CC	Voluntary	Descriptive	General
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Private

SG 08	Voluntary	Additional Assessed	General
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Private

SG 09	Mandatory	Core Assessed	PRI 4,5
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SG 09.1 Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

Basic

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Not Applicable

- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- AFIC – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia
- Invest Europe Responsible Investment Roundtable
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify

UNPRI Credit Rating Initiative

Your organisation's role in the initiative during the reporting year (see definitions)
Moderate

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
In March of 2018, DDJ signed the UNPRI ESG in Credit Ratings Statement, thereby committing to incorporate ESG into credit ratings and analysis in a systematic and transparent manner. Also, a DDJ credit risk "case study" was featured in "Shifting Perceptions: ESG, Credit Risk and Ratings; Part 2: Exploring the Disconnects" published by the UNPRI. https://www.unpri.org/credit-ratings/credit-risk-case-study-dialysis-service-provider-73262.article . Finally, a DDJ assistant portfolio manager applied to fill a vacancy on the UNPRI Advisory Committee on Credit Ratings. Although this role was separately filled, DDJ looks forward to continuing its collaboration with the UNPRI.

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 10

Mandatory

Core Assessed

PRI 4

SG 10.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
	<input checked="" type="checkbox"/> Yes

SG 10.2	Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.
	<input checked="" type="checkbox"/> Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

Description
ESG panel at DDJ's Client Conference
Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

- Provided financial support for academic or industry research on responsible investment
- Provided input and/or collaborated with academia on RI related work
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment

Description
MBA Women in Investing Conference in November 2018.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)
- Wrote and published articles on responsible investment in the media
- A member of PRI advisory committees/ working groups, specify

Description
In March of 2018, DDJ signed the UNPRI ESG in Credit Ratings Statement, thereby committing to incorporate ESG into credit ratings and analysis in a systematic and transparent manner.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

- On the Board of, or officially advising, other RI organisations (e.g. local SIFs)
- Other, specify

specify description
Sponsoring the MBA Women in Investing Conference in November 2018.

Description
Not Applicable

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

No

SG 10.3 Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]

DDJ sponsored the MBA Women in Investing Conference in November 2018, which is a conference designed to educate MBA women about career opportunities within the investment management field. Several DDJ investment professionals participated in the event, which DDJ believes promotes equality and diversity in a field that is still largely dominated by men. In addition, at this conference, DDJ's Chief Investment Officer and a research analyst spoke publicly about responsible investing, as well as how DDJ both examines ESG risk factors in the context of fundamental analysis of investments and generates new investment ideas.

At DDJ's client conference in October 2018, DDJ assembled a panel that discussed the different ways that investors can incorporate ESG into their investment process, as well as DDJ's approach to ESG as an investment manager pursuing fixed income investment strategies. The ESG panel comprised internal and external speakers who answered questions from existing and prospective clients.

Finally, a DDJ credit risk "case study" was featured in "Shifting Perceptions: ESG, Credit Risk and Ratings; Part 2: Exploring the Disconnects" published by the UNPRI. <https://www.unpri.org/credit-ratings/credit-risk-case-study-dialysis-service-provider-/3262.article>.

SG 11	Voluntary	Additional Assessed	PRI 4,5,6
Private			
SG 12	Mandatory	Core Assessed	PRI 4
SG 12.1	Indicate whether your organisation uses investment consultants.		
<input type="checkbox"/> Yes, we use investment consultants <input checked="" type="checkbox"/> No, we do not use investment consultants.			
SG 12.7	Additional information [Optional].		
Not Applicable			
SG 13	Mandatory	Descriptive	PRI 1
SG 13.1	Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).		
<input type="checkbox"/> Yes, to assess future ESG factors <input type="checkbox"/> Yes, to assess future climate-related risks and opportunities <input checked="" type="checkbox"/> No, not to assess future ESG/climate-related issues			
SG 13.3	Additional information. [OPTIONAL]		
Not Applicable			
SG 14	Mandatory to Report, Voluntary to Disclose	Additional Assessed	PRI 1
Private			
SG 14 CC	Voluntary		General
Private			
SG 15	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1
Private			
SG 18	Voluntary	Descriptive	General
Private			
SG 19	Mandatory	Core Assessed	PRI 2, 6
SG 19.1	Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.		
Fixed income			
Do you disclose?			
<input type="radio"/> We do not disclose to either clients/beneficiaries or the public. <input type="radio"/> We disclose to clients/beneficiaries only. <input checked="" type="radio"/> We disclose to the public			
The information disclosed to clients/beneficiaries is the same			
<input checked="" type="radio"/> Yes <input type="radio"/> No			
Disclosure to public and URL			
Disclosure to public and URL			
<input type="radio"/> Broad approach to RI incorporation <input checked="" type="radio"/> Detailed explanation of RI incorporation strategy used			
Annually			
http://www.ddjcap.com/ddjcapital-template/documents/pdfs/responsible_investment_policy.pdf			
SG 19.2	Additional information [Optional]		
Not Applicable			

FI 01.1 Indicate (1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and (2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.

Corporate (non-financial)	Screening alone	0
	Thematic alone	0
	Integration alone	100
	Screening + integration strategies	0
	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	0
	No incorporation strategies applied	0

FI 01.2 Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

DDJ employs the integration approach, whereby ESG considerations and risk factors are incorporated into DDJ's fundamental, bottom-up investment process. DDJ endeavors to identify material ESG factors that may contribute to financial downside (in particular, significant event risks that can negatively affect an issuer's creditworthiness and therefore its ability to meet its ongoing fixed income principal and interest obligations), as well as to assess whether or not market pricing adequately reflects those risks with respect to any proposed investment. If the DDJ investment team believes that an identified ESG-related factor will have a material positive or negative impact on the business that may disproportionately change the risk/reward profile of such investment, DDJ will factor that assessment into its investment decision-making process (and, accordingly, may not make such investment on behalf of its clients). DDJ believes that integrating ESG factors into its investment process in this manner allows for deeper insight into critical risk factors, including exogenous factors not typically exposed in a traditional business analysis model, ultimately resulting in sounder investment decisions on behalf of its clients. Upon request for selected client mandates, DDJ also employs exclusionary screening with respect to certain investments in particular issuers or industries.

FI 01.3 Additional information [Optional].

Not Applicable

Private

FI 03.1 Indicate how you ensure that your ESG research process is robust:

- Comprehensive ESG research is undertaken internally to determine companies' activities; and products and/or services
- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- Internal audits and regular reviews of ESG research are undertaken in a systematic way.
- A materiality/sustainability framework is created and regularly updated that includes all the key ESG risks and opportunities for each sector/country.
- Other, specify

specify description
DDJ reviews ESG rating changes from our ESG research provider on a monthly basis and also reviews portfolio-level risk statistics on a quarterly basis.

None of the above

FI 03.2 Describe how your ESG information or analysis is shared among your investment team.

- ESG information is held within a centralised database and is accessible to all investment staff
- ESG information is displayed on front office research platforms
- ESG information is a standard item on all individual issuer summaries, research notes, 'tear sheets', or similar documents
- Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- Records capture how ESG information and research was incorporated into investment decisions
- Other, specify
- None of the above

FI 03.3 Additional information. [Optional]

FI 10	Mandatory	Descriptive	PRI 1
FI 10.1	Describe your approach to integrating ESG into traditional financial analysis.		
<p>ESG considerations, such as a company's transparency in corporate governance, existence of an independent and experienced board of directors, a commitment to environmental protection and a track record of product safety, are integrated into DDJ's fundamental, bottom-up investment process. More specifically, incorporated within its bottom-up fundamental analysis of each fixed income investment opportunity, DDJ endeavors to identify material ESG factors that may contribute to financial downside (in particular, significant event risks that can negatively affect an issuer's creditworthiness and therefore its ability to meet its ongoing fixed income principal and interest obligations), as well as to assess whether or not market pricing adequately reflects those risks with respect to any proposed investment. If the DDJ research analyst, in consultation with the portfolio manager, believes that an identified ESG-related factor will have a material positive or negative impact on the business that may disproportionately change the risk/reward profile of such investment, DDJ will factor that assessment into its investment decision-making process (and, accordingly, may not make such investment on behalf of its clients). DDJ believes that integrating ESG factors into its investment process in this manner allows for deeper insight into critical risk factors, including exogenous factors not typically exposed in a traditional business analysis model, ultimately resulting in sounder investment decisions on behalf of its clients.</p> <p>To further enhance the quality of its ESG-related research, DDJ licenses third-party ESG data from a leading provider of such data for thousands of companies worldwide. Such information includes both industry-wide and company-specific research reports. In addition, the vendor provides ESG ratings for a broad list of corporate credit issuers, including many portfolio holdings of DDJ's clients. DDJ's research team can access such ESG ratings within DDJ's trade order and portfolio management system. Although DDJ does not use these ratings to strictly include or exclude an investment from client accounts, DDJ does instruct its analysts to incorporate such information in their fundamental research process in an effort to better understand the topical ESG-related factors as well as the relative value among existing and prospective investment opportunities.</p> <p>DDJ believes that issuer engagement as a debt-holder tends to be more indirect when compared to that of an equity owner. While an equity owner can ultimately vote (and replace) the members of an issuer's board of directors, the opportunities to actively engage as a fixed income investor tend to occur around events such as new debt issuances and corporate restructurings. In such cases, depending on the size of the DDJ position relative to the total class of debt, DDJ may be able to exert some degree of influence over an issuer, particularly with respect to governance and reporting issues. DDJ believes that adherence to strong governance principles is an important feature of the companies in which its clients invest. DDJ's active approach to fixed income investing generally includes frequent interaction with company management, as DDJ seeks to keep an open line of communication with respect to actions that could negatively impact the investment made by DDJ on behalf of its clients. While DDJ does not always agree with the policies implemented by an issuer's management, DDJ believes that remaining active and engaged will typically result in more constructive, long-term relationships surrounding topical issues, including governance concerns, and that such an approach ultimately benefit its clients. In the event that issuer engagement is not successful, and DDJ does not believe that it can advocate for practical change, divestment may be warranted, depending on the nature of the ESG factor and the corresponding effect on the investment's risk/reward profile. DDJ has actively engaged with management of its portfolio companies since the inception of the firm, and expects that it will make an effort to increase ESG engagement over time.</p>			
FI 10.2	Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in.		
Corporate (non-financial)			
DDJ focuses on the Corporate (non-financial) sector only, and as such, responses provided in FI 10.1 apply to this section as well.			
FI 10.3	Additional information [OPTIONAL]		
Not Applicable			

FI 11	Mandatory	Core Assessed	PRI 1
FI 11.1	Indicate how ESG information is typically used as part of your investment process.		
			Corporate (non-financial)
ESG analysis is integrated into fundamental analysis			<input checked="" type="checkbox"/>
ESG analysis is used to adjust the internal credit assessments of issuers.			<input checked="" type="checkbox"/>
ESG analysis is used to adjust forecasted financials and future cash flow estimates.			<input type="checkbox"/>
ESG analysis impacts the ranking of an issuer relative to a chosen peer group.			<input type="checkbox"/>
An issuer's ESG bond spreads and its relative value versus its sector peers are analysed to find out if all risks are priced in.			<input checked="" type="checkbox"/>
The impact of ESG analysis on bonds of an issuer with different durations/maturities are analysed.			<input checked="" type="checkbox"/>
Sensitivity analysis and scenario analysis are applied to valuation models to compare the difference between base-case and ESG-integrated security valuation.			<input type="checkbox"/>
ESG analysis is integrated into portfolio weighting decisions.			<input checked="" type="checkbox"/>
Companies, sectors, countries and currency and monitored for changes in ESG exposure and for breaches of risk limits.			<input checked="" type="checkbox"/>
The ESG profile of portfolios is examined for securities with high ESG risks and assessed relative to the ESG profile of a benchmark.			<input checked="" type="checkbox"/>
Other, specify			<input type="checkbox"/>
FI 11.2	Additional information [OPTIONAL]		
Not Applicable			

FI 12	Mandatory	Additional Assessed	PRI 1
FI 12.1	Indicate the extent to which ESG issues are reviewed in your integration process.		
	Environment	Social	Governance

Corporate (non- financial)	Environmental	Social	Governance
	<input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all

FI 12.2 Please provide more detail on how you review E, S and/or G factors in your integration process.

Corporate (non-financial)

Environmental, Social and/or Governance ("ESG") issues are integrated in DDJ's fundamental, bottom-up investment process. DDJ believes that governance in particular is a significant ESG risk that applies to all high yield investments, and accordingly DDJ attempts to mitigate this risk on an issuer-by-issuer basis throughout all of its high yield portfolios. DDJ believes that the continuous monitoring of existing positions allows DDJ to incorporate governance risk into its ongoing investment analysis and that this approach is the best way for DDJ to mitigate such risk (e.g., by divesting to the extent an ESG-related risk becomes too severe to justify the potential reward).

When examining environmental and social risks, DDJ believes that the magnitude and source of risks can vary from one sector to another; however, certain risk themes oftentimes emerge in issuers within one sector or across several sectors. For example, in the Basic Materials and Energy sectors, DDJ is focused on environmental factors affecting all issuers, including (where applicable) the consequences of the switch from coal to natural gas. In addition, the increased viability of renewable energy sources has caused DDJ to conduct a careful review of fossil fuel dependent companies in these sectors. Meanwhile, in the Healthcare industry, DDJ is focused on social issues. In particular, DDJ evaluates the risks associated with high-cost service providers and with pharmaceuticals companies dependent on high-cost drugs. DDJ has found industry and thematic research provided by a third-party ESG research provider to be helpful in identifying themes that could affect the long-term value of investments.

FI 12.3 Additional information.[OPTIONAL]

Not Applicable

FI 14	Mandatory to Report, Voluntary to Disclose	Core Assessed	PRI 2
Private			
FI 15	Mandatory to Report, Voluntary to Disclose	Additional Assessed	PRI 1,2
Private			
FI 16	Mandatory to Report, Voluntary to Disclose	Additional Assessed	PRI 1,2
Private			
FI 17	Mandatory to Report, Voluntary to Disclose	Additional Assessed	General
Private			
FI 18	Voluntary	Descriptive	PRI 1,2
Private			

CM1 01	Mandatory	Additional Assessed	General								
CM1 01.1	Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:										
<input type="checkbox"/> Third party assurance over selected responses from this year's PRI Transparency Report <input type="checkbox"/> Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year <input type="checkbox"/> Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year) <input type="checkbox"/> Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year) <input checked="" type="checkbox"/> Internal verification of responses before submission to the PRI (e.g. by the CEO or the board) <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Whole PRI Transparency Report has been internally verified <input type="checkbox"/> Selected data has been internally verified <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above											
CM1 02	Mandatory	Descriptive	General								
CM1 02.1	We undertook third party assurance on last year's PRI Transparency Report										
<input type="radio"/> Whole PRI Transparency Report was assured last year <input type="radio"/> Selected data was assured in last year's PRI Transparency Report <input checked="" type="radio"/> We did not assure last year's PRI Transparency report <input type="radio"/> None of the above, we were in our preparation year and did not report last year.											
CM1 02.3	Additional information [OPTIONAL]										
Not Applicable											
CM1 03	Mandatory	Descriptive	General								
CM1 03.1	We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:										
<input type="checkbox"/> We adhere to an RI certification or labelling scheme <input type="checkbox"/> We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report <input type="checkbox"/> ESG audit of holdings <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> None of the above											
CM1 03.5	Additional information [OPTIONAL]										
Not Applicable											
CM1 04	Mandatory	Descriptive	General								
CM1 04.1	Do you plan to conduct third party assurance of this year's PRI Transparency report?										
<input type="radio"/> Whole PRI Transparency Report will be assured <input type="radio"/> Selected data will be assured <input checked="" type="radio"/> We do not plan to assure this year's PRI Transparency report											
CM1 07	Mandatory	Descriptive	General								
CM1 07.1	Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed										
<input checked="" type="checkbox"/> CEO or other Chief-Level staff <table border="1" style="margin-left: 20px;"> <tr> <td colspan="2">Sign-off or review of responses</td> </tr> <tr> <td><input type="checkbox"/> Sign-off</td> <td><input checked="" type="checkbox"/> Review of responses</td> </tr> </table> <input type="checkbox"/> The Board <input checked="" type="checkbox"/> Investment Committee <table border="1" style="margin-left: 20px;"> <tr> <td colspan="2">Sign-off or review of responses</td> </tr> <tr> <td><input checked="" type="checkbox"/> Sign-off</td> <td><input checked="" type="checkbox"/> Review of responses</td> </tr> </table> <input checked="" type="checkbox"/> Compliance Function <input checked="" type="checkbox"/> RI/ESG Team <input type="checkbox"/> Investment Teams <input type="checkbox"/> Legal Department				Sign-off or review of responses		<input type="checkbox"/> Sign-off	<input checked="" type="checkbox"/> Review of responses	Sign-off or review of responses		<input checked="" type="checkbox"/> Sign-off	<input checked="" type="checkbox"/> Review of responses
Sign-off or review of responses											
<input type="checkbox"/> Sign-off	<input checked="" type="checkbox"/> Review of responses										
Sign-off or review of responses											
<input checked="" type="checkbox"/> Sign-off	<input checked="" type="checkbox"/> Review of responses										

Other (specify)

CM1 07.2

Additional information [OPTIONAL]

Not Applicable