



CHELVERTON
ASSET MANAGEMENT

ENGAGEMENT AND VOTING REPORT QUARTER 2 / 2021

1. INTRODUCTION

The following report outlines the Chelverton Asset Management Ltd (“CAM”) engagement and voting record for the second 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 regarding our approach to engagement and voting 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 second quarter of 2021 CAM's Investment Managers attended over 190 meetings with individual companies within the investment universe of CAM's UK and EU strategies, 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 were discussed as relevant, including matters relating to CAM's Engagement Plan 2021.

In addition to these company meetings we wrote to 89 targeted portfolio companies following up on ESG issues raised with them during the first quarter as part of our Engagement Plan 2021. We also wrote to 26 committed new company holdings opening a dialogue regarding the same issues.

During the quarter we sent 71 ESG questionnaires to targeted portfolio companies asking questions regarding their identification and management of ESG risks, the level of integration of the company's sustainability strategy within business strategy, and future priorities in this regard.

Finally, CAM continued to participate in collaborative engagements, most notably as investor signatories to the Carbon Disclosure Project (CDP), a not-for-profit charity that runs a global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts. We continued to contribute as part of a working group to the CDP's Small and Medium Enterprise Climate Action Tracking, Accountability and Acceleration Project, the purpose of which is to develop a streamlined climate reporting framework designed for smaller and medium sized companies. This collaborative work aligns with the objectives set out in our Engagement Plan 2021.

1.2. Voting Record:

During the second quarter the Chelverton UK Equity Income Fund, UK Equity Growth Fund, UK Dividend Trust and European Select Fund in aggregate voted on 3017 company resolutions at shareholder meetings*.

We voted against 6 resolutions and abstained from voting 1 resolution during the period.

The breakdown of voting activity between the individual funds in Q2 2021 was as follows:

Fund Name	Resolutions	Vote in Favour	Vote Against	Abstentions
UK Equity Income	883	882	1	0
UK Equity Growth	1059	1058	1	0
UK Dividend Trust	497	492	4	1
European Select	578	578	0	0
Totals*	3017	3010	6	1

(* please note that for reasons relating to proportionality votes cast by the Chelverton Growth Trust are omitted. Further details available on request)

Votes cast from 1 April 2021 to 30 June 2021 which differed from the standard procedure of “Vote in Favour”, detailed in our Shareholder Engagement and Voting Policy, were:

- RPS Group** - We voted against a resolution to receive and approve the Board’s remuneration report for each fund holding shares. We have been in communication with the company over the preceding 12 months and have outlined to the RPS remuneration chair that we are not generally in favour of “CEO Accommodation” allowances in addition to salary. We believe such allowances are better considered as part of competitive overall remuneration. In the run up to the AGM vote we indicated we were likely to Vote Against the resolution. At the AGM, a total of 31% of votes were cast against the remuneration report. However, the percentage of votes in favour were sufficient for the resolution to pass. 16% of shareholders voted against the re-election of the Chairman, Ken Lever to the Board. We will continue to engage with the non-executive directors of the company to resolve our remuneration concerns.
- RTC Group** - We voted against the resolutions to receive and approve the remuneration report, to re-elect the Chairman W Douie, to issue new shares, and to dis-apply pre-emption rights for existing shareholders. In this instance we chose to use our vote to reinforce a view previously expressed that a disconnect appears to be developing between the remuneration paid to the directors and the strategy and performance of the company.