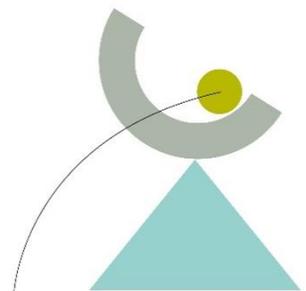




RESPONSIBLE INVESTMENT

ENGAGEMENT AND VOTING REPORT
QUARTER 1 / 2024



INTRODUCTION

The following report provides the Chelverton Asset Management Ltd (“CAM”) engagement and voting record for the first quarter of 2024.

The report is intended to be read in conjunction with our Shareholder Engagement and Voting Policy, and annual Engagement Plan(s), 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.

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

Shareholder engagement and voting lie at the heart of every CAM investment strategy. We report our engagement and voting activity to the Financial Reporting Council (FRC) on an annual basis. Our UK Stewardship Code Report(s) are available to view on our website.

Interested parties requiring further information regarding our approach to engagement and voting should contact our Head of Responsible Investing, Sally Clifton at sdcc@chelvertonam.com or Corporate Governance Manager, Gregor Macdonald at gcm@chelvertonam.com.

RESPONSIBLE INVESTING CONTEXT

CAM is a responsible investor, believing this approach can deliver long-term benefits for clients, beneficiaries, the economy, environment, and wider society.

We recognise an evolution is taking place in what it means to be a responsible investor and that the use of general terms can lack clarity given the diversity of investing approaches that have emerged.

The PRI and other recognised bodies have attempted to offer clarity regarding accepted approaches to responsible investing, by agreeing terminology.

The below infographic summarises the range of different responsible investing styles identified and highlights the position of CAM’s approach within the range.

Style	Traditional Investment	Responsible Investing ESG Integration and Stewardship		Screening	Thematic	Impact
Definition	Limited or no consideration of ESG issues	ESG issues considered within analysis and decisions to protect and enhance investment returns.	Active ownership of investments, including voting and engagement, to protect and enhance investment returns.	Investments selected on rules-based sustainability criteria	Investments selected on defined sustainability themes	Investments targeting positive, measurable social and/or environmental impact, alongside a financial return
Examples	No systematic inclusion of ESG issues within investment processes	Systematic inclusion of material ESG issues within investment processes	Responsible allocation, management and oversight of investments, including exercising influence towards common economic, social and environmental goals	Best-in-class selection criteria Norms-based selection criteria Exclusions* Positive selection criteria Negative selection criteria	Thematic inclusion criteria such as those relating to climate, water, biodiversity or social themes	Impact measured and reported against one or more of the UN Sustainable Development Goals
Approach	x	✓	✓	x*	x	x

*The Chelverton Global Consumer Franchise Fund is the only CAM managed fund to follow an exclusion policy.

As a responsible investor, we anticipate that 2024 will be another busy year as we work to monitor the companies in whom invest and maintain the alignment of our investment processes with the evolving risks and market expectations that may impact our investment thesis.

Within this context the first quarter has been dominated by following activities:

- Company update meetings to monitor the investment thesis.
- Preparing our annual Engagement Plan 2024 to ensure evolving ESG issues remain prioritised by our managers alongside financial considerations.
- Preparing our UK Stewardship Code Report for 2023, due for submission at the end of April.

Of note, this Engagement and Voting report includes for the first time the Engagement and Voting record of the Chelverton Global Consumer Franchise Fund following our recent appointment as manager of this fund.

ENGAGEMENT RECORD

The purpose and principles which guide our engagement activities are laid out in the Chelverton Shareholder Engagement and Voting Policy.

The focus of discussions during our company meetings ranges from:

- Trading, performance, and strategy updates with executive teams.
- Discussions with non-executive board members regarding board composition, committee structures and executive remuneration.

- Focussed questions, where applicable, related to the management of relevant ESG issues that are considered material to the investment thesis.

TRADING PERFORMANCE AND STRATEGY UPDATES

In the first quarter of 2024 CAM's investment managers attended 132 meetings with individual companies within our UK, European and Global funds, supported by CAM's ESG Team where applicable. This represents meetings in aggregate with roughly 42% of the companies that we own.

The following list of topics were most discussed during the first quarter:

- The general outlook for the year ahead.
- The effects of inflation on wages and other factors, such as raw material costs.
- Supply chain issues and management.
- Inventory levels and de-stocking.

GOVERNANCE

Our Corporate Governance Manager engaged with a number of remuneration committees regarding future changes to base levels of executive remuneration, annual bonuses and long-term incentive schemes (LTIP) likely to be voted upon in upcoming shareholder meetings.

Consultations in advance of shareholder voting are increasingly the norm and we engage when we would like to influence outcomes. We emphasize a consistent view that performance metrics and targets should be challenging, sensitive to the experience and cost-of-living pressures of the wider workforce at this time, and include relevant and challenging ESG targets.

In line with our engagement objective of supporting more sustainable business practice, we identified a list of companies to engage during the year regarding the inclusion of meaningful ESG targets within executive remuneration packages.

ESG INTEGRATION AND ENGAGEMENT

The ESG Team continued to highlight relevant ESG issues to investment managers for inclusion in company meetings, providing pre-meeting insights ahead of 32 meetings in response to Investment Team requests. This represents focussed ESG input for just under 25% of meetings held during the quarter.

Focused meetings between the ESG Team and relevant company representatives form an iterative element of our annual Engagement Plan as responses to letters and questionnaires highlight areas of need.

In the first quarter the ESG Team participated in one focussed ESG meeting outside of our normal company meeting cycle, discussing data privacy controls and other pertinent ESG issues. The Team also contributed to one company stakeholder engagement exercise surveying the ESG risk perceptions of different stakeholder groups.

COLLABORATIVE ENGAGEMENT

We believe collaborative engagement that represents the needs of our companies can be a valuable

contributor to ensuring the inclusion of smaller companies in policy design. During the quarter we contributed to a number of consultations and events with this broad objective in mind:

- We attended a PRI sponsored consultation with the Financial Conduct Authority (FCA) to discuss the proposed new Anti-Greenwashing Rule, due to be implemented in May as an integral part of the UK Sustainability Disclosure and Labelling Regime (SDR).
- We contributed to a PRI survey providing feedback on proposals for the co-design of improved Responsible Investing practices.
- We joined two IIMI events. The IIMI is a think tank that gives voice to owner-managed independent asset management firms, many of whom are boutique investors dedicated to investing within a niche. At these events we discussed climate and sustainability reporting and strategies for improving Diversity, Equity and Inclusion (DEI).

VOTING RECORD

The principles that guide CAM's voting activity are laid out in the Chelverton Shareholder Engagement and Voting Policy. We consider voting to be an important shareholder right and a key tool for escalating shareholder action when required in the interests of clients and wider stakeholders.

Chelverton do not use the services of a third-party proxy voting advisor for voting advice, preferring to view company governance and management and shareholder resolutions within the context of company size, level of maturity, and our understanding of the dynamics of the company.

During the first quarter Chelverton's UK Equity Income Fund, UK Equity Growth Fund, UK Dividend Trust, European Select Fund and Global Consumer Franchise Fund, in aggregate, voted on more than 650 company resolutions at shareholder meetings, casting votes in line with our Shareholder Engagement and Voting Policy.

In total, we voted against 13 resolutions and abstained from voting on 1 resolution.

The breakdown of voting activity between the individual funds in Q1 2024 was as follows:

FUND NAME	RESOLUTIONS	VOTE IN FAVOUR	VOTE AGAINST	ABSTENTIONS
UK EQUITY INCOME	151	150	1	0
UK EQUITY GROWTH	140	129	11	0
UK DIVIDEND TRUST	180	178	1	1
EUROPEAN SELECT	153	153	0	0
GLOBAL CONSUMER FRANCHISE	42	42	0	0
TOTALS*	666	652	13	1

Chelverton consider all votes cast to be significant. However, in total, 14 votes were cast between 1 January 2024 and 31st March 2024 which differed from our standard procedure of “Vote in Favour”, as detailed in our Shareholder Engagement and Voting Policy.

We consider these votes to be significant to report and thus outline the rationale below:

- R & Q INSURANCE HOLDINGS (RQIH) - CHELVERTON UK DIVIDEND TRUST (1 ABSTENTION)

In October 2023 RQIH entered into a conditional agreement to sell Randal & Quilter America Holdings Limited, known as “Accredited”, for \$438m adjusted for debt. This strategic initiative represents a fundamental change in the company, hence requiring approval from shareholders at a Special General Meeting. The sale refocuses RQIH as a legacy insurance business operating in Bermuda, Europe, the US and the UK.

We believe that post the sale shareholders are left with a fee earning business generating very little fee income and without a development plan. We find it hard to understand what value is left in this business, despite the management claiming a Net Asset Value of 65p. We therefore abstained from voting in favour of the sale.

In January 2024 the Board announced that the resolution had passed providing shareholder approval for the sale. We note that there is no guarantee that the sale conditions will be satisfied or that necessary agreements will be reached. However, in March 2024 RQIH announced that they currently expect the sale to occur in Q2 2024.

- REABOLD RESOURCES - CHELVERTON UK EQUITY GROWTH (11 VOTES AGAINST).

In November 2023 Reabold received a Requisition Notice from Pershing Nominees Limited which own approximately 7.79% of the Company’s issued share capital on behalf of 13 beneficial shareholders, requesting the Board convene a general meeting under section 303 of the Companies Act 2006 to consider resolutions which, taken together, would have removed the entire current board of 7 directors and replace them with 4 new directors of their choosing.

The company board unanimously recommended that shareholders should Vote against the 11 resolutions in this regard. We agree with the Board that the requisitioning shareholders were trying to gain control of Reabold without playing a suitable control premium and we continue to support the existing Board going forward.

In January 2024 the company announced that all 11 proposed resolutions put to shareholders were not passed. The Votes For the proposal averaged around 21% of the votes cast, the votes Against averaged around 78% of the votes cast, leaving the existing Board in place.

- PREMIER MITON - CHELVERTON UK EQUITY INCOME & CHELVERTON UK DIVIDEND TRUST (1 VOTE AGAINST FOR EACH FUND).

We were disappointed that the company chose to cut the final dividend payable to shareholders citing “prudence of capital allocation” following the acquisition of Tellworth Investments in the final quarter of 2023. We therefore voted against the acceptance of the Remuneration report at the Annual General Meeting to highlight this.

Some 25% of shares cast at the AGM voted Against the Remuneration Report and additionally the Remuneration Chair saw 20% voting Against her reappointment.

