

Stewardship Code

Under the Financial Conduct Authority Conduct of Business Sourcebook (“COBS”) 2.2.3, GHC Capital Markets Limited (“GHCCM”) is required to disclose the nature of its commitment to the Financial Reporting Council’s Stewardship Code (the “Code”), or where it does not commit to the Code, its alternative investment strategy. COBS 2.2.3 applies to managing investments for professional clients that are not natural persons.

The Code sets out good practice on engagement with investee companies in which GHCCM relevant professional clients have invested. The Financial Reporting Council (FRC) states in the Preface to the Code that:

The Code, which is published by the Financial Reporting Council (FRC), the independent regulator overseeing the financial reporting, accounting and auditing, and corporate governance, is addressed in the first instance to firms who manage, on a discretionary basis, assets on behalf of institutional shareholders (non-natural persons) such as pension funds, insurance companies, investment trusts and other collective investment vehicles.

GHCCM is the appointed Investment Manager Delegate (IMD) to the LF Resilient MM Balanced Managed Fund, the underlying investors being a range of institutional and private clients.

GHCCM is a wholly owned subsidiary of the GHC Group Limited, but it is independent and has no conflicts of interest.

GHCCM regards corporate engagement as integral to the investment process, fully supports the seven principles embedded within the Code, and believes that it is essential to understanding the sustainable value of those companies in which GHCCM holds equity on behalf of its clients.

Operation of stewardship responsibilities

GHCCM believes it is an essential part of the investment process to consider each company’s ability to create and sustain value. Part of this process is to challenge and question companies that it may invest in over issues that it feels may affect their value. Actively voting the shares that GHCCM manages on behalf of clients should therefore be seen as integral to the overall investment process.

Where appropriate GHCCM will engage and vote on any issue which it believes may affect the long-term sustainable value of any company in which it has invested. Issues which GHCCM believes to be relevant include, but are not limited to, risk management, business strategy, financing and capital allocation, remuneration, governance and management.

Clearly GHCCM may not be able to exert influence under all circumstances. The influence will be concomitant with the amount of voting shares controlled by

GHCCM. Where this is a small fraction then, whilst wishing to make views clear, GHCCM will not expect to substantially affect possible outcomes.

GHCCM may engage through regular meetings with company management, communications with non-executive directors, submitting resolutions at general meetings or requesting extraordinary meetings.

GHCCM will monitor financial results and announcements on a periodic basis.

In determining to vote GHCCM will consider a range of factors, including the circumstances surrounding each resolution, the performance of the company involved, Where the proposals are not consistent with shareholders' interests it is likely that GHCCM will vote against them. If there are mitigating circumstances, for example where senior management are taking steps to alleviate shareholders' concerns, GHCCM may abstain from voting. We will disclose our voting policy on request.

GHCCM is aware of the potential conflicts arising in voting rights and will manage them within its conflicts policy as appropriate.