Stewardship Report
2023

CHAWTON
GLOBAL INVESTORS

Introduction

Chawton Global Investors has incorporated the principles contained in the UK Stewardship Code 2020 in its governance structure. We believe that the formal adoption of the 12 stewardship principles enables us to deliver on our promise of acting as stewards of the businesses we invest in on behalf of our clients. The aim of this report is to provide the reader with a clear understanding of how we have delivered on this promise during the 27 April 2022 – 26 April 2023 reporting period.

The contents of this report have been approved by the firm's Management Committee on 28 April 2023. Chawton Global Investors submitted its application to become a signatory to the UK Stewardship Code on 28 April 2023.

Content

Our Mission, Strategy & Culture

Chawton Global Investors is a boutique asset manager focused on long-term investing in high return businesses. This investment philosophy builds on the lessons and tenets of great historical investors Benjamin Graham and Warren Buffett. The firm currently manages the TB Chawton Global Equity Income Fund.

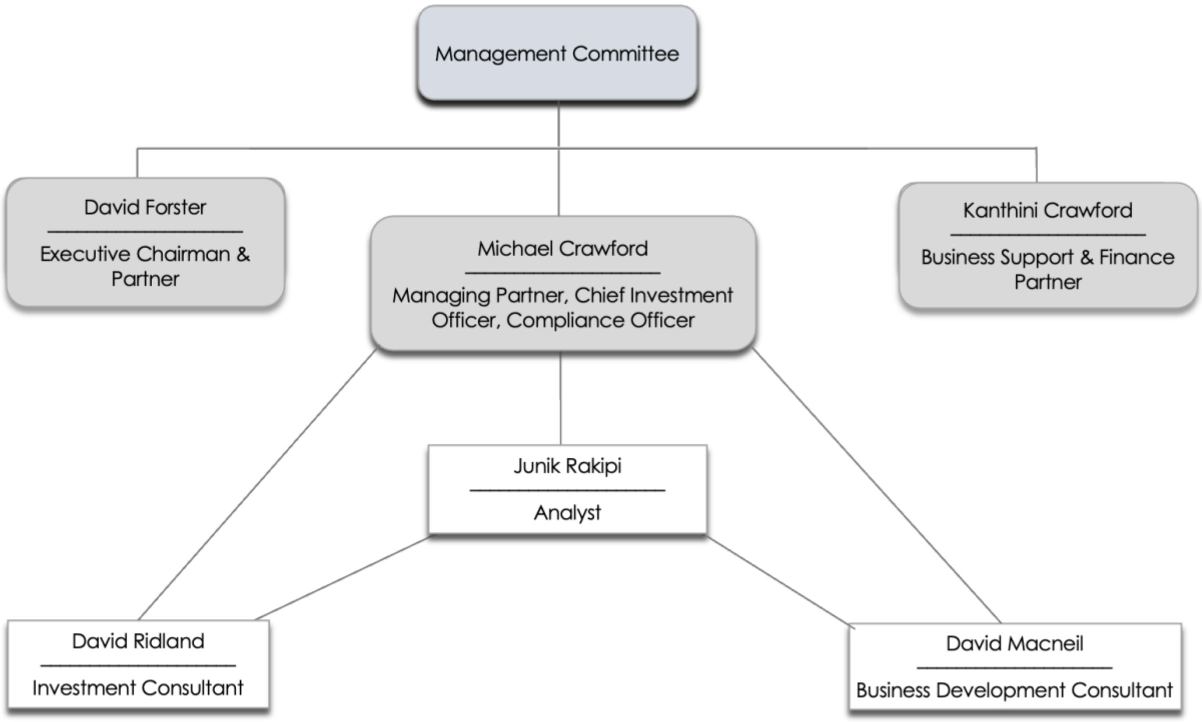
Our mission is to make investment decisions that make a real difference to the lives of our investors and those affected by our investments. To this end, we allocate capital in companies that can utilise it most productively and sustainably. To achieve our mission, we follow a simple Investment Strategy, based on five key pillars which have been informed by our investment philosophy:

1	Invest in quality companies that achieve high and sustainable returns on capital
2	Invest where there is potential to invest new capital and a high probability of achieving high returns on capital
3	Invest where there is an alignment of interest, and act as a steward of such investments on behalf of clients
4	Ensure businesses are sustainable over the long term through low leverage, cultural integrity and contribute to the transition to a healthy, equitable and low-carbon society
5	Invest where there is a material margin of safety to reduce risk of capital loss

We believe that investing in companies which generate a growing income stream and sustain a high return on capital is the best way to ensure that our clients' long-term interests are met. In our view, due consideration of Environmental, Social and Governance (ESG) matters is a requisite for the sustainability of high returns on capital. Our Investment Strategy is centered around these two core beliefs. Our core beliefs also serve to define the scope of our duties under Pillars 3 and 4 of the Investment Strategy, through which we ensure effective stewardship. We seek to foster an internal culture based on integrity, collaboration and the pursuit of excellence. These core values play an integral role in shaping the way in which we approach our investment, stewardship, client engagement and other activities.

For information on how our Investment Strategy has guided our stewardship and decision making, please refer to the **Integrating Stewardship & Investment** and **Engaging with Issuers** sections. For a discussion on whether the company's culture enables effective stewardship on the extent to which we have been effective in serving our clients' interests, please see the **Accountability** section.

Governance



Above we have presented a chart detailing the firm's governance structure. In this section, we will aim to provide you with a clear overview of how members of the firm work together to ensure that stewardship initiatives are carried out effectively, and that appropriate review mechanisms are in place to ensure oversight and accountability.

The Investment Team

Stewardship activities are carried out by members of the Investment Team, which comprises Michael Crawford and Junik Rakipi. The Investment Team operates under a set of policies that have been developed by the Management Committee, including the Conflicts of Interest, Voting and Engagement policies. Together with our internal processes, these policies regulate the way in which the firm selects investments, engages with companies, service providers, exercises shareholder rights, and communicates with clients. Through their implementation, the Investment Team ensures that stewardship considerations are pervasive throughout the entirety of our investment process, from **pre-selection to holding & monitoring and exiting investments**. The Investment Team holds itself accountable to clients through the firm's voting disclosure policy and client engagement initiatives, and to the Management Committee through our internal review process.

The Management Committee

As the firm's governing body, the Management Committee is ultimately responsible for overseeing the firm's stewardship initiatives, as well as for the efficacy of our review and accountability mechanisms. Stewardship is a standing item on Management Committee meeting agendas. Further, at the end of each reporting period the Management Committee conducts an annual stewardship review.

In the preceding paragraphs of this section, we provided detail on the duties and respective roles of the Investment Team and Management Committee in relation to the carrying out of stewardship duties. Through this structure, we ensure that all employees and members of the firm are involved in ensuring that the firm's stewardship function is carried out effectively. The extent to which members of the Investment team integrate stewardship and investment in their decision making, and the extent to which members of the Management Committee discharge their stewardship review and monitoring functions during Management Committee Meetings, is considered in performance reviews. In the **Integrating Stewardship and Investment** section, we provide detail on how we have appropriately resourced stewardship activities through our investment in systems, processes, research and analysis. The extent to which service providers are used to aid the Investment Team in carrying out stewardship functions is disclosed in the **Engaging with Service Providers** section. For a discussion on the effectiveness of our systems and review processes in supporting stewardship, and on how these may be improved, please refer to the **Accountability** section.

Managing Conflicts of Interest

We recognise that our success is dependent on our ability to earn and retain the trust of our clients. Our Conflicts of Interest (COI) policy has been designed and is implemented in such a way so as to enable us to ensure that we exhibit the highest standards of integrity in our work.

In contemplating whether a certain course of action must be taken, members of the firm must consider whether the performance of such action could reasonably be regarded as giving rise to an actual or potential conflict of interest. This is the guiding principle that underpins our COI policy. In line with applicable FCA regulations, the policy requires us to identify, manage and prevent COIs. Our latest policy may be found **here**.

The identification and prevention of potential COIs that may arise as a result of stewardship activities is an integral aspect of the firm's efforts to safeguard clients' interests. In 2022, the Investment Team determined that the firm's COI policy needed to be adapted to ensure the effective identification, management and prevention of COIs within a stewardship context. A set of guidelines was designed in 2022 and revised by the Management Committee in April 2023. We believe that current guidelines of circumstances under which conflicts of interest may arise, as presented below, effectively aid individuals engaged in stewardship activities in fulfilling their duty to identify, manage and prevent COIs from arising.

- Members of the Investment Team identifying, determining the materiality of sustainability risks, determining which sustainability risks merit engagement, or setting the objectives of said engagement in relation to companies where they hold shares or executive positions, or if they otherwise derive monetary and non-monetary benefits from said company, including gifts;
- Undertaking engagement activities which result in members of the firm being privy to inside information;

- Undertaking engagement activities with representatives of companies in instances when the realisation of the objective of that activity could reasonably be regarded as being detrimental to the interests of representatives with whom we engage;
- Undertaking engagement activities with service providers with whom members have an established, personal business relationship or if they otherwise derive monetary or non-monetary benefits from said provider, including gifts;
- The exercising of voting rights over holdings of shares in companies in which a member of the firm or a connected person holds an executive position and/or shares;
- The exercising of voting rights over holdings of shares in companies which have an established business relationship with the firm, or where benefits, whether or not monetary in nature, including gifts, are derived from said companies by the firm's members; or
- Members being involved in determining the suitability and effectiveness of stewardship activities and or/review processes where any of the instances above are applicable.

How we manage conflicts of interest in practice

The firm's partners have invested a substantial proportion of their personal wealth into the fund that it manages. In the firm's partners' opinion, this ensures that the interests of the firm and those of its clients are aligned. In addition, upon joining the firm, members and employees are required to provide a full list of their outside interests and to declare whether, having read the firm's COI policy, there are any other circumstances which may potentially be regarded as giving rise to a conflict between the firms' clients' interests and their own.

As a result of this exercise, the firm is able to ascertain whether individuals joining the firm:

- Hold shares or directorships in our investee companies or service providers;
- Are otherwise affiliated with and/or derive benefits, whether monetary or not, including gifts, from investee companies and service providers; or
- Are in receipt of inside information and trade in a personal capacity.

The purpose of disclosing such information is to ensure that, upon joining the firm, members and employees are able to serve our clients' interests and perform their duties with integrity. To ensure that they are able to do so throughout the duration of their employment or tenure at the firm, the firm inhibits members and employees from accepting gifts, taking on further outside interests, and trading without the prior approval of the firm's Compliance Officer. Approval is withheld in circumstances which could reasonably be regarded as leading to a conflict of interest arising. To ensure continuous compliance, members are periodically required to disclose whether, since their last declaration, they have engaged in any of the activities listed above, and the firm actively ensures that members receive continuous training on COI prevention. Applied in a stewardship context, these mechanisms serve to minimize the chances of conflict of interest situations arising.

Examples of Actual Conflicts of Interest

In **Case Study 5** we detail a series of activities undertaken by the Investment Team to engage with an issuer in relation to succession planning matters. Upon reviewing the outcomes of this engagement effort in Q1 2023, the Investment Team determined that a potential conflict of interest may have arisen as a result of an activity undertaken during a meeting at the company's headquarters, where a member of the Investment Team relayed the firm's concerns in relation to CEO succession planning matters to the company's CEO. Upon reviewing the matter, the Investment Team determined that under such circumstances it would be reasonable to assume that a conflict of interest may have arisen given that the personal interests of the CEO may diverge from those of the company, and ultimately, its shareholders. This particular COI situation was effectively managed as a result of a subsequent engagement effort on the issue of succession planning undertaken by the firm in collaboration with Castlebay Investment Partners. In line with its duties to prevent such COI situations from arising, the Investment Team determined that moving forward matters related to governance arrangements which may impact the personal interests of executive management should be discussed with members of the Board who do not perform executive functions. The Investment Team's findings and conclusions were reported to the Management Committee during the firm's annual stewardship review on April 26, 2023 and the firm's COI policy was amended as a result of discussions that took place during the meeting. For more information on changes made to the firm's COI Policy, please see the **Accountability** section.

Risk Management

Identifying and responding to **Market-wide and Systemic Risks** is a key component of the firm's Risk Management Strategy. Our definitions of Market-wide and Systemic Risks are largely congruent with those provided by the Financial Reporting Council and the CFA Institute.

What these risks share in common is that they do not generally emanate from an investee company's operations. They differ from one another due to the potential severity of their impact on investee companies and the economy. Market-wide Risks generally lead to financial loss across the market and may have a substantial impact on the performance of our investee companies. Systemic Risks on the other hand have the potential of leading to the very collapse of an entire industry or to the collapse of financial markets.

Below we present examples of the Market-wide and Systemic Risks that we monitor. Risks relevant to the current reporting period are highlighted in bold.

Market Wide	**Systemic**
Changes in Currency Rates	The Failure of Important Financial Institutions
Geopolitical Issues	**Climate Change**
Changes in Interest Rates	**Armed Conflict**
	Persistent Inflation

Identifying and Responding to Market Wide & Systemic Risks

The potential impact of Market Wide & Systemic Risks on a prospective investee company is considered in the selection phase of the investment cycle as the firm subjects companies to stringent screening criteria and thereafter conducts fundamental research to ensure companies selected for investment are able to produce an adequate return on capital for the Fund's clients within their desired investment horizon. It is important to note that our general pre-screening criteria have been designed as to enable us to select companies which are best placed to withstand the impact of Market-wide & Systemic Risks, including changes in interest rates and persistent inflation. For an example of this, see **Case Study 1**.

Certain risks may however arise after a decision has been made to invest in a specific company. In such cases, risks are identified during the holding & monitoring phase of the investment cycle.

Regardless of when risks are identified, the aim of the risk identification phase is to determine whether specific Market-wide & Systemic Risks are material to an investee company. Defining materiality is a subjective exercise, but generally we define risks as material if they could reasonably be regarded as potentially threatening to the general investability of a company, particularly over the long-term. After material risks have been identified, they are categorised as follows:

Level 1	Risks which require us to evaluate how our companies are responding
Level 2	Risks whose potential impact on an investee company, whether considered in the short or in the long-term, is significant enough to be categorised as a critical factor
Level 3	Risks which pose a significant threat to the investability of a company

The risk categorization process serves as a filtering mechanism which enables us to decide how to respond and whether to commence engagement. All material risks satisfy Level 1 criteria. In practice, following the categorization of a material risk as Level 1, the Investment Team performs a due diligence process on relevant companies to ascertain the impact of this risk, as well as the steps that management takes in response. Depending on the conclusions drawn from this evaluation, the Investment Team will decide whether to continue monitoring the impact of the risk, or treat the risk as a Level 2 or Level 3 risk. In turn, Level 2 and Level 3 risks are treated as critical factors subject to enhanced monitoring and engagement. If a risk is categorised as Level 3, the firm may choose to divest without prior engagement, provided that such course of action is deemed to be in our clients' best interests. Below we present examples which showcase how we manage Market-wide & Systemic Risks. All activities listed have taken place during the current reporting period.

Case Study 1 – Level 1 Market-Wide Risks

Context FY 2022 was marked by a steady rise in inflation which peaked at the very end of Q3, as well as rising interest rates. Our investment screening criteria are designed in such a way as to exclude companies with high leverage and low ROIC levels from consideration. The aim of this process is to ensure that our portfolio is resilient and can withstand macroeconomic pressures such as the ones experienced during the FY 2022. The Investment Team monitored how investee companies were impacted by inflation and rising interest rates. It determined that by and large the financial health of investee companies was not significantly impacted.

Activity Although our findings showed that a majority of companies were able to withstand macroeconomic headwinds in 2022, the Investment Team determined that the change in interest rates represented a Level 1 material risk in relation to a very limited group of companies which exhibited higher leverage levels than others.

A good example of this was a company active in the USA rail Industry, which held nearly US$ 29.7 billion in debt and with a net debt/EBITDA ratio at 2.6 which is significantly higher than other portfolio stocks but still below an acceptable ratio of 3. A potential refinancing in the current environment could increase the risk profile to an unacceptable level. In light of this, we categorised the change in interest rate as a Level 1 material risk and proceeded to evaluate this position.

Upon further analysis of the company's capital structure, we determined that the effective interest rate was at an acceptable level of 4%, and that the debt was mostly in bonds, notes, and debentures with long maturity dates. Only US$ 4 billion had to be refinanced in the next four years. In light of this analysis, we concluded that the increase in interest rates has not impacted the company to such an extent so as to justify the categorisation of changes in interest rates as a Level 2 or Level 3 risk.

Outcomes Activities undertaken played a key role in ensuring that we delivered value to our clients during these difficult macro-economic conditions. We communicated the results of this monitoring exercise via our Q2 and Q3 Quarterly Letters, which may be accessed **here**. The Fund will continue to hold this stock, and debt levels continue to be monitored.

Case Study 2 – Level 2 Systemic Risks

Context In 2021 and 2022, the financial health of the USA Auto & Home Insurance Industry was negatively impacted by the increased frequency of occurrence of wildfires and hurricanes. In light of the severity of these catastrophic (CAT) events and their potential to lead to the collapse of the insurance industry, Climate Change was identified as a Level 2 Systemic risk in relation to a company in our portfolio that is active in the USA Auto & Home Insurance Industry. Following the categorisation of Climate Change as a Level 2 Systemic risk, and in line with our Market-wide & Systemic Risk management policy and Engagement Policy, we proceeded to initiate engagement with the company. Upon reviewing its records, the Investment Team determined that it would also engage to seek clarification on a separate critical factor related to governance arrangements.

Activity A meeting was held between Michael Crawford and one of the company's senior managers on the 10th of July 2022.

In relation to the Level 2 Systemic Risk issue, our objectives were as follows:

1. To understand the impact that the increased frequency of CAT events had on the company and its stakeholders, particularly the people of California and Florida; and
2. To gain clarity on short and long-term strategies the company intends to employ to ensure it responds to CAT events in a manner which considers the interests of all stakeholders involved.

We were informed that CAT events had negatively impacted profitability whilst at the same time hurting customers who lived in areas prone to experiencing CAT events, as these areas had been rendered almost uninsurable. We were told that in the short-term the company's only option was to reduce exposure to CAT prone areas. As for our query on future strategies, we were told both during the meeting and during a subsequent investor event held on 2 August 2022 that over the longer term, and through the continued use of technology and AI solutions to determine adequate pricing levels and the purchase of CAT related reinsurance services, the company would be able to increase profitability levels whilst providing better value to customers living in such areas.

We noted that the company's current strategy of mitigating Climate Risk, i.e., their efforts to decrease exposure to CAT prone areas, is aimed at protecting the interests of the company's shareholders at the expense of the interests of specific groups of stakeholders, particularly those of customers living in such areas. We recognize however that the company views the long-term interests of its shareholders as intrinsically aligned with the interests of its other stakeholders and noted that their future strategy in relation to coverage of CAT prone areas reflects this understanding.

In relation to the identified critical factor, which concerned the design of the company's executive remuneration structure, and in line with our Engagement Policy, we had set two clear objectives:

1. To understand how the remuneration structure incentivised management to not pursue growth at the expense of profitability; and

2. To incentivise the company to include considerations related to the attainment of ESG objectives in the process by which executive remuneration levels are determined.

During the discussions, we were satisfied that the compensation structure adequately incentivized management to pursue profitability instead of growth. In relation to our second objective, the representative responded by stating that the company is aware of growing investor interest in the inclusion of ESG links and that the possibility of their inclusion would be explored. Further, the representative highlighted achievements made within their Diversity Equity and Inclusion (DEI) programme, as well as integration of considerations as to whether DEI objectives have been achieved in the process by which executive remuneration is determined, as evidence to their commitment to address material ESG risks.

Outcomes This engagement effort produced the following outcomes:

1. We decided to hold the stock and to continue to monitor levels of Climate Risk and its impact on the company's operations and profitability.
2. In line with the firm's voting policy, we abstained from voting in the AGM in relation to remuneration related proposals, on account of a lack of sufficient ESG links.
3. We will continue to engage in an effort to realise our objective of influencing the company to change its remuneration structure such that the achievement of ESG goals is considered when determining executive remuneration levels.
4. In line with the firm's voting policy, we will in the future vote against proposals related to executive remuneration if changes discussed during the meeting are not implemented.

Case Study 3 – Level 3 Market-Wide Risks

Context In FY 2022, the conflict in Ukraine was followed by escalating tensions between the People's Republic of China (PRC) and Taiwan. The Investment Team determined that tensions had escalated to such a level as to effectively increase the level of geopolitical risk in relation to one of our holdings to unacceptable levels.

Activity Following a thorough analysis of the geopolitical risk and the potential impact that a further escalation between Taiwan and the PRC would have on the company's operations, the Investment Team determined to categorise geopolitical risk as a Level 3 Market-wide Risk.

Outcomes As a result of this monitoring exercise, the Investment Team decided that the most appropriate course of action for the firm to take would be to exit this particular investment. In addition, the Investment Team decided to temporarily adjust its investment selection process to exclude from consideration certain companies which may experience significant impairment in capital value because of an escalation of conflict between the PRC and Taiwan. We communicated our rationale for this decision to our clients via our Q3 2022 Quarterly Letter, which may be accessed **here.**

Promoting a Well-Functioning Financial System

Our Market-wide and Systemic Risk management policy aids us in allocating capital in such a way as to promote a well-functioning financial system. However, to fulfil this broader aspect of our stewardship duties, we strive to undertake activities which contribute to the betterment of the regulatory framework governing the asset management industry, and to collaborate with other investors in order to incentivize issuers, policy makers and regulatory bodies to implement changes which contribute to the transition to a low-carbon society.

In the current reporting period, the firm has taken part in several FCA surveys, including the Financial Resilience and Practitioner Panel surveys. Our participation helps the UK regulator in their effort to mitigate risks of harm to consumers and the market. Similarly, we have assisted the regulator by submitting feedback on the "Finance for Positive Sustainable Change" and "Updating and Improving the UK Regime for Asset Management" consultation papers. Both consultation papers have been issued as part of the regulator's strategy to begin stakeholder engagement on ESG Governance, remuneration and incentives in regulated firms.

Further, members of the Investment Team regularly participate in events and conferences organised by leading industry bodies. Recent events attended centered around topics of client engagement and the digital transformation of the financial sector. In March 2023 members of the Investment Team attended the "Emtech Global – Innovation, Disruption and Adoption: The next Generation of Investment Management" conference. In May 2023, the Investment Team will attend the "Sustainability and Responsible Investment" conference organised by the Investment Association. Partaking in such activities has enabled the firm to keep abreast of current developments and to use this knowledge to ensure that capital is allocated efficiently.

We believe that actions taken by the firm in the current reporting period represent a solid foundation upon which future strategies, specifically aimed at ensuring that we collaborate with stakeholders to influence issuers, may be built.

The Investment Team determined in July 2022 that in light of the firm's size, becoming a signatory to the UN Principles for Responsible Investment (UNPRI) would be the most effective method to ensure that the firm is able to participate in industry initiatives aimed at influencing issuers to address Market-wide and Systemic risks in order to contribute to the transition to a sustainable, low-carbon economy.

In August 2022 members of the Management Committee engaged in a discussion on the feasibility of gaining UNPRI membership in the current reporting cycle. The discussions centered around conclusions reached on this matter by the Investment Team through its own research and through a meeting held between Michael Crawford and an UNPRI representative in July 2022. Members of the Management Committee concluded that the level of resource necessary to ensure that the firm adequately discharges its obligations as a UNPRI signatory exceeded resource levels available for this purpose in the current reporting period. The firm will explore the possibility of applying to become a UNPRI signatory in the 2023-2024 reporting cycle. For an assessment of our effectiveness in identifying and responding to Market-wide and Systemic risks and promoting well-functioning financial markets, please see the **Accountability** section.

Engaging with Clients

An overview of the firm's activities and its clients

Chawton Global Investors acts as sponsor of and provides investment management services to TB Chawton Investment Funds, a UK Open Ended Investment Company (the Company). The Company is structured as an umbrella such that its property may be divided among one or more sub-funds. Currently, the only sub-fund which has been established is the TB Chawton Global Equity Income Fund (the Fund).

As of the end date of the current reporting period, the net asset value (NAV) of the Fund is £15,500,000. As the firm does not currently provide investment management services to any other entity, the value of the firm's assets under management (AUM) is equal to the Fund's NAV. In line with the Fund's objective, the firm aims to invest at least 80% of assets in in global listed equities. Below we provide a visual representation of our AUM across asset classes and geographies, as at 26.04.2023

AUM across Asset Classes		AUM across geographies	
Listed Equities	**99%**	**Global***	**100%**
Cash & Cash Equivalents	**1%**		

***Managed from the UK**

The Fund is eligible for marketing and distribution to both professional and retail clients, as well as to eligible counterparties. As the firm's activity is currently limited to providing investment management services to the Company, Chawton Global Investors does not have a direct contractual relationship with individuals and entities that invest in the Fund. We therefore assume, in line with FCA regulations, that the financial objective of clients who are invested in the Fund is fully aligned with the Fund's objective, which is to provide a growing income stream and to grow capital over the long-term (5 years or more). As the Fund's manager, the firm ensures that capital is invested in such as a way as to enable the Fund's clients to achieve their objectives within this investment time horizon. For an explanation of how the firm's investment decisions and stewardship activities are aligned with the needs and investment time horizon of the Fund's clients, please see the **Integrating Stewardship and Investment** and the **Engaging with Issuers** sections.

Due to the lack of a direct contractual relationship between the firm and the Fund's clients, the firm does not have sufficient client-data to enable it to accurately assess the geographical distribution and categorisation of the entirety of the Fund's client base. However, a majority of the Fund's clients are personally known to the firm's partners. In relation to this group, the firm is able to disclose that it predominantly consists of High Net Worth Individuals (HNWIs) based in the UK. It is our opinion that most clients pertaining to this group would be categorised as professional clients under FCA regulations. The firm engages regularly with clients so as to inform them of the firm's Investment and Stewardship activities. In the remaining part of the section we provide detail on our client engagement activities.

How we engage with clients

Our goal is to provide clients with the best possible investment experience. To this end, we have designed a marketing strategy which places an emphasis on targeting a limited group of clients who share our values and who believe in the tenets of our investment philosophy. Two main benefits arise as a result of this targeted approach to marketing. Clients are assured that we are able to understand their needs, and we are able to provide them with a bespoke investment experience. In the context of client engagement activities, this means being able to provide clients with the right information, at the right time and in a manner that is best suited to their individual needs.

Ultimately, the aim of our client engagement activities is to enable clients to determine, on the basis of factual information, whether we are successfully executing our **Investment Strategy**, which requires us to invest in companies that are able to generate and sustain high returns on capital over the long term and which contribute to the evolution to a healthy, equitable and low-carbon society.

To this end, we publish Monthly Factsheets, Quarterly Letters, Quarterly Voting Records and Quarterly Voting Reports on our website. In our Monthly Factsheets, we provide performance data and portfolio commentary, through which we aim to inform clients of the Fund's investment performance. In our Quarterly Letters, we provide commentary on the firm's investment activities and on the Fund's performance, as well as in-depth commentary on a select number of companies in our portfolio, so as to enable clients to understand significant developments as well as our reasoning behind decisions to invest or exit a position altogether. Stewardship related developments are normally detailed in a separate section of our Quarterly Letters. In **Case Study 1** and **Case Study 3**, we provided examples of how we communicate the results of our Market-wide & Systemic Risk assessments to our clients. Stewardship Activities are also disclosed through our Quarterly Voting

Records & Reports, the purpose and content of which is detailed in the **Exercising our Rights and Responsibilities** section.

Further, the firm's Chief Investment Officer frequently meets with clients to provide them with updates on the Fund's performance and on the firm's activities. Obtaining feedback is a crucial aspect of our efforts to continuously refine our approach to engaging with clients so as to ensure that we are able to effectively serve their needs. To facilitate the gathering of feedback, clients are encouraged to share their views on our services during meetings as well as through all our communication channels. In Q1 2022 we made the following changes:

- We limited the scope of information provided in Monthly Factsheets to include only data on investment performance and on capital returns; and
- We decided to publish in-depth Quarterly Letters which contain detailed information on investment activities, in-depth commentary on selected companies and on our stewardship activities.

These changes arose as a result of client feedback and our realisation that we were relying on Monthly Factsheets to provide information on the firm's activities and on specific investments which was not consistent with the Factsheet format. By confining information provided in Factsheets to investment performance and capital returns, we are now able to present investment positioning in more detail, performance, activity and commentary on individual companies through a less frequent but more comprehensive medium. This is consistent with our long-term approach and a desire to provide investors with greater transparency into our process and progress.

The firm reviews relevant client communications to ensure that information provided therein is succinct, clear, informative, relevant and presented in an objective fashion. In April 2023, the firm distributed a survey to the Fund's clients with the aim of gathering feedback on our Monthly Factsheets and Quarterly Letters. The questions were designed to enable us to assess the level of satisfaction amongst the Fund's clients in relation to their design and content, as well as to understand whether any changes need to be made to ensure that information conveyed therein enables the Fund's clients to accurately assess our progress in implementing our Investment Strategy. We received responses from circa 20% of the Fund's Clients. 83% of respondents stated that the current content of the Monthly Factsheets and Quarterly Letters is informative and effective, and that no changes in terms of design and content are necessary. Since the firm's inception in 2019, we have received zero complaints from clients through any of the firm's communication channels.

Integrating Stewardship & Investment

The objectives of individuals and entities that invest in the TB Chawton Global Equity Income Fund (the Fund) are to obtain a growing income stream and to grow capital over the long-term. The investment time horizon of the Fund's clients is five years or more. As the Fund's Manager, Chawton Global Investors has developed an Investment Strategy that enables clients to attain their investment objectives within their desired time-frame. The firm's Investment Strategy is disclosed in full in the **Governance** section. The five pillars contain therein require us to invest in companies that achieve and sustain high returns on capital over the long term, and which contribute to the evolution to a healthy, equitable and low-carbon society. Pillar 3 requires us to act as stewards of the businesses we invest in on behalf of the Fund's clients.

The successful implementation of this strategy is dependent on the integration of stewardship considerations through each stage of the investment lifecycle. The firm currently manages only one Fund and invests the Fund's capital in global listed equities whilst retaining a small percentage of capital in cash or cash equivalents. The process of integrating stewardship and investment does therefore not differ in terms of funds or asset classes.

As evidenced further below, the design of the stewardship and investment integration process enables the firm to determine and monitor critical factors which are unique to a specific company. To this extent, the firm ensures that the integration process differs in terms of geography. However, in the current reporting period the firm has not sought to incorporate geographical considerations in the process by which decisions to engage with a specific company are made. The factors which lead the firm to determine whether to commence engagement are explored in the **Engaging with Issuers** section. Below we provide a visual representation of how stewardship considerations impact our investment decisions. The rest of this section will focus on exploring these in more detail.

Investment Lifecycle	Selecting Investments	Holding & Monitoring	Exiting Investments
Stewardship Considerations	Material Sustainability Risks, Market-Wide Risks, and Systemic Risks are identified and inform our investment decisions	Through an analysis of Material Risks, we determine and monitor critical factors and engage with companies.	Through monitoring & engagement we ascertain whether the risk of loss of capital increases to levels which justify divestment

During the selection process, companies are screened against a set of pre-determined criteria. This process utilises the Quest database which provides data utilising the cash flow return on capital model developed by Holt Value. The model provides analysis of the historic true return on invested capital and asset base growth of the company removing distortions caused by inflation and management discretion in adopting accounting policies.

The application of such criteria serves to exclude from consideration companies which are in our opinion unlikely to sustain high returns on capital over the long term. Further, we avoid industries and companies that continue to invest the majority of their capital in operational assets that do not contribute to the transition to a sustainable economy. As an example, we avoid all companies involved with extracting or utilising fossil fuels, production of tobacco products, pesticide production and armaments. The criteria delineated above are fully aligned with our Investment Strategy, which in turn has been designed to enable clients to achieve their investment objective within their desired time horizon.

Selected companies are then subject to deep research based on strategic analysis and company analysis using models such as Porter's Five Forces, operational analysis, financial risk assessment, growth opportunities, and capital allocation assessment. During this stage, the Investment Team also identifies material Market-wide & Systemic Risks as well as material Sustainability Risks relevant to a company. The process by which the materiality of Market-wide & Systemic Risks is determined was explored in the **Risk Management** section. Sustainability Risks are considered material if the Investment Team determines that their potential impact on a company's ability to sustain high returns on capital over the long term is significant. In our opinion, due consideration of Sustainability Risks, which include environmental, social and governance risks, is a requisite to the sustainability of high returns on capital. Against the backdrop of this overarching principle, we generally seek to identify material Sustainability Risks by examining:

- The company's sustainability policy and its progress in meeting internal goals;
- Whether remuneration structures are designed to effectively incentivise management to attain such goals;
- How the company fares in relation to their comparator group and wider industry in relation to sustainability; and
- Whether any key sustainability challenges exist which have not been explicitly addressed internally.

We understand that each company faces unique sustainability challenges, and we believe that the examination process delineated above reflects this understanding. However, in the current reporting period, and in the context of our engagement efforts, we have paid particular regard to the manner in which executive compensation is structured. Subject to our general criteria for prioritizing engagement, we have sought to engage with companies in instances when we have determined that the amount of variable compensation paid to executive officers is not linked to ROIC metrics and to the attainment of ESG objectives. This is because we view compensation as the main mechanism through which shareholders can influence management behaviour. We believe that the inclusion of such links serves as an effective method of ensuring that the company is able to generate and sustain high returns on capital and that the achievement of ESG related objectives is appropriately considered by management in its decision making.

This research helps identify the four or five critical factors which determine the risk that the company will fail to sustain high returns on capital over the long term, as well as the risk that the company will fail to implement strategies which enable it to mitigate Sustainability Risks. The absence of ROIC and/or ESG links in a company's executive remuneration structure is generally treated as a critical factor initially, but may cease to be categorised as such in cases where a company is able to provide a clear explanation as to how management is adequately incentivised to allocate capital efficiently and to implement strategies which contribute to the transition to a equitable, healthy and low-carbon society despite the absence of ROIC and ESG links in executive remuneration structures. If a decision is made to invest in a company, critical factors are subjected to enhanced monitoring and continuously revised as part of our portfolio monitoring activities.

Where appropriate, during the holding & monitoring period the firm engages with companies with the objective of ensuring that management pursues strategies which enable it to address risks posed by such critical factors. Through this process, we ensure that information gathered through stewardship informs acquisition and monitoring decisions. For practical examples of the application of this process during the monitoring & holding phase, see the **Engaging with Issuers** section. For an example of how information gathered through stewardship led us to exit an investment, see **Case Study 3.**

Engaging with Issuers

In the preceding section, we sought to delineate the process by which the firm ensures that stewardship considerations are fully integrated within the different stages of the investment lifecycle. Central to our investment process is the identification of critical factors which in our opinion will cumulatively determine whether a company is able to generate high returns on capital over the long-term whilst contributing to the evolution to a healthy and low carbon society.

In light of our role as stewards of the businesses we invest in on behalf of the Fund's clients, we seek to engage with companies after such critical factors have been identified. Through this process, we seek to incentivise management to address risks which in our opinion would otherwise diminish shareholder value, particularly over the long-term. The firm has created an Engagement Policy so as to enable the Investment Team to carry out engagement activities in a manner that is consistent with Principles 9,10 and 11 of the Stewardship Code, as well as with our **Voting** and **Conflict of Interest** policies.

When appropriate, the policy is formally amended by the Management Committee during the firm's Annual Stewardship Review. A key benefit derived from this systematic and rule based approach to engagement is that it enables the Management Committee to both hold the Investment Team accountable for its actions and to amend policies. In turn, this enables the firm to better serve its clients' interests. Amendments made to the policy as a result of the April 2023 Meeting are explored in the **Accountability** section. To view the firm's latest Engagement Policy, please click **here.**

This section shall be divided in two parts. In Part 1 we provide further detail how we select and prioritize engagement, the firm's Engagement Policy and present data on the scope and results of engagement activities undertaken during the current reporting cycle. In Part 2 we will showcase the practical application of the firm's Engagement Policy during the current reporting cycle through the use of various case studies.

Part 1

Selecting and Prioritizing Engagement

For each company in our portfolio, we determine a set of critical factors which in our opinion will determine whether a company's long term performance will be in line with our expectations. Our investment portfolio is regularly reviewed to determine which issuers the firm should engage with. Decisions to prioritize engagement efforts with specific investee companies are made as a result of the consideration of two main factors, namely the size of our holding in an investee company and the level of risk posed to that company as a result of relevant critical factors. In our opinion, this approach enables us to engage with companies where we determine that there is a risk that companies do not implement strategies which enable the company to sustain high returns on capital over the investment time horizon which clients deem appropriate to realise their investment objective.

As explained in the **Integrating Stewardship & Investment** section, the firm currently manages only one Fund. In effect, the Fund's capital is only invested in listed equities globally. As a result, engagement and escalation efforts do not differ in terms of funds and asset classes. Further, in the current reporting period the firm has chosen not to incorporate geographical considerations in the process by which engagement and escalation efforts are selected and subsequently conducted, rather preferring to base decisions to initiate engagement and escalate issues based on the two considerations detailed above. Through this selection method we ensure that we deploy resource efficiently using a risk-based approach. In turn, we believe that this enables us to better serve our clients' interests.

Our Engagement Policy: a brief introduction

Once we select a topic for engagement, our Engagement Policy requires us to develop clear and precise objectives that we wish to achieve as a result of our engagement efforts. We define engagement as a proactive interaction aimed at accomplishing specific objectives. The Investment Team may choose to engage with a company individually or in collaboration as part of a wider group of stakeholders. In instances when the objectives of an initial engagement effort have not been achieved, the firm may escalate its efforts. We define escalation as a further attempt at engaging with a company in circumstances where the objective of the initial engagement effort has not been achieved. Further, in instances when an issue is escalated, our Engagement Policy requires us, where possible, to engage with a higher authority within a company. Escalation efforts may be undertaken individually or in collaboration with other stakeholders. Engagement methods include the following:

Writing letters to a company to raise concerns	**Holding meetings with Junior & Senior Management**
Raising key issues through a company's advisors	**Meeting the Chair or other Board Members**

Engagement Activities conducted in the Current Reporting Cycle

Engagements	11	**Individual**	10	**Initial**	9	**Successful**	2	**Environmental**	2
		Collaborative	1	**Escalated**	2	**Pending**	9	**Social**	0
						Unsuccessful	0	**Governance**	9

During the current reporting cycle, we engaged with 9 distinct issuers representing 27% of companies in our portfolio, and escalated our engagement efforts on two occasions. On four occasions, we engaged with issuers through meetings, whereas on seven occasions we engaged through letters. You may note that we engaged collaboratively on only one occasion. We are cognizant of the fact that engagement efforts have a better chance of producing successful outcomes if undertaken in conjunction with other stakeholders. In light of our current size, we believe that becoming a signatory to the United Nations Principles for Responsible Investment (UNPRI) is the most effective way of ensuring that we are able to engage collaboratively with other stakeholders so as to influence issuers to address material sustainability risks, and thematic risks in particular. For reasons disclosed in the **Promoting a Well-functioning Financial System** section, we decided that it would not be appropriate for the firm to seek to become a signatory to the UNPRI in the current reporting cycle.

In terms of the range of topics selected for engagement, an analysis of the data presented above may lead to a conclusion that we have a clear "preference" for engaging in relation to governance matters. We would however caution against concluding that we have done so at the expense of engaging on social and environmental related matters. Through a substantial proportion of our governance-related engagement efforts we have sought to influence issuers to ensure that management is adequately incentivised to incorporate Environmental, Social and Governance related considerations in their decision-making.

Part 2

Case Study 4 – Initial Engagement

Context Towards the end of Q3 2022, the firm purchased a position in a multinational plumbing and heating products distributor. Through research conducted during the investment selection phase we categorised the absence of ROIC and ESG links in the company's executive remuneration structure as a critical factor. Further, in Q4 2022 we noted that there was no opportunity to vote on executive incentives in the 2022 Annual General Meeting, and that disclosures on incentive structures for executive management were not sufficiently detailed.

Activity Following the categorisation of the issue delineated above as a critical factor, and in line with the firm's Engagement Policy, we initiated engagement with the company. Conclusions drawn through our research in Q4 2022 were considered when determining the level of risk posed by this particular critical factor. The firm's CIO sent a letter to the company's Investor Relations team on 22 November 2022, with the aim of:

- Understanding whether the lack of detail surrounding executive remuneration was due to a change in the company's primary listing location;
- Clarifying whether the company intends to enable shareholders to vote on proposals related to executive remuneration in future Annual General Meetings; and
- Engaging in a discussion in relation to the design of the executive remuneration structure by sharing our views as shareholders on the importance of incorporating ROIC and ESG links into said structure.

On 28 November 2022, the company responded as follows:

- The lack of detail surrounding executive remuneration and the company's decision to not offer shareholders the opportunity to vote on executive compensation was due to the move to the company's primary listing to NYSE and to their status as a Foreign Private Issuer in the US;

- Moving forward, the company would comply with SEC obligations related to “Say on Pay” votes, and details on its approach to compensation would be disclosed in annual filings; and
- ESG considerations that align with the company’s sustainability commitments will be incorporated in its executive compensation framework, and further details on this would be set out in next year’s report. Further, our comments in relation to the inclusion of ROIC links within the executive remuneration structure would be shared with and considered by the company’s Compensation Committee.

Outcomes Following the company’s response, the Investment Team decided that the most appropriate course of action would be to hold the stock and continue to monitor developments related to the structure of executive remuneration and shareholders’ ability to vote upon “Say on Pay” resolutions. Through this engagement effort, we were able to determine that the company intends to implement measures which will lead to a further alignment between its interests and the interests of the Fund’s clients. In line with its voting policy, the firm shall abstain from voting on “Say on Pay” resolutions during the 2023 Annual General Meeting if our concerns on the inclusion of ROIC links within the company’s executive remuneration policy are not addressed. Further, in this case the firm would seek to escalate its engagement efforts.

Case Study 5 – Collaborative Engagement

Context In Q2 2022, the firm started building up a position in a UK based healthcare company specializing in the creation and supply of antibodies for use in immunodiagnostics. By carrying out the firm’s standard pre-investment screening and research activities during the selection phase of the investment lifecycle, the Investment Team had identified critical factors which would impact further growth. One of the critical factors related to succession planning. The company is relatively small and has been built up by its CEO, who plays a crucial role in ensuring sustainable growth and adherence to values and principles which make this company suitable to the needs of the Fund’s clients.

In line with the firm’s engagement policy, the Investment Team commenced engagement with the objective of clarifying whether management is approaching the issue of succession planning with due regard to the interests of the company’s shareholders, and ultimately, to the interests of the Fund’s clients.

Activity Michael Crawford was able to secure a meeting with the CEO during his visit on 17 October 2022 at the company's head office and production site. Succession planning issues were discussed. Upon reviewing the outcomes of the meeting, it was established that discussions related to succession planning did not satisfy the firm that the company is paying sufficient regard to this issue. To realise the firm's objective, Michael Crawford liaised on behalf of the firm with Castlebay Investment Partners, an investment management firm that is also a shareholder of the company in question and with whom Chawton Global Investors collaborates. During discussions with Castlebay it was established that succession planning was a key concern for both firms and that the best course of action would be for Castlebay to write a letter detailing our shared concerns to the Chairman of the Board on 8 November 2022. In light of answers provided by the Chairman on 17 November 2022, the firm satisfied itself that the Board of Directors treats the issue of succession planning with due regard.

Outcomes Answers received by the Chairman of the Board of Directors served to reinforce the Investment Team's conviction that in considering strategic planning issues the Board of Directors considers the interests of investors focused on the long-term, and that this investment will therefore produce adequate results for the Fund's clients within their desired investment timeframe. In light of Information gathered as a result of this collaborative effort, the Investment Team decided to hold the stock and to continue monitoring developments related to succession planning, along with developments related to the make-up of the Board of Directors. As disclosed in the **Managing Conflicts of Interest** section, activities undertaken as a result of this engagement effort led the firm to identify an instance of an actual conflict of interest and to amend its Conflicts of Interest Policy so as to prevent such instances from recurring.

Case Study 6 – Escalation

Context In August 2022, the firm engaged with an issuer active in the USA Auto & Home Insurance Industry on a multitude of issues. The results of this engagement were detailed in full in **Case Study 2**. During the July 2022 meeting the Investment Team sought to influence the company to include ESG links in its remuneration structure. We were informed that the company would consider our views. In line with our Voting & Engagement policies, we abstained from voting on proposals related to executive remuneration during the company's 2022 Annual General Meeting.

Activity The Investment Team continued to monitor developments related to the company's executive remuneration structure. Upon analysing the company's 2022 Annual Report, published in March 2023, we noted that the executive remuneration structure had not been amended so as to broaden the scope of ESG matters considered in establishing executive remuneration levels. We did however note that the company had made substantial progress in both expanding the range of objectives as well as in achieving existing objectives related to its Diversity, Equity and Inclusion (DEI) programme. The achievement of such objectives is considered in determining executive remuneration levels. More broadly, we were pleased to see that the company's latest results showcased its commitment to achieve growth without sacrificing profitability levels. This is a particularly important consideration in determining whether companies in our portfolio are managed in a way that is aligned with the interests of the Fund's clients, for whom it is essential that companies allocate capital efficiently so as to generate high returns on invested capital over the long term. Growth at the expense of profitability may initially yield beneficial results but typically leads to the destruction of shareholder value over the long term.

Given the continued absence of an expansion in the scope of ESG related considerations in determining executive remuneration, and in line with the firm's Engagement Policy, on April 6, 2023 we proceeded to escalate our engagement efforts by writing a letter to a higher authority within the company, namely to the Chair of the Compensation Committee. In our letter, we extended our congratulations to management for successfully navigating the many challenges faced by the company in Fiscal 2022, and expressed our support for progress made in integrating DEI considerations in the process by which executive remuneration levels are established.

Cognizant of the fact that the company's current executive remuneration structure is widely supported by shareholders, our objective in this particular instance was to understand whether the company plans to evolve its approach towards incorporating ESG considerations in the process by which executive remuneration levels are determined. In practice, this would entail extending the scope of Environmental and Governance related matters considered during this process, rather than continuing on placing an emphasis on DEI considerations.

Outcomes

As of the end date of the current reporting period, we are yet to receive a response from the Compensation Committee in relation to the query delineated above. We do however believe that our decision to escalate our engagement efforts in this case showcases our nuanced approach to engagement and demonstrates the strength of our commitment to serve the interests of the Fund's clients.

It is important to note that the company in question is an industry leader with a proven track record of allocating capital efficiently so as to generate and sustain high returns on invested capital over the long term. Further, as evidenced in part by the development of its DEI programme, the company has made progress in addressing material ESG risks. This is in part due to the development of an internal culture that is characterised by values that are also shared by our firm, and which are ultimately important to the Fund's clients.

However, we believe it is our duty as stewards of the businesses we manage on behalf of the Fund's clients to encourage companies to continue improving their governance structures so as to adequately address ESG risks. Given the investment time horizon of the Fund's clients, the inclusion of ESG considerations in the process by which executive remuneration levels are determined is in our opinion an important objective that company should seek to realise in order to ensure the continuity of the company's current culture throughout changes in executive management. We shall continue to hold the stock whilst seeking to further our engagement efforts.

In line with the firm's Voting Policy, we expect to vote against proposals related to executive compensation during the company's next Annual General Meeting, scheduled to be held in May 2023.

Engaging with Service Providers

The aim of this section is to provide the reader with a clear understanding of how we monitor and hold service providers to account to ensure that services have been delivered to meet clients' needs. Below we present a list of service providers engaged by the firm to facilitate the carrying out of investment and stewardship activities.

Service Providers	Why we use their services
Cannacord Quest	• to obtain quantitative data on returns on capital, invested capital growth and financial risk.
Morningstar Equity Research	• to obtain fundamental research on over 1,500 companies globally, utilising a team of over 100 analysts based in the Americas, Europe and Asia who share our long-term focus.
Morningstar Sustainalytics	• to access ESG rankings and other ESG data relevant to companies in our portfolio and to potential investee companies.
Forensic Alpha	• to access reports generated by the company's proprietary machine learning tools which provide data on accounting quality and governance risk for quoted companies globally.
ProxyEdge	• To exercise the Fund's rights as a shareholder in Annual General Meetings.

Central to our core principle of basing our investment decisions on our own research is a rigorous process of fundamental proprietary research based on independent, in-house analysis complemented with active engagement. Any information obtained through service providers is not used determinatively, serving only to complement our own findings. To ensure adherence to this overarching principle, the firm has developed a policy which governs the way in which the Investment

Team processes information obtained through external sources, provided it is of relevance to investment and stewardship activities. The policy is based on four key tenets:

1	The accuracy of factual information relevant to the Investment Team's decision-making process must be verified, either in whole or in part.
2	Information of a subjective nature may inform the Investment Team's decision-making process only to the extent that any views expressed therein accord with conclusions drawn by the Investment Team as a result of its own independent research.
3	Should information obtained through external sources be inaccurate or misleading, the Investment Team engages with service providers provided that undertaking such an action is appropriate considering all relevant factors.
4	The Management Committee shall be informed of instances where the Investment Team determines that the quality of services provided by third-parties is inadequate.

Below we present a case study which showcases the practical application of this policy during the current reporting cycle.

Case Study 7 – Engaging with Service Providers

Context In Q1 2023, the Investment Team conducted governance reviews of several companies in which the Fund is invested. As part of this process, reports generated by a service provider which summarise governance risks relevant to specific companies were analysed. In line with the firm's policy, the accuracy of relevant factual information contained in such reports was verified. On two separate occasions, information contained in such reports was found to be inaccurate.

Activity Having regard to all relevant factors, the Investment Team determined that the most appropriate course of action would be to engage with the service provider to inform them of our findings and discuss the company's efforts to ensure the quality of research generated through its proprietary machine intelligence tools. To initiate engagement, the Investment Team contacted Castlebay Investment Partners, given that both firms use the services of this particular service provider. On 6 March 2023, Castlebay held a meeting with company representatives, who disclosed that under extremely limited circumstances, their proprietary machine intelligence tools fail to accurately analyse data relevant to determining the level of governance risk associated with a particular company. Representatives also disclosed that the company is currently working on increasing transparency levels so as to enable customers to easily verify the accuracy of information provided in reports.

Outcomes The Investment Team was informed of the specific circumstances under which reports generated by the research provider could contain inaccurate information. Moving forward, the Investment Team will ensure that in instances when such specific circumstances arise, such reports will be subject to greater levels of scrutiny. The Management Committee was informed of the events described in this case study during a meeting held on 26 April 2022. Decisions made in relation to the firm's arrangements with this particular service provider are disclosed in the **Accountability** Section.

Exercising Rights and Responsibilities

Our Approach to Voting

As the firm currently manages only the TB Chawton Global Equity Income Fund (the Fund) and given that with the exception of a small percentage of assets held in cash or cash equivalents, the Fund's assets are invested in global listed equities, the firm's approach to exercising its rights and responsibilities does not differ in terms of funds or asset classes. We apply the same rigorous approach to exercising rights and responsibilities regardless of differences in terms of geographies.

The firm has contracted the services of ProxyEdge to facilitate the voting process in relation to portfolio companies. The firm receives data related to portfolio holdings daily from T.Bailey Fund Services, the Fund's Authorised Corporate Director. Prior to voting, the firm uses this data to determine the number of shares and the voting rights that the Fund has in relation to each holding and reconciles these figures with data presented by ProxyEdge to ensure that there are no discrepancies. After votes have been submitted on ProxyEdge, members of the Investment Team use the platform to monitor whether the firm's submissions have been accepted by companies. During the voting process, we do not use default recommendations provided by ProxyEdge. Voting decisions taken by the firm are always made in line with the firm's Voting Policy. Clients are not currently able to override this policy, and we do not enable clients to vote directly in segregated and pooled accounts. The firm does not currently engage in stock lending, and we do not otherwise engage in any activity which may lead to the Fund losing its economic interest in stocks it purchases. A corollary of this is that the risk of empty voting is fully mitigated.

Our Voting Policy

In line with Pillars 3 and 4 of our Investment Strategy and Principle 12 of the Stewardship Code, the firm actively participates in the Annual General Meetings of companies in which the Fund is invested in order to vote on proposals in line with the firm's **Voting Policy.** The policy is a key document that regulates the manner in which the Investment Team acts upon material findings and conclusions drawn during investment selection and the holding & monitoring periods of the investment lifecycle. The guiding principle of our Voting Policy is that the firm will not support management recommendations in circumstances when voting in line with such recommendations would in our opinion negatively impact a company's ability to generate and sustain high returns on invested capital over the long term and undermine its efforts to contribute to the evolution to a healthy, equitable and low-carbon society. This guiding principle is derived from our **Investment Strategy,** which in turn has been designed so as to enable clients to achieve their investment objectives within their desired time-horizon.

It is important to note that the manner in which the firm exercises its rights and responsibilities is informed not only by the 5 pillars of its Investment Strategy but also by conclusions drawn as a result of our monitoring and engagement efforts. Although in this report voting and engagement activities are detailed separately so as to enhance the report's clarity and readability, the firm's voting activities are closely linked to monitoring and engagement activities. The extent to which monitoring and engagement activities inform our voting decisions has been clearly detailed in the outcome sections of all relevant case studies presented in this report. Below we present the rules that make up the firm's Voting Policy, and showcase the interconnection between the firm's Engagement & Voting Policies.

- After a company's critical factors have been identified, the Investment Team examines whether proposals presented in a company's Annual General Meeting relate to identified critical factors.

- The firm engages with the company to ascertain the extent to which in the company's opinion current business strategies and governance structures enable the company to adequately address risks posed by such critical factors, and, if necessary, proposes changes which would enable the company to better address such risks.

- If, as a result of engagement efforts, the firm is satisfied that risks are adequately addressed, the firm votes in line with management recommendations on proposals which relate to identified critical factors.

- If, as a result of initial engagement efforts, the firm is not satisfied that risks are adequately addressed, but the company undertakes to consider implementing changes proposed by the firm, the firm will abstain from voting on proposals which relate to identified critical factors.

- If the company does not implement proposed changes, or if it does not otherwise provide a satisfactory explanation as to why proposed changes are necessary, or, alternatively, if responses provided do not serve to alleviate the firm's concerns, the firm votes against relevant proposals during the next Annual General Meeting and escalates engagement efforts. This process is repeated until the firm's engagement efforts are completed.

- If engagement efforts are ultimately unsuccessful, either because objectives related to such efforts are not achieved, or if the company does not respond to engagement requests, the firm votes against proposals relevant to identified critical factors.

- If the firm identifies proposals relevant to critical factors but is not able to engage with a company in the current reporting cycle, the firm abstains from voting on proposals relevant to critical factors during the current reporting cycle and maintains its position until it is able to engage with said company.

- The firm votes in line with management recommendations in relation to all other proposals provided that doing so would be in the best interest of the Fund's clients.

Voting activities undertaken in the current reporting cycle

The firm publishes **Quarterly Voting Records** and **Quarterly Voting Reports** on its website so as to provide clients with an opportunity to understand how we apply our Voting Policy in practice. In Quarterly Voting Records, we present data related to all voting activities that we engage in in a given quarter and provide commentary on proposals in relation to which we either abstain from voting or where we vote against management recommendations. In Quarterly Voting Reports, we present data which summarises the number of proposals we voted upon in a specific quarter, including the total number of proposals where we abstained from voting or where we voted against management recommendations, and provide commentary on the main reasons that led us to do so. You may access our Quarterly Voting Records by clicking **here.** No votes have been withheld in the current reporting cycle. Quarterly Voting Reports may be accessed **here.** Below we present data which showcases the practical implementation of the firm's Voting Policy in the current reporting cycle. To the best of our knowledge, all resolutions in relation to which we voted against management recommendations, and in relation to which we abstained from voting, were passed. Below we present data in relation to votes cast in the current reporting period.

Proposals voted upon	Votes Abstained	Votes against M. Recommendations
589	**20**	**4**

In line with our role as stewards of businesses we invest in on behalf of the Fund's clients, we exercised the Fund's voting rights in relation to 100% of shares held. A significant percentage of proposals in relation to which the firm abstained from voting concerned the approval of executive remuneration policies. The firm's rationale for abstaining from voting in relation to a majority of such proposals was based on the fact that in our opinion remuneration structures did not adequately incentivise management to incorporate return on invested capital and ESG considerations in their decision-making.

In line with our Voting Policy, we voted against management recommendations in relation to proposals in instances where we determined that voting in line with such recommendations would not be in the best interests of the Fund's clients. Instances include voting against the reappointment of external auditors which had been in tenure for more than 50 years, as well as voting in favour of shareholder resolutions which if passed would enable shareholder to play a more active role in supervising the company, and which would obligate compensation committees to consider average pay-levels of employees in determining pay levels for executive management. In the current reporting cycle, the firm has not voted against the approval of shareholder proposals, but abstained from voting on one occasion as the approval of this particular proposal would not be in the best interests of the Fund's clients. The proposal concerned equal shareholder voting. All votes submitted during the current reporting period were cast in line with rules contained in our Voting Policy.

Accountability

As the firm's governing body, the Management Committee is ultimately responsible for ensuring that the firm successfully executes its overall business strategy and therefore the most appropriate body to oversee and supervise the execution of the firm's stewardship obligations. The Management Committee conducted the firm's first annual stewardship review on April 26, 2023. The aim of the annual stewardship review is to enable the firm to determine the extent to which it has been effective in serving its clients' interests. To this end, the Management Committee reviews the firm's policies, assures its processes and assesses the effectiveness of stewardship activities carried out in each reporting period. In turn, this enables the firm to continuously improve its stewardship policies and processes. Below we provide a summary of the results of the review process.

Policy Reviews

In light of conclusions drawn by the investment team as a result of its review of activities disclosed in the **Examples of actual conflicts of interest** section, the Management Committee amended the firm's Conflicts of Interest policy, which now requires members to not engage with representatives of companies in instances where the realisation of the objective of the engagement effort could reasonably be regarded as being detrimental to the personal interests of said representative. Further, the firm's Engagement Policy was amended to ensure that when undertaking engagement activities members of the Investment Team seek to approach the most appropriate individual within a company, having regard to the nature of the issue in question. As an example, the practical implication of this would be that matters concerning executive remuneration would be discussed with non-executive members of a company's Board of Directors or members of a Board's Remuneration Committee.

Process Reviews

During the meeting, the firm's partners reviewed amendments made by the Investment Team to the process by which stewardship considerations are incorporated throughout the investment lifecycle, as well amendments to the way material information received by service providers is processed. In relation to the former, the Investment Team had amended the process by which the materiality of sustainability risks is determined. The process now includes considerations as to how a company fares in relation to their comparator group in terms of sustainability, and on whether any key external sustainability challenges exist which have not been addressed internally. In relation to the latter, and in light of events disclosed in **Case Study 7,** the Investment Team had decided to subject material information received by said service provider to enhanced monitoring and report any further instances where research reports contain inaccurate or misleading information to the Management Committee. In both instances, the Management Committee concluded that such amendments were made so as to ensure that the firm effectively serves its clients' interests.

On the effectiveness of stewardship activities

The Management Committee reviewed the range and results of stewardship activities conducted in the current reporting cycle. It found that the Investment Team had successfully integrated stewardship considerations throughout the investment lifecycle and that all voting and engagement activities had been conducted in line with the firm's Voting and Engagement Policies. The Management Committee noted that a significant proportion of engagement efforts had yielded initial positive results. Further, upon reviewing the Investment Team's efforts to manage Market-wide and Systemic Risks, the Management Committee determined that the firm had responded to such risks successfully, thereby fulfilling its duty to allocate capital efficiently to promote a well-functioning financial system in a manner that is proportionate to the firm's size and available resource levels.

On the firm's culture

The Management Committee used the firm's first annual stewardship review as a means to assess whether any changes to the firm's culture would be needed to ensure that members and employees discharge their stewardship obligations effectively. In light of conclusions drawn as a result of activities detailed in the preceding paragraphs of this section, the Management Committee determined that the firm's values currently enable effective stewardship and that no changes to the firm's culture are necessary at this time.

Stewardship Reporting

Members of the Management Committee have reviewed the contents of this report to ensure that stewardship reporting is fair, balanced and understandable. This entailed analysing internal records related to stewardship activities to assess whether information provided in this report is accurate, clear and presented in an objective fashion, as well as analysing the range of examples of engagement activities and details on stewardship processes provided to determine whether the report provides a balanced overview of the firm's achievements.

Moving Forward

Having regard to the results of the annual stewardship review, and after reviewing the range of activities conducted by the firm in the current reporting period, the Management Committee determined that current systems and review processes are effective in supporting stewardship, and that such systems and review processes shall be continuously improved as a result of lessons learnt through the exercise of our stewardship functions. The firm believes that it has effectively served its clients' interests during the current reporting period.

Michael Crawford
Managing Partner & Chief Investment Officer
Chawton Global Investors
28.04.2023