

## **Canyon Capital Advisors (Europe) Ltd.**

### **UK Stewardship Code Disclosure Statement 6 December 2010**

Under COBS 2.2 of the FSA Handbook, we are required to make a public disclosure in relation to the nature of our commitment to the above Code, which was published by the Financial Reporting Council ('FRC') in July 2010.

The Code aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities. It sets out good practice on engagement with investee companies and is to be applied by firms on a "comply or explain" basis. The FRC recognises that not all parts of the Code will be relevant to all institutional investors and that smaller institutions may judge some of the principles and guidance to be disproportionate. It is of course legitimate for some asset managers not to engage with companies, depending on their investment strategy, and in such cases firms are required to explain why it is not appropriate to comply with a particular principle.

The seven principles of the Code are that institutional investors should:

- Publicly disclose their policy on how they will discharge their stewardship responsibilities;
- Have and publicly disclose a robust policy on managing conflicts of interest in relation to stewardship;
- Monitor their investee companies;
- Establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value;
- Be willing to act collectively with other investors where appropriate;
- Have a clear policy on voting and disclosure of voting activity; and
- Report periodically on their stewardship and voting activities.

Canyon Capital Advisors (Europe) Ltd. does not currently comply with the Code for the following reasons:

- We are a sub-manager to Canyon Capital Advisors LLC and therefore do not engage in stewardship practices because Canyon Capital Advisors LLC is or may be responsible for such activities.

Should any of the above factors change, we will review our commitment to the Code at that time and make appropriate disclosure.

**For further details on any of the above information, please contact Doug Anderson.**

**Canyon Capital Advisors (Europe) Ltd.**

**6 December 2010**