J. STERN & CO.

UK STEWARDSHIP CODE REPORT : CALENDAR YEAR 2023

INTRODUCTION

Our investment approach at J. Stern & Co. builds on my family's multi-generational record of investing in quality for the long-term. We seek to generate industry-leading returns for our clients through a rigorous process of independent, in-house research and active stewardship. Our research combines traditional financial analysis, with a separate ESG Framework that covers environmental, social and governance issues.

It is our conviction that sustainability and quality are not only closely linked but that sustainability is a necessary condition for long-term value creation: only companies that operate in a sustainable way, can ultimately have a sustainable competitive advantage and generate sustainable shareholder returns over the long term.

We have continued to build over the last years our ESG capabilities reflecting our commitment to sustainable investing. We believe these investments, in both people and data sources, have enhanced the strength of our investment approach and ability to deliver value for our clients.

We seek to raise awareness of ESG issues and their link to investment performance through our webinars, insights and other client communications. We assess and disclose at portfolio level, performance relative to various metrics pertaining to ESG factors, in order to demonstrate the ESG performance of our main strategies in a transparent way.

We engage deeply with our investee companies to foster change and promote the implementation of better ESG practices. In 2023, we engaged with our investee companies on 102 occasions to discuss topics pertaining to their capital structure, strategy, operational performance, and ESG matters. In over 40% of these occasions, we had the opportunity to discuss these matters directly with C-suite executives and/or senior management. Importantly, we were pleased to see progress on key targets we had set for our engagement efforts, including on systemic issues like addressing climate change. During the year, we voted on a total of 758 resolutions at the AGMs of 40 companies, encompassing all equity holdings held across our three core strategies. We voted against the companies' board recommendation in 38 instances, in line with our voting principles, seeking better disclosures and practices on numerous environmental, social and governance issues.

Finally, we continue to expand our collaborative engagement work recognising that we have a role to play in fostering systemic change and seeking to leverage the impact of our stewardship efforts.

In summary, stewardship forms a cornerstone of our investment approach and how we create value for our clients over the long-term, and we look forward to building on our achievements in the years ahead.

Jérôme Stern

Managing Partner

PRINCIPLE 1: SIGNATORIES SHOULD DISCLOSE HOW THEIR PURPOSE, INVESTMENT BELIEFS, STRATEGY AND CULTURE ENABLE STEWARDSHIP THAT CREATES LONG-TERM VALUE FOR CLIENTS AND BENEFICIARIES LEADING TO SUSTAINABLE BENEFITS FOR THE ENVIRONMENT, ECONOMY AND SOCIETY.

Our Firm

J. Stern & Co. is an investment partnership based in London, Malta, New York and Zurich. The firm was established in its current form in September 2012, but builds on the Stern's family's 200-year old banking heritage. As of 31st December 2023, our Assets under Management were US$ 1.3 billion, 25% of which were owned by the Stern family and our partners.

We manage the assets of institutions, families, trusts, charities and other investors through long-term investments in concentrated portfolios of global equity and other assets. Our clients derive clear benefits from investing alongside the Stern family, namely from their investment approach, their long-term track record, network and experience.

We are a team of around 40 full-time employees across our Investment, Marketing, Operations and Compliance teams. We pride ourselves in the entrepreneurial and deeply collaborative culture of our firm that brings together a highly experienced, committed and diverse team of professionals.

Our Investment Philosophy

We offer our investments through funds and separate managed accounts. When we invest, our core principles are to:

- Look for quality businesses that will deliver absolute performance and create enduring value.
- Invest for the long term. We aim to actively own, as opposed to trade, the investments we make.
- Focus on direct investments in stocks and bonds and a limited selection of non-correlated assets including third party managed funds.
- Base our investment decisions on our own research and using our own portfolio managers.
- Support strong senior management teams in businesses we invest in but hold them to account where we have concerns.
- Strive for absolute rather than relative performance as we believe this is what ultimately matters for our clients.
- Have a clear, simple and transparent approach that fully aligns us with our clients. We do not use hedging, leverage, short selling or derivatives as part of our core investment approach.

Central to our investment philosophy is a rigorous process of fundamental proprietary research based on independent, in-house analysis complemented with active engagement. Our research combines a traditional financial analysis approach with a dedicated environmental, social and governance framework (the "ESG Framework"). As long-term investors we believe it is critical to take a holistic view of any investment, focusing not only on its underlying financial profile and associated risks but also its sustainability practices and policies.

Companies do not exist in a vacuum but are part of a nexus of environmental and social influences that mean that they are subject to a social licence to operate. We believe it is critical for us to understand and incorporate this broader perspective in our analysis. Investing for the long term and across generations makes a social licence particularly important because it is founded in structural influences and regulatory and reputational risks that a more conventional financial analysis would not capture.

We strongly believe that companies that successfully manage ESG-related risks and opportunities, strengthen the sustainability of their competitive position and improve their prospects for generating sustainable value over time.

We offer three main strategies. Our flagship equity strategy is the World Stars Global Equity Strategy which invests in 25-30 global quality companies that can compound over the long-term. It invests in companies with a strong and sustainable competitive position in a good and growing industry, with a management that has a track record of value creation and the financial strength to weather any adversity. Our Multi-Asset Income Strategy is focused on delivering on an annual income generation objective, by investing across three asset classes, namely equities, fixed income and non-correlated assets. Our Emerging Market Debt Stars Strategy invests in a portfolio of hard currency corporate, emerging market bonds, seeking to generate returns from both income and capital growth. We offer two additional strategies, the European Stars and US Stars, which are effectively regional carve outs of our World Stars Global Equity Strategy. We offer these strategies as separate managed accounts and, in some cases, also through a fund structure.

What Stewardship Means to Us

We consider ourselves stewards of our clients' capital. Stewardship serves as a powerful philosophy focusing on generating long term returns based on quality, value and sustainability. Direct engagement with company managements is a core part of how we believe we can deliver for our clients. We believe both asset owners and asset managers are well-placed to identify issues and implement change. Stewardship is as much about responsible ownership as a considered approach to selecting investments.

We engage actively with the companies we have invested in, and where we believe our companies should take more aggressive action to address issues, we raise our voice to encourage change. We see this as an integral part of our role as stewards of our clients' capital. Maintaining a constant dialogue with company management is key to how we discharge our stewardship responsibilities, and we believe it as a way to maximise shareholder value over the long-term.

Stewardship considerations form a key part of the investment decision process at the Investment Committee level, where the sustainability profile of current and potential investments and associated risks and opportunities are discussed as part of the overall investment thesis. ESG issues and stewardship activities are routinely discussed during our investment team meetings. We focus on emerging ESG trends and policy developments that have the potential to influence our investee companies as well as company specific issues or controversies that may arise.

Outcomes

Reflecting our commitment to integrating ESG factors in our investment approach, our three UCITS funds, the World Stars Global Equity, the US Stars and the Emerging Markets Debt Stars, are classified as Article 8 in the context of the SFDR (the EU's Sustainable Finance Disclosure Regulation), meaning they promote environmental and social characteristics.

In terms of performance, 2023 was year of recovery after a period of significant consolidation the year prior. Importantly for us, with interest rates peaking markets re-focused on quality as a factor and the underlying fundamentals of the companies we invest in. Our strategies performed strongly against this environment, with our investee companies in many cases benefiting from the opportunity to consolidate their industry leadership positions amidst the volatility of the covid-19 pandemic as well as the more recent trade disruptions and geopolitical turbulence.

The performance of our strategies to date and the value we create for our clients can be found on our website under https://www.jsternco.com/our-services/our-funds/.

Outcomes (continued)

As outlined in detail under Principles 7 to 12, we have continued to press ahead with our engagement activities, with progress on numerous areas that we had discussed with our investee companies in the prior years. As noted under Principle 9 and 12 areas of focus have included net zero related targets, water management issues, supply chain management issues, human rights issues and executive compensation. We believe these are particularly pertinent in view of our long-term investment horizon and our investee companies' ability to maintain their ongoing social license to operate. We have also sought to leverage the impact of our engagement efforts though participation in numerous collaborative engagement efforts as outlined under Principle 10, focusing on initiatives that tackle systemic issues or contribute to the proper functioning of financial markets.

PRINCIPLE 2: SIGNATORIES' GOVERNANCE, RESOURCES AND INCENTIVES SHOULD SUPPORT STEWARDSHIP.

Organisational Structure

Stewardship embodies the responsible planning and management of all our resources. This encompasses business decisions made by our managing partners and senior management as well as how we invest on behalf of clients. We believe that if the business in its entirety has adopted a stewardship "mindset" this then filters down and affects every level of the organisation. We believe it will ultimately have a positive impact on how we deliver outperformance for our clients.

We have a structured approach which embeds stewardship in the investment process and ensures lessons from stewardship activities are fed back into the investment cycle. Our ESG framework, including our approach to stewardship, was reviewed and approved by the Investment Committee.

Our Investment Committee sets our investment strategy and approves investments, with individual portfolio managers making decisions to buy or sell securities that have been so approved.

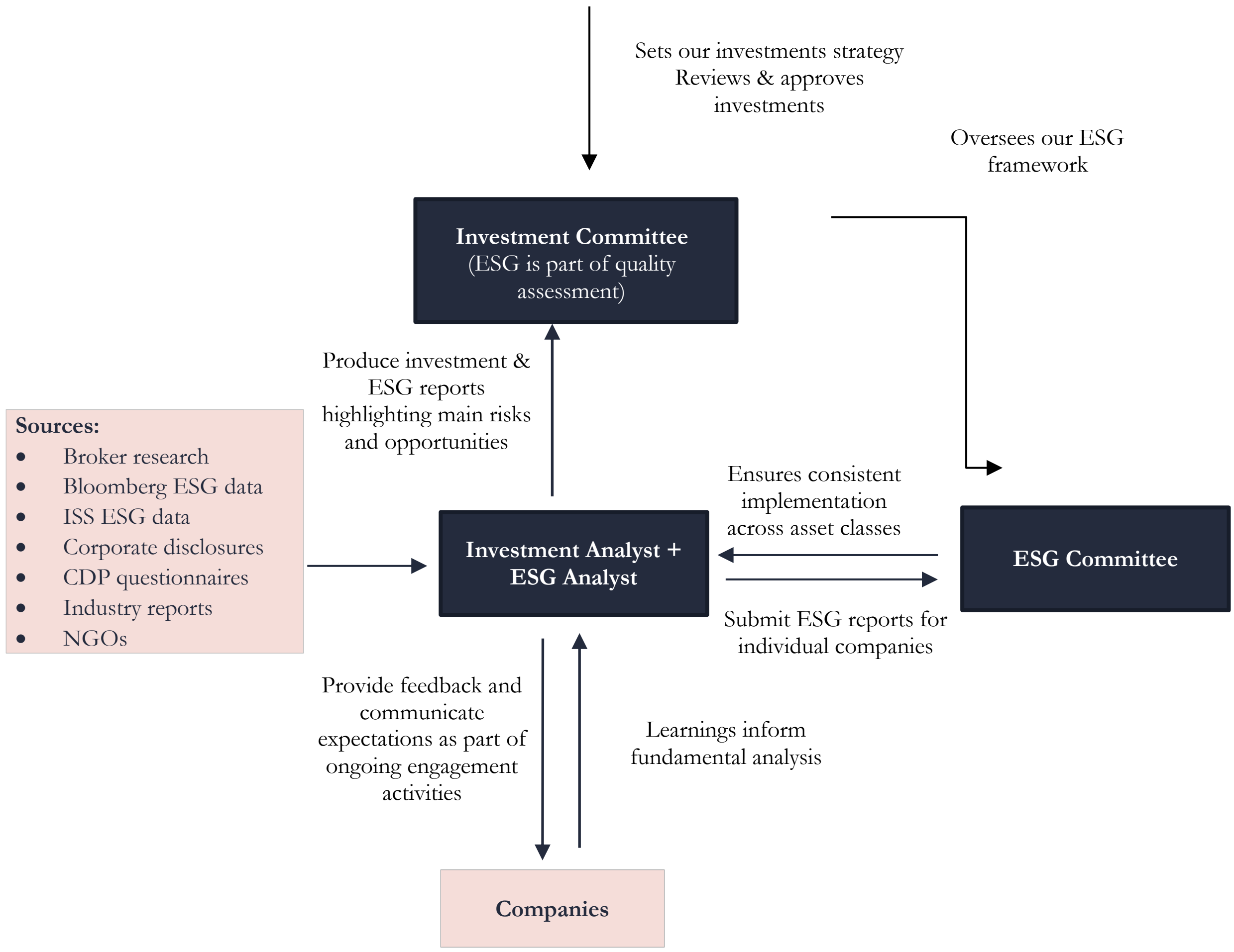
Oversight of our ESG efforts lies with the Investment Committee. The implementation of our ESG framework is overseen by a dedicated ESG Committee, which is comprised of senior members of the investment team and is responsible for ensuring uniform implementation across asset classes, industries and issuers.

Our individual analysts are primarily responsible for conducting engagement activities with their respective companies, in close collaboration with our dedicated ESG analyst. Each of our analysts covers 10-15 companies on average, with a view to the long-term, which allows them to gain an in depth understanding of their companies and sectors. ESG is fully integrated into our investment analysis. Our dedicated ESG analyst works with each investment analyst to identify material ESG issues and to analyse their potential effect on our investee companies, summarising the conclusions in a dedicated ESG report. Relevant ESG engagement issues identified as part of this analysis are followed up directly by our investment team. We believe this structure allows our team to engage in productive conversations with the managements of our investee companies leveraging their in-depth understanding of the issues at hand.

Our renumeration policy is aligned with our investment strategy, risk appetite and values. Our remuneration policy aims to: promote remuneration which is in line with the market rate for equivalent roles; prevent conflicts of interest; take into consideration financial and non-financial metrics to assess the performance of employees; and procure that it does not incentivise excessive risk-taking, including sustainability risks.

We incorporate stewardship and ESG related targets in the annual performance review of ESG Committee members and investment analysts. An assessment of achievements against these targets constitutes part of the annual performance review process for these team members, which is then used to determine part of their variable compensation level. ESG and stewardship targets include maintaining up to date dedicated ESG reports for each of our investee companies, incorporating the conclusions of this analysis into the overall evaluation of each investment, identifying pertinent engagement issues and progress on delivering on engagement objectives.

Our ESG Framework



Our Investment Team

The investment team is responsible for carrying out stewardship activities and consists of ten investment professionals. The team includes a dedicated ESG analyst who works with the rest of the investment team on ESG issues and our stewardship activities.

We pay particular attention to the diversity of our investment team, which we believe is essential in ensuring that different ideas and perspectives are incorporated in our investment approach. We foster an inclusive culture which allows the benefits of this diversity to be realised. The investment team comprises of 11 investment professionals, adding one member during the year. The team has a combined 150 years of experience, represents 9 nationalities, and speaks 8 languages, 33% of our investment colleagues being women, including at senior investment professional level.

Our Investment Team

Name *Years of experience*	Role	Background	Qualifications
Chris Rossbach *30*	Managing Partner, Chief Investment Officer, World Stars Portfolio Manager	Portfolio manager at Perry Capital, Lansdowne Partners, Magnetar, Merian Capital; Lazard Freres	BA Yale MBA Harvard
Katerina Kosmopoulou, CFA *24*	Senior Equity Analyst and Deputy PM	Portfolio manager at RCM Allianz Global Investors	BSc University of Bath MSc University of Reading Board member of the CFA Society of the UK CFA Certificate in ESG Investing GARP Certificate in Sustainability & Climate Risk CFA UK Certificate in Impact Investing
Zhixin Shu, CFA *28*	Senior Equity Analyst	Portfolio manager at State Street Emerging Market Fund & Asia ex-Japan Fund, Morgan Stanley European Fund, Newton Global Equities	BSc and PhD Imperial College London MBA University of Ottawa
Giles Tulloch *15*	Senior Equity Analyst	Investment analyst at Henderson Global Investors, Credit Suisse and HSBC	LLB University of Edinburgh LLM University College London
Denisse Saldana Guerreo, CFA *5*	Senior Investment Associate - Equity	Corporate Actions Associate, Raymond James	British Columbia Institute of Technology
Jonas Dohlen *1*	Investment Associate - Equity		BBA Norwegian Business School MSc Bayes Business School
Jean-Yves Chereau *35*	Portfolio Manager	CIO Halkin Inv MD, Prudential of America PM at Nomura, Millennium Partners & Satellite AM	PhD BD University of Paris II Pantheon-Sorbonne
Charles Gelinet, CFA *15*	Senior Credit Analyst and Portfolio Manager	Investment Analyst at GIB Asset Management Leveraged Finance Analyst at Investec Bank	BEng University of Bristol Postgraduate Diploma London School of Economics CFA Certificate in ESG Investing
Josh Ye, CFA *8*	Credit Analyst	Investment Analyst at BCI Finance	BSc University of Warwick
Jack van Keulen, CFA *5*	Senior Investment Associate - Credit	Performance and Risk Analyst at Close Brothers Asset Mgt	BSc University of Surrey
Rian Cook *3*	ESG Analyst	Planet Tracker	MSc University of Edinburgh GARP Certificate in Sustainability & Climate Risk

The full biographies of our investment professionals can be found on our website: www.jsternco.com/our-firm/our-team/

Resources & Training

We consider stewardship to be core to our investment process. We do not outsource this important duty to service providers and stewardship activities are carried out directly by our analysts. This ensures that the analyst carrying out engagement activities has an in depth understanding of the company's business model, growth drivers, and how it manages risk and opportunities.

We have invested significantly in ESG related resources in recent years. We have engaged ISS (Institutional Shareholder Services) as a specialist ESG data provider, allowing us to use quantitative data in a more comprehensive way, complement our own internal analysis and meet our ESG regulatory reporting requirements. We added a dedicated ESG analyst to the team in 2020 and have brought in additional resources as needed over time. These have been significant investments for our firm and reflect our commitment to sustainable investing and the intent to build appropriate in-house capabilities in the space. We have internal systems and processes that record and monitor our engagement activity in a transparent way as well as databases that aggregate our ESG analysis conclusions so as to facilitate communication to external parties, including clients. Over time, we have further developed our systems, expanding the set of variables included in our databases as our own analysis has deepened and as our ESG reporting to clients has also expanded.

Staff that are involved in stewardship activities, including investment analysts and portfolio managers, receive proper and comprehensive training on stewardship. We also hold internal training sessions on topics relevant to stewardship and ESG which we make available on a firm-wide basis reflecting the importance of these issues to our firm's philosophy and values. Issues discussed in these sessions have included updates on the ESG regulatory environment, industry developments related to sustainable investing, and in-depth presentations on the evolution of our ESG framework as well as milestones reached in our engagement activity. Where appropriate, staff receive external training and certifications, including the CFA Certificate in ESG Investing, the CFA UK Certificate in Impact Investing and the GARP Sustainability and Climate Risk Certificate.

Outcomes

We believe our organisational approach and governance structure supports the effective execution of our stewardship and engagement responsibilities.

Firstly, having an independent ESG Committee that ensures the uniform application of our ESG Framework across asset classes has resulted in ESG analysis that is consistent across our investments, and has ensured that learnings and best practice can be leveraged across the organisation.

Secondly, the fact that responsibility for ESG analysis and engagement rests equally with our dedicated ESG analyst and the individual investment analysts who work together in close collaboration, ensures the seamless integration of financial and ESG analysis as well as the timely incorporation of any feedback from ongoing engagement activities into our investment analysis.

Thirdly, ensuring that our engagement activities are led by the investment team allows for a richer dialogue with the managements of our holdings and acts as a powerful signal to external stakeholders of the importance of stewardship to us as an investment house.

Finally, the investments we have made in recent years in terms of access to dedicated ESG resources and internal research capacity have, as we detail under Principle 5, deepened our capabilities and sharpened our analysis, adding to the value we can add to our clients.

PRINCIPLE 3: SIGNATORIES SHOULD MANAGE CONFLICTS OF INTEREST TO PUT THE BEST INTEREST OF CLIENTS AND BENEFICIARIES FIRST.

Summary of our Conflict Policy

Our conflicts of interest policy aims to ensure that all potential and actual conflicts between our firm, its associates and the interests of our clients are identified, evaluated, managed, monitored and recorded. Material potential conflicts of interest are disclosed to clients and prospective clients. Where we do identify a conflict of interest, we will always act in the best interests of our clients in accordance with our obligation to treat them fairly.

Our conflicts of interest policy has broadly two parts: ensuring that we and every team member is able to identify situations where a conflict may arise, and then how to prevent and or manage those conflicts prejudicing clients' interests.

It is not always possible to prevent actual conflicts of interest from arising. In that case we will try to manage the conflicts of interests by appropriate means, including by declining to take on the new client, segregation of duties, or implementing Chinese Walls.

Our conflict of interest policy is available on our website at all times. In addition, our compliance team maintain a number of compliance registers as required by our regulators and one register specifically deals with conflicts of interest.

Our full conflicts of interest policy is available at www.jsternco.com/legal.

Outcomes

During 2023 we identified no conflicts of interest relating to stewardship. However, that does not mean that conflicts of interest may not arise in the future – so our vigilance remains high. We have identified a number of situations where conflicts of interest could arise that relate, directly or indirectly, to our stewardship obligations or how we vote or engage with companies that we have invested in. These examples are of course not exhaustive.

Firstly, companies we invest in may offer us or members of our team hospitality or gifts. Our policies prohibit our team from accepting any gift or other benefit that cannot properly be regarded as justifiable in all circumstances. Our policies also prohibit bribery outright – defined as the "offering, the giving or acceptance of any bribe intended to induce an 'improper performance' of a relevant function or activity". The risk is that gifts can lead to us making decisions in respect to a company, whether that is investing in the first place or voting in a particular way, that may not be in the best interests of our clients. Gifts therefore above a certain financial value need to be approved by the Compliance Officer and of a lower value but not de minimis need to be notified to compliance.

Secondly, a client could hold a position as a director or officer or major shareholder in a company we invest in on behalf of other clients. We do come across senior management in companies we invest in, but to date none are our clients and, so far as we are aware, none hold shares in funds that we manage. If such a situation were to arise, we would probably deal with it by ensuring that the analyst that covers the company does not deal with the client that has an interest in that company.

Thirdly, we may occasionally have situations where one client wants us to exercise stewardship over assets we manage on their behalf in a different way to us, or other clients (particularly in situations set out above). We would expect to deal with this by acting as clients direct, even if that means that we vote in different ways on the same resolution in respect to single managed accounts. No investor in a collective fund that we manage has such an ability to ask us to vote and we would not accept any obligation to do so.

Fourthly, one of our team could hold an external position that may cause a conflict of interest relating to stewardship. All our team need consent before taking up such a position under our employment contracts and where they involve fiduciary responsibility, they also need compliance consent. Our partners, directors and associates hold as a result very few such positions, but should they give rise to a conflict of interest, we would deal with such a conflict on a case by case basis, fully involving the compliance officer who could require our team member to recuse themselves from acting on the matter (either internally or in their external function) or even withdraw consent to hold that external position.

Finally, it should be noted that our portfolio managers, partners and directors all receive dedicated conflicts of interest training, with a focus on identifying and reporting potential conflicts, and with issues specifically related to ESG being part of that training.

PRINCIPLE 4: SIGNATORIES SHOULD MONITOR AND RESPOND TO MARKET-WIDE AND SYSTEMIC RISKS TO PROMOTE A WELL-FUNCTIONING FINANCIAL SYSTEM.

Assessing Market-wide and Systemic Risks

Our investment philosophy is based on a bottom-up approach, focused on companies that can deliver returns over the long term. We therefore believe that risks such as short-term geopolitical tensions or macroeconomic factors, including moves in currencies or interest rates, are unlikely to affect the value of our equity investments over the longer term, though they can lead to significant short term market dislocations. We therefore monitor these risks accordingly. Where we do hold short duration assets, namely bonds, such risks, including sovereign risk, are fully incorporated in our investment analysis.

We undertake regular risk reviews of our core strategies to ensure that their risk profile remains well managed. We use Bloomberg's risk analysis system, which includes scenario testing, to evaluate key short-term market risks. Such scenarios include dislocations in the energy markets, significant foreign currency moves and broader financial market shocks. We also look at overall exposure levels to individual sectors, geographies and factors. We manage these exposures on a dynamic basis, seeking to ensure that no single parameter has the potential to disproportionately affect the overall performance of our strategies.

We hold regular macroeconomic meetings that bring together the investment and client teams to discuss global economic conditions as well as fiscal and monetary policy decisions and their effect across asset classes.

Beyond macroeconomic risks, we recognise that there are numerous systemic risks that can have a lasting long-term impact across industries and economies. These include but are not limited to, climate change, geopolitical risks and technological shifts. These are incorporated in our investment analysis and form part of our assessment of current and potential investments.

Climate Change

A critical part of our assessment of companies is how they consider climate change at a strategic level. We look at whether our companies have conducted detailed climate scenario analysis and how it is incorporated in the strategic planning. We pay particular attention to whether our investee companies have time defined GHG emission reduction targets, including if these targets have been validated by the Science-Based Targets Initiative, and whether they have policies in place to identify and manage climate related business risks. We systematically look at whether companies report to the CDP (Carbon Disclosure Project) and follow TCFD (Taskforce for Climate Related Financial Disclosures) recommendations for disclosures.

Transition risks from Climate Change

We seek to understand our exposure to climate transition risks by calculating the weighted average carbon intensity of our World Stars Global Equity portfolio and comparing it to our investable universe and broader market. We conduct an analysis of our investee companies' scope 1 & 2 emissions intensity to understand absolute levels of intensity and how companies are performing versus peers. Scope 1 emissions are emissions that arise from the company's own operations and Scope 2 are emissions that arise from the purchase of electricity consumed by the company. We expect companies to report on their emissions in a transparent and comprehensive manner, which ideally includes disclosure of scope 3 emissions (scope 3 emissions occurring upstream or downstream in the value chain) if relevant for the industry. We place particular emphasis on the quality of reported emissions, especially of scope 3 emissions, and cross-reference these against modelled emissions where available.

We are vigilant on the risk of stranded assets. These risks are most acute for coal mining companies and for companies in the Oil & Gas sector who do not have a clear roadmap to sustainably transform their business model and facilitate the transition to a low-carbon economy. We have some exposure to the fossil fuel sector among our emerging market debt holdings but would note that the short duration of these assets (typically less than 5 years) acts as a mitigating factor. We seek to focus on companies with credible transition plans where we do invest in the sector.

Direct and Indirect Physical Climate Risks

We have sought to identify any exposure to direct physical risks affecting our holdings. Our holdings in the Agriculture sector are directly exposed to the risk of drought and other extreme weather events that could impact farming production output. Our infrastructure assets, such as our holdings in telecom tower operators, also have exposure to extreme weather events. Finally, a significant share of our holdings, depend on water either as a critical raw material or during the manufacturing process. Those companies that operate in water-stressed regions could face more stringent regulations, conflicts with local communities and higher production costs.

In addition, several of our holdings have indirect exposure to the risks described above through their supply chains. Most notably, Food & Beverage manufacturers and companies who use natural products as their raw materials, are exposed to climate-related disruptions to their agricultural supply chains.

We include topics related to climate change regularly in our engagement discussions with our investee companies. We are continuously trying to deepen our understanding of the effects of climate change on our investments.

Other Systemic Risks

We recognise we are in a period of heightened global geopolitical uncertainty and remain vigilant on any long-term structural implications that can arise as a result. These include among others structurally higher energy prices in some regions, loss of access to key raw material products, restrictions on the sale of national security sensitive products to some markets and changes to the global manufacturing footprint of certain industries.

The pace of technological development can be a significant disruptive force across the economy. As long-term investors one of the most significant risks to our investee companies is the risk of disruption to their business model. This is a key focus area for our investment team and the analytical work it undertakes to gain confidence in the enduring nature of the competitive moat of the companies we invest in. In fact, some of our most successful investments to date have been in companies that have acted as disruptors to traditional industries, like retailing and advertising. The step change in the adoption of Artificial Intelligence (AI) has the potential to further disrupt entire industries and we are actively invested in companies that are enablers in this transformation.

Collaboration with Other Stakeholders

We seek to collaborate with other stakeholders in order to promote well-functioning financial markets. As such, we regularly take part in various industry initiatives.

Sustainable Accounting Standards Board (SASB) / IFRS Sustainability Alliance

We are members of the IFRS Sustainability Alliance, having previously been members of the SASB Alliance. We believe the establishment of the International Sustainability Standards Board (ISSB), under the umbrella of the IFRS, has been a significant milestone in the development of globally accepted ESG standards. The release in June 2023 of ISSB's inaugural standards, namely IFRS S1 (which provides a set of disclosure requirements that enable companies communicate about sustainability-related risks and opportunities) and IFRS S2 (which sets out specific climate-related disclosures), was a pivotal step forward in simplifying and homogenising ESG reporting to the benefit of both investors and corporates. As Alliance members, we have participated in numerous webinars that outlined the principles behind the development of the standards and gave insights into their main building blocks. We seek to promote ISSB aligned disclosures among corporates, having previously encouraged our investee companies to adopt its predecessor frameworks, namely the SASB Standards and the TCFD recommendations.

Principles for Responsible Investment (PRI)

We are signatories to the UN PRI. The PRI is supported by the United Nations and is a global organisation which works to understand and promote the integration of ESG factors in investment and ownership decisions. As systemic issues like climate change pose an increasing threat to market stability and economic prosperity we believe the willingness of the global investment community to act collectively and proactively to address these risks will be a key determining factor in mitigating and adapting to their impact. We regularly participate in UN PRI webinars that seek to highlight best practice in responsible investing and deepen awareness of industry issues.

PRINCIPLE 5: SIGNATORIES SHOULD REVIEW THEIR POLICIES, ASSURE THEIR PROCESSES AND ASSESS THE EFFECTIVENESS OF THEIR ACTIVITIES.

The ESG Committee and the Chief Investment Officer conduct an annual assessment of our stewardship and engagement activity, monitoring the effectiveness of our interactions with our investee companies, whether outcomes matched our objectives, and required further action.

All of our policies are reviewed annually, as part of our internal controls. Our ESG processes are defined by our investment team who then obtain approval from our compliance team before they can be put into action or referred to externally. In this regard we see our compliance team as comparable, for an organisation of our size, to an internal audit function.

We recognise that industry norms and expectations around stewardship and sustainability are evolving rapidly. We have engaged with a number of industry bodies, including the UN PRI and the IFRS Sustainability Alliance, to ensure our approach to stewardship is aligned with current industry standards. As members of the IFRS Sustainability Alliance we remain closely informed of the evolution of the SASB standards, which we use as part of our ESG Framework, and have access to curated insights on global policy developments and ongoing academic research. We also seek to maintain a constant dialogue with external stakeholders, including investors in our managed accounts and funds, as well as financial intermediaries and consultants, to ensure that it meets stakeholder expectations.

We review our reporting to ensure it is fair, balanced and understandable and make adjustments as required. Through our annual client account review discussions we get direct feedback from clients about the quality and content of our reporting, and to date it has been substantially positive. A few clients have wanted more or less frequent reporting, which we have been able to accommodate, and some prospects have wanted more detailed information about sustainability which we have been able to provide. We are however aware that we can always improve our reporting.

Outcomes

We are encouraged by the fact that our ESG framework continues to receive positive feedback by market participants, including industry consultants. We are proud to be named by the FRC as signatories to the UK 2020 Stewardship Code. Our second UN PRI filing as signatories, submitted in 2022, was awarded positive scores. We received 4 out 5 stars in all four modules we were assessed on, namely Listed Equity (Active Fundamental), Fixed Income (Corporate), Policy Governance & Strategy, and Confidence Building Measures. Importantly we also received above median scores across all four modules.

Our approach continues to evolve on the basis of feedback we receive and in order to adapt to the fast-evolving industry landscape. In 2023 we continued to develop our Framework as it applies to our equities and bond investments expanding our work on sustainability outcomes, and sharpening our analysis of corporate sustainability commitments. We have also continued to expand our work on climate change, seeking to deepen our understanding of the potential impact of physical and transition risks on our investee companies.

We would also note that having access to a specialist ESG research provider (ISS), as outlined in Principle 2, has allowed us over the last two years to deepen our analysis, through access to a broader ESG data set. We have used this data to get a more granular understanding of the sustainability performance of our investee companies over time and against stated targets. We have done so whilst always scrutinising the quality and accuracy of the provided data, understanding ESG is an evolving field. More generally, having access to a third party research provider has acted as an independent resource against which we can test and inform our own assessments and conclusions. It has been particularly helpful in terms of assessing the robustness of corporate policies and practices against reported commitments to international standards.

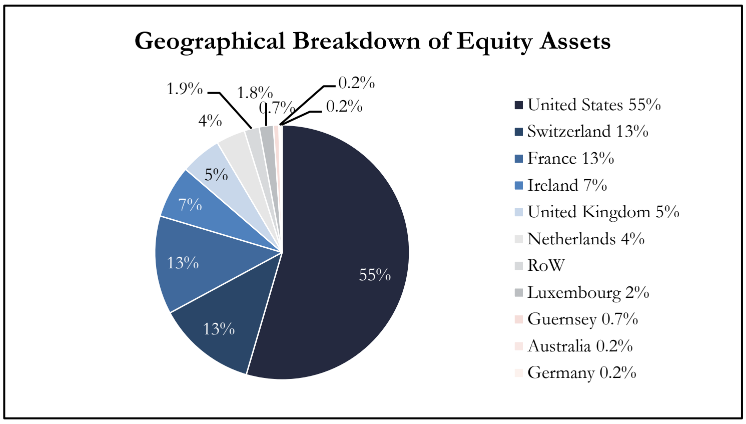
Finally, we would note that the auditor of the Article 8 classified funds we manage includes in their annual audit a review of our pre- and post-contractual disclosures, which cover considerable information on our ESG framework, and how we apply it.

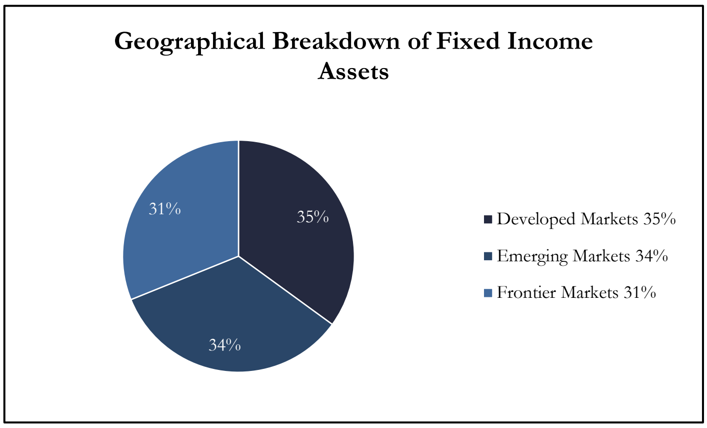
PRINCIPLE 6: INSTITUTIONAL INVESTORS SHOULD TAKE ACCOUNT OF CLIENT AND BENEFICIARY NEEDS AND COMMUNICATE THE ACTIVITIES AND OUTCOMES OF THEIR STEWARDSHIP AND INVESTMENT TO THEM.

Overview of our Client Base and AUM

We manage the assets of institutions, families, trusts, charities, high net worth individuals and other investors. We offer our investments through funds and separate managed accounts. Information regarding the funds we manage is available on our website, subject to regulatory restrictions. Our investment time horizon is medium to long term, depending on the strategy.

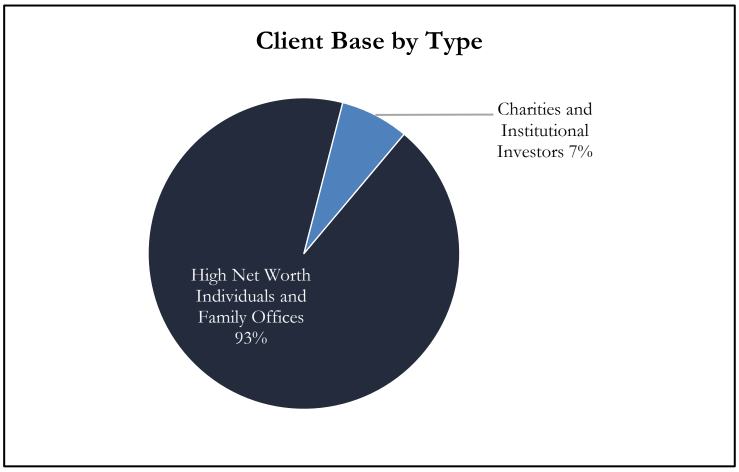
As of 31/12/2023, we had US$1,297 million of assets under management ($925 million in 31/12/2022). Our assets were invested primarily in equities, comprising over 84.9% of our assets under management. The rest of our assets under management comprised of fixed income (11.8%), specialist credit funds including trade finance and royalty finance funds (1.9%), and football financing, extended to clubs and primarily secured on TV rights and advertising revenues (1.4%).

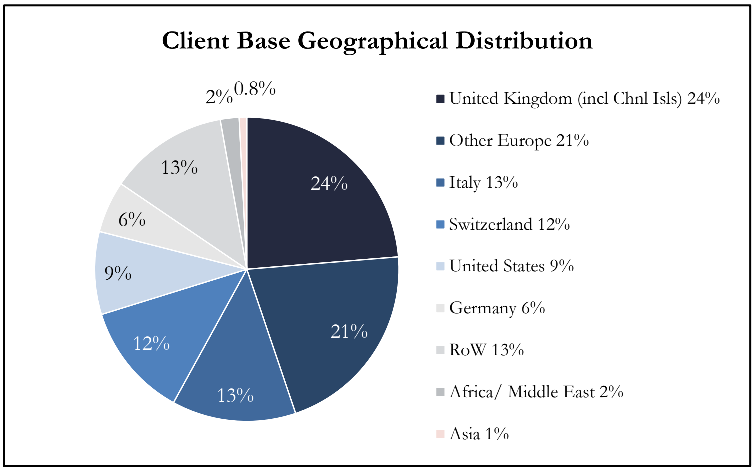




Approximate geographical breakdown of AUM as of 31/12/2023 based on MSCI Country Classification Standard

High net worth individuals and family offices accounted for 93% of the client base, with charities and other institutional investors representing the balance.





Client Base by Type as of 31/12/2023

Client Base by Geography as of 31/12/2023

Managing Assets in Alignment with Clients' Stewardship and Investment Policies

Our stewardship activities are an integral part of how we manage money for our clients. We believe that there must be an appropriate level of transparency designed to promote effective stewardship and assist the analysis and evaluation by asset owners.

We discuss our stewardship and engagement approach with clients at the time of signing a new mandate as well as during the annual review process. We seek and take into account our clients views and goals on stewardship, including any specific requests as it pertains to their voting policies. Where clients do not wish us to vote on their behalf, we will incorporate that in the mandate accordingly. In some cases, clients will also have specific sustainability objectives, including the desire to not invest in specific sectors like tobacco, defence or fossil fuels, and we incorporate these to the mandate design.

Reporting to our Clients

We provide summary disclosures regarding our firm-wide annual engagement and voting activity, which we make available on our website and on request we provide full information directly to clients of separate managed accounts.

Over 80% of our assets under management are in single managed accounts. We conduct detailed annual account reviews with all such clients. This provides a valuable mechanism for us to ensure we understand the needs of our clients as they evolve over time.

We incorporate in our annual reviews with all clients the following information regarding our stewardship activities: an explanation of the process with which we discharge voting on their behalf, a summary record of our voting activity, including our rationale for instances where we voted against the board's recommendations, and examples of our engagement activity with our investee companies. For our World Stars Global Equity strategy, we also provide a snapshot of the portfolio's weighted average intensity and how it compares with relevant market indices. We provide more information, such as an detailed analysis of how our holdings score against our six core ESG dimensions, or a profile of their alignment against the UN 17 Sustainable Development Goals (UN SDGs) if requested by clients or where we believe it is relevant to the clients objectives, for example in the case of institutional clients. Our investment reports and dedicated ESG reports are available to our clients at all times.

Outcomes

We seek to raise awareness of ESG and stewardship topics with our clients and beyond through the publication of various Insights, including one highlighting the investment opportunities arising from water as a scarce resource in the Industrials space *(November 2023: The Global Water Crisis: Challenges and Opportunities)* as well as one highlighting the opportunities arising from increased infrastructure investments globally (December 2023: *A Year of Challenges and Resilience – Review of 2023 and Outlook for 2024*). We also include a discussion on these topics in our quarterly webinars to existing and prospective clients featuring our CIO, Christopher Rossbach and our Head of ESG, Katerina Kosmopoulou, with for example spotlight presentations on our engagement work at investee company and collaborative platform level.

We maintain an active dialogue with our clients to ensure that their needs and concerns are appropriately reflected in our reporting. Our annual reviews incorporate a summary of our voting and engagement activities. When requested by clients we also provide more detailed information on key ESG and stewardship parameters, as well as any specific investment reports or dedicated ESG reports that they would like to receive. We continue to look at ways to expand the content of our ESG reporting to clients.

In 2023 we published our first Principle Adverse Impact Statement in line with our obligations under the EU's SFDR framework. The document highlights how our World Stars Global Equity UCITS fund performs against 14 mandatory and four voluntary sustainability indicators providing further transparency to investors.

PRINCIPLE 7: INSTITUTIONAL INVESTORS SHOULD SYSTEMICALLY INTEGRATE STEWARDSHIP AND INVESTMENT, INCLUDING MATERIAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES, AND CLIMATE CHANGE TO FULFIL THEIR RESPONSIBILITIES.

Central to our investment philosophy is a rigorous process of fundamental proprietary research which is based on independent, in-house analysis. Our research combines a traditional financial analysis, focusing on underlying strategy, financial performance, sustainability of competitive advantage, capital structure, capital allocation track record and other factors, with our separate ESG Framework which covers environmental, social and governance issues.

The goal of our research process is to reinforce our conviction in the companies we invest in and identify issues in a timely manner. Key is to ensure that companies meet our quality definition. We define as quality companies that have strong and sustainable competitive positions in good and growing industries, that have managements with strong track records of value creation and a balance sheet that enable them to weather any adversity.

Our ESG Framework builds on the five broad sustainability dimensions of the Sustainability Accounting Standards Board (the "SASB"), namely Environment, Social Capital, Human Capital, Business Model & Innovation and Leadership & Governance. SASB, now part of the IFRS Foundation, uses an objective, verifiable and comparable set of criteria to identify material issues for 77 industries. These issues or 'dimensions' are mapped across major industry groups in a materiality map, which we use as the starting point of our assessment process. We compliment this with a sixth dimension of our own, focusing on corporate governance. In addition, we conduct a qualitative assessment of alignment with the United Nations' 17 Sustainable Development Goals and compliance with other global sustainability norms, like the UN Global Compact, as well as reporting standards (both regulatory and voluntary). Finally, we pay particular attention to any ESG related controversies that might have arisen in the course of doing business as well as any record of violations of sustainability norms like the OECD Guidelines for Multinational Enterprises.

We do our own, independent, in-house research in order to integrate these factors into the analysis of our investee companies. In doing so we focus particularly on those ESG issues that we believe are likely to have the most material impact on the companies' operational and financial performance. We identify risks and opportunities and assess how effectively these are being managed by the boards of the companies in which we invest. Our ESG analysis is undertaken at issuer level and applied across our listed equity and fixed income assets.

The ESG analysis for each company is undertaken by our dedicated ESG analyst in close collaboration with the analyst who covers the respective stock or bond. We use third-party ESG data providers to inform our views on issues, but we do not rely on their ratings for the conclusions of our analysis. We believe that ESG forms part of the overall quality assessment of our investments and that this requires full integration with our traditional competitive moat analysis. The analysis is implemented at the time of initiation of coverage. It is then formally updated on an annual basis with any material changes highlighted in the intervening period.

Stewardship activities are carried out directly by the analysts responsible for each security, working closely with our dedicated ESG analyst. Insights gained from stewardship activities form part of the investment cycle and are communicated back to the whole investment team. We consider all aspects of investment analysis, including ESG and engagement, as core to our approach and undertake it in-house in line with our philosophy as outlined in Principle 1. We do not use service providers to undertake stewardship activities on our behalf.

The process of integrating stewardship and investment does not differ across funds, asset classes or geographies. Our ESG analysis is conducted at the issuer level which ensures consistent implementation across assets.

We are long-term investors in listed equity assets and our time horizon spans 5 to 10 years, sometimes longer. Our fixed income assets are primarily short duration, namely 3-5 years. However, we still take into account long term ESG risks as we want to be aware of them if they were to materialize faster than expected or if the regulatory environment were to change.

Key 2023 Developments in the Evolution of our ESG Framework

We have continued building on our ESG Framework during 2023, in order to adapt to what is a fast-evolving sustainability industry landscape.

Having previously mapped our companies' alignment with the UN's 17 Sustainable Goals we have sought to more granularly identify the link between our companies' products and services offering and the UNSDGs, in many cases highlighting the role of our investee companies as solutions providers to those global challenges. We have also leveraged on our dedicated ESG data provider's analysis, which seeks to assign an impact score on the basis of a company's operations and involvement & responsiveness to sustainability controversies.

In addition, we have sharpened our analysis of corporate sustainability commitments, focusing increasingly on processes to ensure compliance with those commitments. This includes whether a company has processes and compliance mechanisms in place to monitor compliance with UN Global Compact principles and the OECD Guidelines for Multinational Enterprises.

On climate change, we have sought to better integrate scope 3 GHG emissions data in our analysis and have worked to better understand how these are factored into a company's net zero targets. We have continued to expand our work more broadly on climate change, seeking to deepen our understanding of the potential impact of physical and transition risks on our investee companies. We currently use company disclosures to the CDP where available to corroborate the potential sources and magnitude of such risks and are in the process of looking at additional external modelling options on that front.

Finally, as part of work towards monitoring Principle Adverse Impacts in the context of the EU's SFDR framework, we have identified 14 mandatory and four voluntary sustainability indicators that we assess performance against at both individual security and portfolio level.

More information about our approach to sustainability can be found on our website at www.jsternco.com/sustainability.

PRINCIPLE 8: SIGNATORIES SHOULD MONITOR AND HOLD TO ACCOUNT MANAGERS AND/OR SERVICE PROVIDERS.

We regularly review all service providers and, where we invest in third party funds, external fund managers.

We invest primarily through direct investments in listed securities, and exclusively in equities as part of our World Stars Strategy. We use external research providers where appropriate to complement our own views and maintain access to relevant data sources. We conduct an annual review of our research providers, evaluating the quality of research provided and access levels to relevant resources, including conferences, corporate and expert events and data sources. This process is undertaken by all our analysts in the investment team. On the basis of the aggregated results, we make decisions about our allocation of resources to research providers and provide feedback to them regarding improvements we wish to see going forward.

Our Multi-Asset Income Strategy complements direct investments in equities and fixed income with investments in non-correlated assets, including a small number of investment funds managed by third party managers. In selecting appropriate funds, our due diligence process covers the overall investment approach and track record in addition to operating practices and policies. The performance and risk profile of such funds are monitored on an ongoing basis and the investment team maintains a regular dialogue with their fund managers, which we view as central to how we discharge our stewardship responsibilities on behalf of our clients.

We do not use proxy voting advisers, or other third parties providing commercial services for stewardship and engagement. We assess voting decisions in-house which allows us to draw our own independent conclusions.

Outcomes

In 2023, we did not experience a situation where a research service provider failed to meet our expectations. One area however that is seeing ongoing changes over time is ESG data. This is reflecting improved disclosures by corporates but also enhanced modelling by ESG data providers. We have therefore continued working with our dedicated ESG data provider to verify the data presented on their platform, confirming it matches our own assessments and determine how changes in modelling affect the progression of company data over time.

Our Multi-Asset strategy invests in a small number of third-party funds. As the covid-19 pandemic subsided, secondary effects continued to ripple through the global economy at times affecting the performance of these funds. One such example is the BioPharma Credit Fund. We have been investors in the Investment Trust for many years, keeping a close relationship with its managers. During 2023, the trust was affected by the performance of one of its loans, which represented at the time around 9% of NAV. LumiraDX, the recipient of the loan, is a US diagnostics company, which provides among other services, tests for covid-19. As the pandemic subsided the company was left with an elevated cost base amidst rapidly declining revenues, limiting its cash flow and its ability to meet its debt obligations. We engaged twice with BioPharma on this topic. We sought to gain an understanding of the issue as they were working through possible outcomes and the best way to extract value for shareholders and provided our own feedback on possible solutions. We are pleased to note that in early January 2024, it was announced that a resolution had been successfully achieved, with the sale of LumiraDX to Swiss pharmaceutical giant Roche, allowing for an eventual recovery of 96% the outstanding loan.

PRINCIPLE 9: SIGNATORIES SHOULD ENGAGE WITH ISSUERS TO MAINTAIN OR ENHANCE THE VALUE OF ASSETS.

Prioritising and Selecting Areas of Engagement

Areas with potential to impact the value of assets held by our clients, whether positively or negatively, include remuneration and incentive structure, capital allocation policy, M&A activity, corporate strategy, ESG related disclosure levels, environmental and social issues.

When deciding how and when to engage with the management of an investee company, we consider the nature and size of our exposure to the investee company, the urgency of the matter, its potential consequences and if it relates to any developments in ESG practices that we want to foster. We apply these principles equally across asset classes, geographies and funds under our management.

We believe that engagement with issuers does maintain and enhance the value of the assets that we are stewards of on behalf of our clients.

The goal of our stewardship activities is to support decisions that we believe will maximise the long-term value of securities we hold. At the same time, we aim to ensure that investee companies are conscious of risk factors, including social and environmental risks.

Maintaining a continuous dialogue with company managements is central to how we discharge our stewardship responsibilities on behalf of our clients. The decision to engage with the management of an investee company is based on what our investment team believe will maximise shareholder value in the long-term, specifically the value of our clients' investments.

How we Engage with Companies

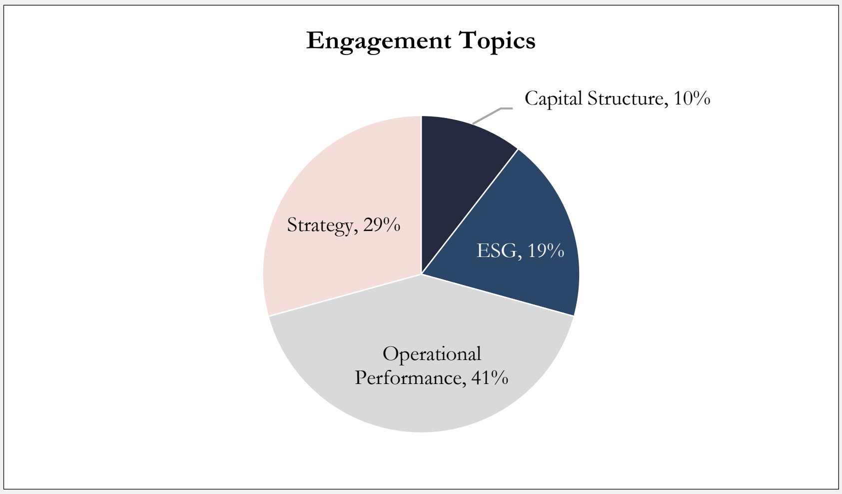
We engage with companies by attending company meetings and voting proxies on our clients' behalf. We also engage with investee companies through written communications to raise a range of issues related to strategy, governance as well as social and environmental issues. We do so in our capacity as shareholders or bondholders of an investee company. This engagement serves to confirm and support the investment thesis and establish a good ongoing channel of communication with companies. It seeks to ensure that the strategy is being executed with the appropriate level of risk whilst monitoring the effectiveness of oversight by the board and relevant sub-committees. We believe that such engagement provides us with an additional perspective on the quality of the management and the effectiveness of board oversight and consequently the investee company's ability to deliver on its key goals and anticipated operational performance.

Our engagement did not differ across funds, assets, or geographies. We apply our stewardship policy and practices in a similar manner across all our investments in listed assets.

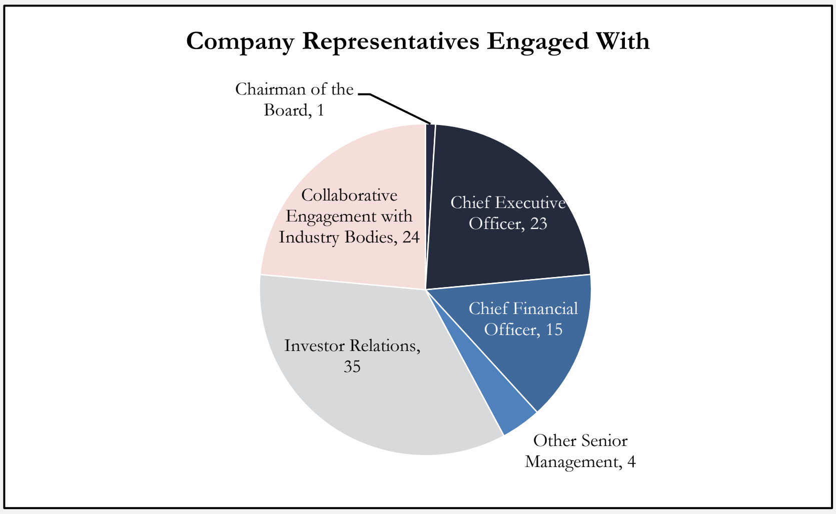
Outcomes

In 2023, we engaged with our investee companies, both in our capacity as shareholders and bondholders, on 102 occasions to discuss topics pertaining to their capital structure, strategy, operational performance, and ESG matters. This compares with 80 occasions in 2022.

We engage with our investee companies on a wide variety of issues. As it pertains to ESG we focus among other issues on net zero related ambitions, water management practices, supply chain management & sourcing practices, the link of executive compensation to ESG targets and adequacy of sustainability reporting & disclosures.



In over 40% of engagement outreaches, we had the opportunity to discuss these matters directly with C-suite executives and/or senior management.



Examples

Alcon

In 2023, we engaged with Alcon on three occasions, speaking with the CEO twice as well as the VP of Sustainability & ESG. In our discussions with the VP of Sustainability & ESG, we went through the company's long term ESG strategy to better understand how the company sets short, medium, and long-term ESG goals and KPIs. We provided the feedback that in our view there is scope to further improve its ESG performance by aligning with relevant global sustainability initiatives, notably the CDP and SBTi. We asked the company to include Scope 3 GHG emissions as part of its annual disclosures and incorporate these in any net zero target it commits to.

ASML

In 2023, we engaged with ASML on four occasions speaking to the CEO, CFO and IR team. Discussions focused on the company's operations in China, associated geopolitical risks and its business performance through 2023. We delved into ASML's ESG strategy, specifically as it pertains to its alignment with the UN's 17 SDGs, how it contributes to individual SDGs and any related KPIs. We noted a 21% increase in the company's water consumption in 2023, reflecting the expansion of its manufacturing footprint. We discussed the company's approach to water management, how it aims to operate a closed loop water recycling system and how it seeks to achieve water circularity.

Totalplay

We first invested in Totalplay, a leading broadband, pay-TV, and fixed telephony services provider in Mexico in 2021. The investment thesis was centered on an underpenetrated broadband market locally, strong revenue visibility given the subscription-based business model and the company's significant asset value. In 2023, the company's bonds became volatile primarily due to a perceived near-term refinancing risk. Despite impressive revenue and earnings growth, the company remained free cash flow negative with elevated levels of capex related to its network rollout and subscriber acquisition costs for longer than initially indicated. This put pressure on liquidity and raised questions as to how it would address upcoming debt maturities.

We first engaged with the CFO and IR in March 2023 to get greater granularity on operational performance and the capital structure. We then followed-up on two occasions, encouraging the company to be more forthcoming with the market around available re-financing options and on its capex plans. This provided the comfort required to remain invested and add to the position at very attractive valuations. In early 2024 the company announced an exchange offer for its 2025 unsecured bullet bond. The exchange was at par and had improved characteristics for bond holders, validating our conviction and long-term outlook

A full report on our engagement activities during the reporting year is available at www.jsternco.com/stewardship.

PRINCIPLE 10: SIGNATORIES WHERE NECESSARY SHOULD PARTICIPATE IN COLLECTIVE ENGAGEMENT TO INFLUENCE OTHERS.

A collective approach to engagement can help leverage the impact of our stewardship activities and ensure that our concerns are reflected upon and our rights as shareholders are protected. We therefore may reach out to other investors to share concerns and seek a common position that we may decide to communicate to a company. We have worked actively on specific situations historically including taking a public and vocal role in defending our rights as minority shareholders.

In participating in collaborative initiatives, we remain alert to potential conflicts, issues of insider information and concert party rules. Where we believe there are any potential risks involving these, we ensure close involvement of our internal legal and compliance team.

Outcomes

In 2023, we continued to build on our collaborative engagement efforts. We have focused our efforts on initiatives that tackle systemic issues, are highly relevant to our investee companies given their business activities or contribute to the proper functioning of financial markets.

Ceres' Valuing Water Finance Initiative

In 2023, we joined Ceres' Valuing Water Finance Initiative an investor-led effort to engage with high water footprint companies. The initiative seeks to engage with 72 companies, eight of which are held in our portfolios. We believe water management and climate change mitigation and adaptation are closely interlinked topics with significant systemic implications. We participate in one of the initiative's working groups seeking better operational and disclosure practices by Lindt & Sprüngli, a Swiss chocolate manufacturer.

Global Coalition on Workplace Mental Health

In 2023, we joined the Global Coalition on Workplace Mental Health, convened by our industry peer CCLA, a collaborative engagement initiative seeking to highlight workplace mental health as an important business consideration. It aims to encourage companies to publish a commitment to workplace mental health, enhance relevant policies and set targets to improve outcomes. We believe mental health is an often underappreciated, but highly significant topic in the context of employee wellbeing with interestingly a substantial divergence in terms of disclosure and safeguarding practices across industries and geographies providing significant potential for convergence towards best practice.

Business Coalition for a Global Plastics Treaty

In 2022, we became a member of the Business Coalition for a Global Plastics Treaty, convened by the Ellen MacArthur Foundation and WWF, bringing together over 150 organisations across the plastics value chain along with financial institutions and NGOs. We endorse its vision statement which seeks to tackle the plastic pollution crisis in a globally coordinated way. During 2023, we attended webinars and contributed to signatory surveys to build investor alignment on an ambitious legally binding Global Plastics Treaty. We also sought to engage with our investee companies advocating for a circular economy and the implementation of company action plans.

Beyond the initiatives outlines above we are looking for further ways to collaborate with our peers or relevant organisations, including NGOs, to promote better sustainability outcomes. We continue to explore options which are in line with our current resources and capabilities as a boutique asset manager.

PRINCIPLE 11: SIGNATORIES, WHERE NECESSARY, SHOULD ESCALATE STEWARDSHIP ACTIVITIES TO INFLUENCE OTHERS.

Where concerns emerge regarding the management's ability to uphold shareholder value or manage environmental or social issues effectively, we will seek to engage with the company and monitor developments to assess changes in the company's approach.

Should concerns persist, we may seek to intervene formally through written letters addressed to the appropriate company board or committee members. In addition, we will consider whether it would be more effective to intervene jointly with other institutions but will only do so where this is considered appropriate and in the best interest of our clients. We will also where appropriate make public statements to raise awareness on particular issues or submit resolutions and speak at general meetings. Finally, in seeking to act in the best interests of our clients, we may also consider it better to reduce or sell the shares of an investee company investment if previous efforts at engagement have been unsuccessful.

Our experience is that each investment we make involves a variety of factors which makes every situation unique. Therefore, the approach we take to escalation of concerns will vary on a case-by-case basis.

Outcomes

The focus of our investment approach on quality and the concentrated nature of our portfolios inevitably means that material controversies that would warrant escalation do not arise frequently. In 2023, we did have however one occasion where the actions of a fund's managers raised governance related questions.

We have been involved with Hipgnosis Song Fund, a British music royalties investment trust, since its IPO, making our first investment in 2020. Our investment thesis was based on the fact the underlying asset class had suffered for years from pirate downloading activity affecting the value of the assets. As a result, the opportunity had been presented to its managers to buy assets at attractive valuations and monetise them over time. We also believed in the founder's unique industry perspective and the breadth of expertise within his team which we had met on several occasions.

Unfortunately, the quoted price of the fund was affected by numerous factors, including the lower relative attractiveness of investment trusts as an asset class in an environment of rising interest rates, as well as idiosyncratic issues. Specifically on the later, a partnership agreement signed by the managers with Blackstone in October 2021 created significant conflicts of interest. At the same time, a controversy around the quality of the independent valuations of the music catalogues post-acquisition and the announcement of the managers' intention to sell to Blackstone part of the catalogue at a substantial discount to the estimated net asset value (NAV) in order to reduce the fund's leverage, raised significant questions around governance.

We participated in numerous calls with the investment trust's brokers and managers raising our concerns regarding the above actions. However, given the lack of a positive resolution, shareholders, including us, decided to call an EGM to hold a continuation vote, that is a vote on whether the current managers should carry on managing the fund. In the end the vote was unequivocal with shareholders deciding against the renewal of the manager's contract to manage the fund. A change in the Board of Directors as part of the upheaval led to the search for a potential buyer to unlock the value of the underlying assets and Hipgnosis was eventually sold at a premium to its NAV, allowing us to realise a positive return on our investment.

PRINCIPLE 12: SIGNATORIES SHOULD ACTIVELY EXERCISE THEIR RIGHTS AND RESPONSIBILITIES.

Our Voting Policy

The principle governing our approach to voting is to act in what we consider to be our clients' interests. We are willing to take a stand and to use our vote wisely. We seek to vote on all issues raised.

The majority of resolutions target specific corporate governance issues which are required under local stock exchange listing requirements, including but not limited to: approval of directors, approval of annual reports and accounts, approval of incentive plans, capital increases, reorganisations, mergers and acquisitions. We vote on both shareholder and management resolutions.

Responsibility for assessing the merits of each individual resolution lies with the dedicated analyst covering the company. The conclusions are presented to the ESG Committee and the CIO who then reach a decision for each company's set of resolutions.

We have voted against and will continue to vote against boards' recommendation if we believe that doing so is in the best interests of our clients.

Our Voting Principles

We do not rely on proxy advisors. Rather, we undertake our own internal work in assessing resolutions, applying our voting principles to each item. These principles include ensuring the board's diversity and independence, protecting minority shareholder rights, ensuring that executive compensation is tied to the long-term prospects of the business and shareholder value creation, upholding ESG issues and supporting capital increases only for legitimate financing reasons. Where appropriate we draw from external research, but ultimately the final decision will reflect our own assessment of what we believe to be in the best interests of our clients.

Consistency of Approach

Our approach does not differ across geographies and is implemented uniformly across all asset classes where voting rights are available.

Our voting policy and principles cover all funds under our management and is consistently applied across all holdings held by them.

Voting on Behalf of our Clients

Securities are held on behalf of clients in multiple countries and at multiple custodians and banks, which may constrain or restrict us from voting. Therefore, our voting activities are subject to our contractual obligations with those clients and applicable local laws and regulations. As such, we will vote in all cases where this is possible or administratively feasible, unless directed otherwise by clients. We do not vote on behalf of our clients if they instruct us not to do so. Clients have the ability to direct voting in segregated accounts. In some cases, for example in the event of a restructuring of an asset, we will present our voting recommendations to clients for their consideration.

As outlined in Principle 6, for clients who hold separate managed accounts we discuss our approach to stewardship when signing a new mandate and during our annual review process, and seek and take into account their views, including how we vote on their behalf, as clients often add value to our own research. We do not currently have any clients that require us to either direct the voting themselves or utilise specific third-party voting recommendations, although we would be able to accommodate that if so requested. We provide a detailed summary of our annual voting activity on our website. Any additional information is provided directly to clients who request it.

Monitoring Shares and Voting Rights

A critical part of our assessment of whether a specific investment meets our quality criteria is the share structure and what that implies for us as minority shareholders. The type of voting rights associated with each security are assessed as part of our investment analysis and discussed in the Investment Committee as part of the approval process, especially when there is a dual share structure. We keep track of how we instruct our custodians to vote on every resolution.

Securities lending

We do not participate in securities lending transactions.

Fixed Income Assets

For the bonds we invest in, we analyse all transaction documentation prior to investment as well as any subsequent amendment proposals that could alter the risk/return characteristics of the original terms on which we invested. Furthermore, we seek to engage in constructive discussions with the management teams of our investee companies, in order to determine that their ongoing liquidity position remains adequate whilst also ensuring that the interests of our clients stay protected.

Within the fixed income asset class, we invest primarily in corporate bonds via the secondary market and therefore are not involved in the drafting of original terms and conditions. If and when a corporate looks to amend terms during the tenure of the bond, we may engage with the company and/or steering group to provide constructive feedback on such proposal. This is especially the case where we believe the proposed terms are less attractive than those on which we originally invested.

Voting Summary Jan 1st, 2023 – Dec 31st, 2023

Outcomes

In 2023, we voted for all holdings held in our core strategies for which we owned voting shares. We voted on a total of 758 resolutions at the AGMs of 40 companies (vs 38 AGMs in 2022). We voted against the companies' Board of Directors recommendation on 38 instances (vs 39 in 2022).

Like in previous years we voted on a wide range of governance related issues such as executive compensation, the separation of the Chair and CEO roles, and the abolition of dual share class structures. We also continued to vote on numerous issues related to human rights, lobbying activity and environmental disclosures and practices.

Of note during the year, the number of social and environmental resolutions presented at AGMs increased from 23 in 2021 to 44 in 2023, an increase of 82%. We choose to vote against the board's recommendation in 20 of the 44 (48%) social and environmental resolutions presented. We voted for both disclosure-based and action-based resolutions, as we believe both have a role to play in achieving better outcomes.

Type of Resolutions

All Resolutions	Number of Resolutions	Votes Against Management
Audit	40	0
Ratification	40	0
Board of Directors	400	0
Election	400	0
Capital	64	0
Preemptive Rights	1	0
Share Issuance	51	0
Share Repurchase	12	0
Compensation	98	2
Directors	27	0
Executive	71	2
Financial Statements	39	0
Approval	39	0
Governance	57	11
Independent Chair	7	7
Policies	47	3
Political Activities	3	1
Meetings & Voting	9	0
AGM Related	9	0
Shareholder Rights and Defense	7	5
Special Meetings	4	3
Voting	3	2
Social and Environmental	44	20
Charitable Contributions	1	0
Competition Strategy	1	0
Consumer Issues	11	6
Diversity	7	2
Environment and Sustainability	6	3
Human Rights	10	2
Lobbying	7	7
Political Activities	1	0
Grand Total	**758**	**38**

Company Breakdown

Company	Total Resolutions	Voted With Management	Voted Against Management
Abbott	19	16	3
Adobe	17	17	0
Alcon	29	29	0
Alphabet	28	23	5
Alteryx	5	4	1
Amazon	33	24	9
American Tower	15	15	0
Amphenol	13	12	1
ASML	15	15	0
Becton Dickinson	16	15	1
Block	7	7	0
Diageo	23	23	0
Draft Kings	12	11	1
Eaton	16	16	0
EssilorLuxottica	19	19	0
Estée Lauder	8	8	0
Givaudan	23	23	0
Hermes	29	29	0
Honeywell	16	14	2
Linde	14	14	0
L'Oreal	21	21	0
LVMH	30	30	0
Mastercard	21	20	1
Meta	21	15	6
MTU	11	11	0
Nestlé	30	30	0
Nvidia	16	16	0
Otis	13	12	1
Pernod Ricard	24	24	0
Raytheon Technologies	20	18	2
Roche	28	28	0
Salesforce	19	18	1
Schlumberger	15	15	0
Siemens Healthineers	31	31	0
Sika	27	27	0
The Walt Disney	17	17	0
Thermo Fisher	16	16	0
Visa	14	13	1
Xylem	15	14	1
Zoetis	12	10	2
Grand Total	758	720	38

Our full voting activity summary from the year 2023 is available at www.jsternco.com/stewardship.

Examples

In our reporting year, we voted against the board on 38 occasions. You will note from the below that companies in the digital transformation space continued to be the subject of close shareholder scrutiny during 2023. This reflects the significance of these companies as large employers and their multi-faceted impact on broader society. Our support for a select number of these resolutions echoes these considerations and ultimately acts as an effective way of driving change and mitigating associated long-term risks to our investments.

Abbott Laboratories

We voted in favour of a resolution requesting the separation of the roles of Chairman and CEO, which we believe ensures the board's independence and enhances oversight. We also voted in favour of reducing the threshold required to call a special shareholder meeting to 10%, a level which we believe provides the best balance between enabling shareholders to push for change when needed whilst shielding companies from unnecessary disruption. Finally, we supported a resolution requesting detailed reporting on the company's lobbying activity as well as the governance practices related to its oversight. The company has strong stated objectives regarding the Paris Agreement and the role of breastfeeding in infant nutrition, and we would like to see greater alignment of its lobbying practices to these.

<u>Outcome:</u> The resolutions were voted down, but with the role separation one receiving 31% of shareholder support, the threshold for an EGM one receiving 4% and the lobbying one receiving 23%.

Amazon

We continued to press the company for improved human capital management policies and practices, asking for enhanced reporting on gender/ racial pay, as well as better reporting on working conditions at its warehouses, given historic controversies in some of these areas. In terms of environmental issues, we supported a resolution requesting a report on packaging materials especially as it pertains the use of plastics, a key metric given Amazon's size as an online retailer. We also supported a resolution requesting greater disclosure of lobbying activities related to the Paris Agreement given the company's significant stated commitments on that front.

<u>Outcome:</u> Although all resolutions were voted against, we note the meaningful shareholder support that they received, including 29% for the better pay gap disclosure practices, 35% for better reporting on working conditions, 32% for packaging and 24% for enhanced lobbying disclosures.

Meta

In terms of governance, we voted once again in favour of a shareholder proposal to eliminate the stock's dual share class structure, which we believe would provide better protection of minority shareholder interests. In terms of human rights issues, we voted for a resolution requesting an annual report on progress on addressing child safety issues. We also voted in favour of a resolution asking for a similar report on the enforcement of community standards and user content. Both issues are a recurring concern given Meta's role as the world's largest social media platform owner. Finally, we supported two resolutions requesting enhanced reporting on lobbying activities.

<u>Outcome:</u> These resolutions were voted down, but with 28% of shareholders voting for the elimination of the dual share class. 29% of shareholders voted for the annual report on child safety and 7% voted for the community standards report. The two lobbying resolutions received 15% and 10% of support each.

Examples (continued)

RTX

We voted in favour of a resolution requesting the separation of the roles of Chairman and CEO, which we believe ensures the board's independence and enhances oversight. We also supported a resolution requesting a Greenhouse Gas Reduction Plan, that sets out a roadmap to net zero and which includes Scope 3 emissions, which we believe is highly topical given RTX's role as a leading aerospace engine & systems manufacturer.

<u>Outcome:</u> These resolutions were voted down, but with 43% of shareholders voting for the separation of the Chairman and CEO roles and 38% for the greater emissions disclosures.