

Shareholder Engagement Policy

October 2022



Marlborough

01. Introduction

The Financial Conduct Authority (FCA) published a policy statement (PS19/13) on 31 May 2019 introducing new requirements to improve shareholder engagement and increase transparency around stewardship. These requirements came into effect on 10 June 2019 in relation to those companies managing portfolios made up of shares traded on a regulated market. Separately, the Financial Reporting Council (FRC) published a revision to the 2012 edition of the UK stewardship code, which introduced its own stewardship and engagement requirements which enfranchised portfolios made up of fixed interest securities.

Marlborough Investment Management Ltd. (Marlborough) are Investment Managers for a number of authorised and regulated collective investment schemes (the 'Funds') as well as for a wide range of discretionary portfolios. This Policy sets out how we systematically integrate stewardship in to our investment process for the benefit of our customers.

Our approach looks to promote the long-term success of the investments that we make on behalf of our customers. Our customers are drawn from the UK and international locations and invest predominantly in collective investment vehicles, domiciled in the UK.

Poor governance and a disregard for the workforce and surrounding social and physical environment is a significant investment risk and as such is an integral part of our due diligence process. This is true both at the initial investment stage and in subsequent monitoring.

We are committed to carrying out our responsibilities to ensure compliance with our regulator's expectations and this document explains how this naturally aligns with our investment values; the long-term interests of our investors; and recent legislation (detailed in the appendix to this document) on shareholder rights and stewardship.

Amongst other items, it details the extent to which we engage with investee entities. This ranges from our initial assessment of potential investments to our monitoring and subsequent stewardship thereafter. This document describes how we select votes for disclosure and lists them if significant. It also describes the extent to which we use proxy adviser services.

Over the years, the outcomes we have achieved for our customers and investors have been acknowledged in a long list of nominations and awards from a wide range of industry bodies, which can be found on our website.

02. Stewardship

In managing our customers' money, we aim to produce investment returns that are repeatable over the long term as per the investment objectives of customers and in doing so, we consider our stewardship role to be an integral part of our responsibility for customers' capital. To do that means investing in companies and assets whose management run their business in a way which we believe will allow them to grow long into the future.

Investing in stock markets should be considered on a long term basis; over the course of several years average annual returns will tend towards a more predictable outcome, but your capital remains at risk, as explained in the documentation for all of our funds.

In order to align our interests with those of our customers, our managers are also incentivised based on the investment objectives. Our company has a culture of valuing its staff which has resulted in staff turnover of only 16.29%, which is in line with the UK All Employers average of 17% (XpertHR, All employers labour turnover 2021).

For us, good management means not only respecting the laws and regulations of the countries in which they operate but working closely with the people in the communities around them and giving their own workforce an appropriate level of respect.

As stewards of our customers' assets, it is important that we mutually engage with the management of our investee companies on all relevant or applicable investment issues, whether financial or otherwise.

Financial factors remain critically important to the investment decision-making process but are only a part of it. Other non-financial factors include aspects of Environmental, Social and Governance (ESG), which are an integral part of our much wider due diligence process to ensure that:

- stakeholders' best interests are considered appropriately by the Directors or Trustees of our investee entities
- management are striving to operate in line with best practice for their given industry
- companies interact with their workforces and local communities appropriately, giving regard to their entire chain of suppliers and distributors as they do so
- companies strive to either actively improve or not damage the environment in the course of their normal operations.

Our ESG approach is embedded in our management through our:

- investment strategies,
- voting practices,
- non-voting engagement
- and oversight.

It is our belief that management who have a proven focus on each of these elements, acting ethically, transparently and accountably in their work, ultimately build stronger companies which endure over the long term. Further, that this ESG integration leads to better informed investment decisions and can produce superior risk adjusted returns throughout an economic cycle, contributing to investment results and society.

As part of our approach to engagement, we consider stock lending in order to short securities as inconsistent with a long-term intention to engage with investee companies. Consequently, we do not lend out stock to other market participants.

Our approach to stewardship is to provide a consistent high-level policy framework across all our management regardless of asset class. In doing so, we aim to meet our customers' investment expectations whilst ensuring a sustainable environment for future generations. Each desk will then tailor this to the specific characteristics of their area.

How we resource our stewardship

We have a broad range of investment management activity and have studied a number of possible approaches to stewardship and come to the conclusion that evolution, not revolution is the most appropriate approach for the nature of the portfolios we manage.

We have decided not to opt for separate ESG teams, as we prefer to keep the approach to engagement fully integrated with investment decision-making. In this way, we hope to focus on what is truly material to a company's long-term success, whether in investment terms or in the context of its wider community and environmental impact.

Our teams of managers bring an average of 18 years combined experience to their understanding of what makes a company successful over the long term and which aspects of ESG reporting are the most material for their given industries. We have used this to create our own individual ESG integration statements as required for each fund for which we are appointed and which are published on our website.

03. Investment Strategies

Multi Asset

We manage a wide range of Multi Asset portfolios formed primarily of regulated collected investment schemes and ETFs. We ensure that the investment strategies, duration, risk, incentives and profiles of the underlying assets in which we invest, are suitably collectively aligned with ours, blending the characteristics appropriately according to mandate.

Multi Asset arrangements are not in scope for SRD II however, in the normal course of Marlborough's due diligence, our investment team considers both financial and non-financial factors. This includes asking managers of current and potential investee funds to disclose how ESG is integrated into their investment processes, checking the nature of their ESG verification and methodologies, as they do so, which also includes analysis of their investee company voting and engagement, where appropriate.

The Funds do not have specific ESG mandates, but because companies and portfolios with a greater ESG slant may outperform their peers, ESG has become an integral part of the selection process.

Securities

Our management of portfolios of equities involves a wide range of investor time horizons, expectations and characteristics. The investment processes which we utilise in the management of these propositions is specific to each fund and can be found on our website.

Fixed Income

Our management of portfolios of fixed income securities similarly involves a wide range of investor time horizons, expectations and characteristics. The investment processes which we utilise in the management of these propositions is specific to each fund and can be found on our website.

It is to be noted that in the case of fixed income securities because the investor does not have the opportunity to vote as is the case with equities, where stewardship and portfolio analysis is concerned it is necessary to adopt a hybrid approach to ESG considerations.

04. Voting

As part of the wider stewardship of our customers' assets we consider that voting at Annual and Extraordinary General Meetings (AGM's and EGM's) is essential, although only equities provide an opportunity to do so.

We prefer managers to take the decision on proposed resolutions as a fully integrated part of the investment process. Consequently, we do not employ proxy advisors to tell us how to vote, but we do utilise the services of a proxy voting company, ISS, and the Funds' custodian, HSBC, in the administrative process of casting our votes.

Whilst we vote on many more company resolutions than shown in our examples, we display votes which we regard as significant. They may be found in the appendix to this document, alongside a description of the extent to which each investment team use default votes.

We regard the threshold at which we will disclose individual votes to be the level of declarable ownership set by the exchange on which any given investee company is listed, when aggregated at the portfolio/team level. For illustrative purposes, in most countries in which we invest, this has been set at between 3 and 5% of the outstanding shares of any given listed entity. Votes on holdings below these thresholds are considered not to be significant. In addition, we have disclosed votes where a proposition holds in excess of 5% of its Net Asset Value at the time of the vote in any given stock.

When we vote, our aim is to always consider its effects on the proposition's interests first. The following list, which is not exhaustive, covers the types of matters on which we are given an opportunity to have our say and to which we pay particular attention:

- Matters which might change the investee company's financial position, operations or dividend;
- Requests by the company to approve large purchases / sales of assets or to approve takeovers or mergers;
- Changes of Directors and Auditors;
- Requests to change the nature of the business or its capital structure;
- Related party transactions, which may cause a conflict of interest between shareholders and management;
- We also closely scrutinise the remuneration plans of the company where they have the potential to harm its future sustainability, or dilute our customers' ownership and other matters which might impact the value of the assets owned.

The investment teams always address the issues raised on a company by company basis but do have issues which we will routinely vote against. In general, however, we have a preference for supporting management, wherever appropriate.

Appendix 1 shows a list of how the investment teams have voted by region or proposition in the last calendar year.

A further log of voting and corporate action history is available on request. Our contact details can be found on our website.

05. Non-Voting Engagement

Each investment team engages with the management of its portfolio investments in different ways, which, depending on the nature of the portfolios managed, may include:

- Meeting with Boards, senior management and Investor Relations representatives of investee companies
- Telephone conversations with investee companies
- Letters / emails to investee companies
- Collaboration with other industry bodies or shareholders

We offer Multi Asset arrangements where the investment management is delegated to Marlborough and within which objectives are met through investment in other funds operated both by us and other third-party fund management companies. As a result, engagement with investee companies in those portfolios and the exercise of our vote on behalf of those Fund investors is at arm's length, as is any escalation appropriate to their portfolios arising from their engagement activities. Each of these third- party fund managers discloses their own voting records on their respective websites.

Sometimes, our engagement fails to achieve the outcomes which we would ideally seek. We are actively developing our escalation policies, to improve the effectiveness of our dialogue.

Marlborough as an investment entity is primarily involved in the management of portfolios of UK and European small and medium sized company shares and portfolios of UK and International sovereign and corporate bonds. In attempting to fulfil our responsibilities under SRD II it was identified that the usual sources of Environmental, Social and Governance (ESG) ratings, the data vendors (e.g.Sustainalytics, Refinitiv, Bloomberg etc.) were not going to be of assistance within our process. This is because as a generality the scope of research coverage offered by them is limited to what they believe constitutes the global investment universe for company shares. This effectively means that the data vendors only offer research for the approximately 12,000 largest quoted companies and ignore a significant proportion of what is still the mainstream investment universe. In our case this means there is little or no coverage for smaller companies in the UK and Europe and in areas where Report and Accounts documents are not published in English, irrespective of the size of the company.

In the case of corporate bonds there was no coverage at all although this is now improving, and there is still no coverage for Sovereign bonds. When Marlborough referred to these sources in search of ESG data it was therefore identified that in relation to our investment universe the vast majority of assets had simply been overlooked.

In the light of this position we worked with our equity investment managers to facilitate the creation of a proprietary solution both for the rating of existing portfolios and potential new assets which would enable us to integrate consideration of ESG criteria into our investment processes. This is the approach we have been taking since September 2020. In relation to our Fixed Income investment managers, we have created an approach utilising both issuer ratings and at a secondary level a third party system to facilitate the creation of blended ESG ratings and ESG integration.

06. Working with other shareholders

As one of the leading fund management companies, in the UK market, we work with a large number of other fund management houses to ensure that ESG is an appropriate part of their investment processes.

We integrate our approach to ESG in the fund processes of our Delegates and our own internal managers, through its policies and via seminars for the investment managers.

07. How we monitor portfolios managed on our behalf

All propositions are monitored continuously to ensure that they meet the highest standards. Our monitoring takes place over a variety of time horizons and at all levels of seniority.

Time Horizon	Items monitored	Monitored by
Daily	Portfolio assets, adherence to mandate, pre and post trade compliance.	Investment managers and CIO
Weekly	Performance on both absolute and relative bases and weekly portfolio attestations	Investment managers and CIO
Monthly	Factsheets, charges, portfolio turnover; Yield relative to target; performance relative to prospectus objectives; risk structure and trends in fund value.	Marketing, CIO, Investment Committee, and Product Governance Committee
Quarterly	Investment Managers' Attestations	CIO
Annually	Assessment of Value	CIO in collaboration with IFSL (Marlborough's Host ACD)

08. Identifying and responding to market-wide and systemic risks

As part of our investment process, our investment managers carefully monitor current and potential investments, assessing them on material issues including strategy, capital structure, financial and non- financial performance, and risk factors amongst other measures.

As a natural part of our management process, our managers monitor developments in a wide range of factors which include, but are not limited to, the following areas:

- Macro-Economic data
- Geopolitical nuances
- Regional, domestic and country-specific political and regulatory matters
- Global and regional themes
- Sector-specifics
- Company-specific financial and non-financial data, such as ESG

They blend the analysis of company valuations and market metrics with these factors and their deeper knowledge of each entity and its management strategies and engage with investees in order to improve outcomes over the longer term.

As our teams conduct their due diligence, they continuously set their analysis in the context of likely risks. These include both systemic risk, such as climate change and market or company-specific risk.

The investment managers share their knowledge with each other at regular quarterly investment seminars as well as the routine dissemination of information in monthly reports.

Investment managers' activities are monitored to keep the propositions within the risk boundaries agreed at the outset and in doing so maintaining the customer's agreed risk profile, tolerance, capacity for loss and time horizons or other constraints.

09. Managing conflicts of interest in Stewardship requirements

We define a conflict of interest as a situation which arises when:

01. our firm's interests or the interests of our owners, a director or employee conflict with the duties we owe to our client(s); or
02. the duties we owe to one client conflict with the duties we owe to another client;

We manage any potential or actual conflict with the aim of ensuring the investors in our propositions are not disadvantaged.

Specific areas where conflicts of interest could arise in relation to stewardship as follows:

- We may have other business relationships with a company in relation to securities our propositions may invest in.
- We may hold the same security in more than one proposition with differing objectives and policies.

We take all reasonable steps to avoid conflicts arising in the first place, then to identify conflicts that do arise, and finally to manage conflicts in a way that is fair to our investors.

To prevent the risk of damage to our investors' interests, we have organisational and administrative arrangements, as follows:

- A Conflict of Interest Policy, that sets out how we identify and manage potential or actual conflicts of interest.
- A conflict of interest register that is reviewed regularly to ensure there is awareness of new conflicts and procedures are in place to manage these.
- Investment managers may execute trades for different propositions which only part-complete. In these instances, we have a policy to ensure the fair allocation of stock between the funds, to ensure that all parties are fairly treated.
- Disclosing in accordance with market practice, where potential conflicts inherent to the nature of our business and the structure of the market are disclosed in our written contracts.
- Appropriate and transparent charging policies.
- Restricting the flow of information between teams / individuals, where conflicts could arise. We have physical and technical barriers, known as 'ethical walls'.
- Investment managers may cast proxy votes independently of one another taking into account the objectives and policies of the proposition(s) they manage.
- A policy to ensure gifts and hospitality received from or given to third parties by members of staff are declared and pre-approved, as appropriate.
- We restrict employees own personal trading, through adherence to our personal account dealing policy and the operation of an insider list and restricted list. This prevents employees from making a personal gain on trades which would be in conflict with clients.
- We do not engage in securities lending.

10. Reporting disclosures

We will publish regularly on our website how we have implemented and met the objectives of this Engagement Procedure, along with a summary of our voting activity at least annually.

Each of our Delegates also publishes details of their own engagement and voting policies as part of their own compliance with the European Shareholder Rights Directive II.

11. Oversight of investment management activities

We have robust systems and controls in place to carry out regular oversight and reviews of the performance of both our in-house and delegated investment managers' processes.

We ensure that all our investment managers have implemented and follow appropriate controls, not only in engagement matters, but in all aspects of our business, as part of our ongoing oversight and monitoring.

The nature of this oversight, monitoring and due diligence activity varies, depending on the type on investments and the investment manager concerned.

We take steps to ensure that the services we receive in the course of our investment management are regularly reviewed for their accuracy, quality and cost. We use dual sources of pricing when valuing our portfolios and those of the funds which we oversee.

How we voted in 2021

The following describes the different approaches to voting employed across our different strategies, along with a representative example of our voting in 2021.

UK

Interaction with our investee companies is a core element of our success as fund managers. Whilst we do not seek to vote on every issue, we do seek to do so where we consider the item to be significant in the context of the company concerned.

We do not see that issues are sufficiently delineated that we can say we will always vote for or against an issue for every company, but we do see key areas that warrant further consideration and are more likely for us to exercise our voting rights on.

Examples of these areas would be:

- Non rotation of, or excessive tenure of auditors
- Issues of 'non-independence' from Directors
- De-listing of the company
- Items linked to manufacture or supply of weapons
- Remuneration / incentive packages
- Management issuing shares with no pre-emption rights
- Material related party transactions
- Share buy backs where the market is already illiquid

This is by no means an exhaustive list.

In addition, we also consider ESG (environmental, social and governance) issues when considering whether we should vote and in which way.

As we predominantly invest in smaller companies, we do consider this when considering whether to vote, and consider the issues in the context of the specific company and their unique circumstances.

Summerway Capital Plc

We voted against a fundamental change to the company's Investment policy.

Britvic Plc

We voted against changes to the Executive Share Option plans. The changes would have allowed directors to award shares even if targets were missed. We believe this defeats the point of having a long-term incentive plan with stretching but rewarding targets.

2021 Proxy Voting Record

IFSL Marlborough Special Situations Fund

Proposal Type	Abstain	Against	Do Not Vote	For	Grand Total
Antitakeover Related				49	49
Capitalisation	4			394	398
Directors Related	2			631	633
Non-Salary Comp.				130	130
Other/Misc				1	1
Preferred/Bondholder				10	10
Reorg. and Mergers				13	13
Routine/Business	4		1	433	438
SH-Dirs' Related		2			2
Grand Total	10	2	1	1661	1674

IFSL Marlborough UK Micro-Cap Growth Fund

Proposal Type	Abstain	Against	Do Not Vote	For	Grand Total
Antitakeover Related				23	23
Capitalisation	1			490	491
Directors Related		2		638	640
Non-Salary Comp.				109	109
Other/Misc				1	1
Preferred/Bondholder				10	10
Reorg. and Mergers			1	18	19
Routine/Business	1		1	493	495
SH-Dirs' Related				5	5
Grand Total	2	2	2	1787	1793

IFSL Marlborough Multi-Cap Growth Fund

Proposal Type	Do Not Vote	For	Grand Total
Antitakeover Related		18	18
Capitalisation		91	91
Directors Related		208	208
Non-Salary Comp.		39	39
Reorg. and Mergers		2	2
Routine/Business	1	113	114
SH-Dirs' Related		1	1
SH-Other/misc.		5	5
SH-Social Proposal		1	1
Grand Total	1	478	479

IFSL Marlborough Multi Cap Income Fund

Proposal Type	Abstain	Against	For	Grand Total
Antitakeover Related			29	29
Capitalisation	2		165	167
Directors Related			302	302
Miscellaneous			2	2
Non-Salary Comp.	3	3	52	58
Reorg. and Mergers			11	11
Routine/Business	2		202	204
Grand Total	7	3	763	773

IFSL Marlborough Nano-Cap Growth Fund

Proposal Type	Abstain	Against	Do Not Vote	For	Grand Total
Antitakeover Related				9	9
Capitalisation	1			366	367
Directors Related	1	1		391	393
Non-Salary Comp.		1		63	64
Other/Misc				1	1
Preferred/Bondholder				8	8
Reorg. and Mergers			1	18	19
Routine/Business		1		361	362
SH-Dirs' Related				5	5
Grand Total	2	3	1	1222	1228

IFSL Marlborough European Special Situations Fund (Formerly European Multi-Cap)

Proposal Type	Abstain	Against	For	Grand Total
Antitakeover Related			3	3
Capitalisation			169	169
Directors Related			471	471
Directors Related II			1	1
Miscellaneous			2	2
Non-Salary Comp.			211	211
Other/Misc			7	7
Preferred/Bondholder			4	4
Reorg. and Mergers			11	11
Routine/Business	1		412	413
SH-Dirs' Related		2		2
SH-Other/misc.		1		1
SH-Routine/Business		3		3
Grand Total	1	6	1291	1298

IFSL Marlborough Global Innovation Fund

Proposal Type	Abstain	Do Not Vote	For	Grand Total
Antitakeover Related			5	5
Capitalisation		1	42	43
Directors Related		4	68	72
Non-Salary Comp.		6	19	25
Preferred/Bondholder	1			1
Reorg. and Mergers			5	5
Routine/Business		4	53	57
Grand Total	1	15	192	208

IFSL Marlborough US Multi-Cap Income Fund Voting Record

Our Policy is to disclose votes on holdings which are in excess of 5% of the fund's NAV at the time of voting or where, as a house, we hold a stake large enough to warrant disclosure to its local stock exchange.

The proxy voting guidelines summarise our position on various issues of concern to shareholders and investors.

Proxy Voting Guidelines

Election of the Board of Directors

We will generally vote for the company's nominees, provided that the Board maintains a majority of independent directors. We will vote on a case-by-case basis for contested elections.

Classified Board Structure

We are generally against the adoption of classified board structures, where the board of directors is elected on a staggered basis instead of each director elected annually. We are generally against proposals to declassify boards unless there are special circumstances where shareholders would benefit from the declassification.

Cumulative Voting

We are generally against proposals to allow cumulative voting by shareholders.

Supermajority Voting

We are generally against proposals to require a supermajority for shareholder votes.

Election of Auditors

Our policies generally support the re-election of auditors unless an auditor has a financial interest in or association with the company, and is therefore not independent, or there is reason to believe that the auditor rendered an opinion that is either inaccurate or not indicative of the company's financial position if appropriate, we will review fees paid by a company for non-audit services on a case-by-case basis to determine if they are so excessive as to impair the auditor's appearance of independence.

Executive Compensation

We are generally in favour of proposals that link executive compensation to both the company's long term performance and to the performance of its peer group. We will vote on a case-by-case basis on proposals to re-price options and to institute or amend employee stock purchase plans.

Golden Parachutes

We are for shareholder proposals to require a shareholder vote to approve any plans greater than two times salary and bonus. We will review any proposals to repeal or cancel existing plans on a case-by-case basis.

Poison Pills

These are anti-takeover provisions that generally make it more difficult for an outside party to take control of a company without the approval of the board of directors. We are generally for any shareholder proposals to require a company to submit its poison pill plan for shareholder approval. We will review on a case-by-case basis any proposals to redeem or revise any existing plans.

Common Stock Authorisation

We generally vote for the authorisation to increase shares of common stock for routine corporate purposes such as for stock splits or share repurchase programs. Any non-routine issuances or issuances in connection with corporate restructurings are voted on as a case-by-case basis.

Preferred Stock

We generally vote against proposals to create a new class of preferred stock with unspecified voting, conversion, dividend distribution, and other rights - "blank check" stock. We review requests for issuances of preferred stock on a case-by-case basis.

State of Incorporation

We vote on a case-by-case basis on any proposals to change a company's state or country of incorporation.

Corporate Restructurings

We vote on all mergers, acquisitions, spin-offs, liquidations and any other corporate restructurings on a case-by-case basis.

ESG Responsibility Issues

We have also incorporated supplemental voting guidelines ("ESG Guidelines") that include an additional level of analysis on behalf of clients seeking to vote consistent with widely-accepted enhanced environmental, social and governance practices. The ESG Guidelines are designed for investors seeking a focus on disclosing and mitigating company risk regarding ESG issues.

2021 Proxy Voting Record

Proposal Type	Abstain	Against	For	Against/ Abstain Total	Total Items	% Against
Capitalism			1		1	0%
Directors Related	1	7	232	8	240	3%
Miscellaneous						
Non-Salary Comp.		3	33	3	36	8%
Reorg and Mergers						
Routine/Business <i>of which includes:</i>						
Amended Articles/By laws/Charter - Non-Routine			3		3	0%
Approve Charitable Donations						
Other Business		6	20	6	26	23%
SH-Dir Related						
SH-Routine Business		11	6	11	17	65%
Grand Total	1	27	295	28	323	9%

IFSL Marlborough Far East Growth Fund Voting Record

Our Policy is to disclose votes on holdings which are in excess of 5% of the fund's NAV at the time of voting. The following is a sample list of issues which we would routinely vote against.

- Issuance of more than 10% of the share capital, pre-defined usage, without reference to shareholders, or which does not have a specific purpose.
- Related party transactions which are disadvantageous to minority shareholders.
- Unusual remuneration.

Proposal Type	Abstain	Against	For	Against/ Abstain Total	Total Items	% Against
Antitakeover Related			1		1	
Capitalisation		12	112	12	124	0.1
Directors Related			207		207	
Miscellaneous			4		4	
Non-Salary Comp.			24		24	
Reorg. and Mergers			18		18	
Routine/Business <i>Of which includes:</i>		3	147	3	150	0.02
Amend Articles/ Bylaws/ Charter – Non-Routine		2	19			
Approve Charitable Donations			5			
Approve Political Donations			1			
Miscellaneous Proposal: Company-Specific			3			
Other Business			1			
SH-Dirs' Related		1		1	1	1
SH-Compensation			1		1	
Grand Total	1	14	462	15	477	0.3