



CHELVERTON
ASSET MANAGEMENT

ENGAGEMENT AND VOTING REPORT QUARTER 1 / 2021

1. INTRODUCTION

The following report outlines the Chelverton Asset Management Ltd (CAM) engagement and voting record for the first quarter of 2021.

This report is intended to be read in conjunction with our Shareholder Engagement and Voting Policy and Engagement Plan 2021. Both are available to view on our website.

Shareholder engagement is purposeful dialogue with companies on matters such as strategy, performance, risk, capital structure and corporate governance including company culture, remuneration and matters relating to environmental and social issues.

Shareholding voting is the exercise of voting rights in support, abstention or against both management and shareholder resolutions at shareholder meetings.

Engagement and voting are central to the CAM investment approach.

Interested parties requiring further information should contact our Responsible Investing Manager Sally Clifton sdc@chelvertonam.com or Corporate Governance Manager Gregor Macdonald gcm@chelvertonam.com

1.1. Engagement Record:

In the first quarter of 2021 CAM's Investment Managers, attended over 290 meetings with individual companies within the CAM voting universe, supported by our Corporate Governance and Responsible Investing Managers.

The focus of discussion in these meetings ranged from trading, performance and strategy updates with executive teams, to discussions with non-executive board members regarding board composition, committee structures and executive remuneration. Environmental and social issues that may impact company performance over the long term were also discussed as appropriate. Engaging on these issues is an integral part of CAM's investment approach. It is also our responsibility as signatory to the United Nations-supported Principles of Responsible Investing (UN PRI) and aligns our engagement activities with the best stewardship practice set out in the new UK Stewardship Code.

In addition to these engagement meetings during the quarter we also wrote to 180 portfolio companies regarding the increasing importance of reporting the management of environmental, social and governance (ESG) risks and opportunities using recognised frameworks.

We sent out 169 ESG Questionnaires to targeted portfolio companies asking specific questions regarding their identification and management of ESG risks, the level of integration of their sustainability strategy within business strategy and their future priorities in this regard. This engagement activity is central to the delivery of our 2021 Engagement Plan, the purpose of which is to enable our smaller and medium sized companies to improve their communication regarding their management of ESG risks and opportunities.

Finally, regarding participating in collaborative engagements with other shareholders, CAM became investor signatory to the CDP (Carbon Disclosure Project). The CDP is a not-for-profit charity that runs a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

Becoming an investor signatory to CDP enabled us to participate in various collaborative engagements this quarter, aligned with our own objectives and set out in our 2021 Engagement Plan. We participated in the Small and Medium Enterprise Climate Action Tracking, Accountability and Acceleration Project, working to develop a streamlined climate reporting framework specifically for the smaller and medium sized companies. We also added our name to an investor letter aimed at larger companies given their importance to the shared efforts to control environmental risks linked to carbon emissions, water scarcity and deforestation.

1.2. Voting Record:

During the first quarter the Chelverton UK Equity Income Fund, UK Dividend Trust, UK Equity Growth Fund, Chelverton Growth Trust, and the Chelverton European Select Fund in aggregate voted on 798 company resolutions at shareholder meetings.

We voted against 9 resolutions with no abstentions in this period.

Votes cast from 1 January 2021 to 31 March 2021 which differed from the standard procedure of “Vote in Favour”, as detailed in our Shareholder Engagement and Voting Policy, were:

AFH Financial – During the period, we Voted Against a total of 8 resolutions in connection with an original offer and a subsequent increased bid for this financial services company. We believe that neither the first bid approach for the company early in March 2021, nor the revised bid, was at a sufficiently high price to reflect the true value of the company. As well as voting against the takeover proposals we also voted against the re-election of two of the board directors whom we believe were not acting in the best interests of stakeholders. Ultimately, there were sufficient votes in favour of the takeover. The bid was successful and the company has been sold.

Media & Games Invest – This European computer games company had asked for permission to issue a new share class of common shares and amend the articles of association accordingly. Each new share would have the same economic rights as the original shares but would only have one tenth of the voting rights thereof. Whilst this would not have affected our shareholding in any way, we believe that the creation of what would in effect be “second class citizens” would be detrimental to the overall perception of the company. Fundamentally, for shares trading on public exchanges, we believe in one share class for shareholders and one vote per share. We Voted Against the creation of the new share class. We are awaiting the outcome of the vote.