GUARDCAP

UK Stewardship Code

Annual Stewardship Report

Year ended
31 December 2022

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Introduction

Our business focuses on the long term, and we commit to investing in some of the highest quality companies around the world that are capable of long-term sustainable growth. We build concentrated portfolios, which means that we spend our time focusing on a small number of companies that meet our teams' investment criteria, including a company's "Foundations for Sustainable Growth", and take our time to understand a company over many months, and sometimes years, before we decide to invest.

Because we expect to own an investment for many years, it is vital that any potential investment pursues high standards of corporate governance, or it will not survive our desired holding period. Our research is proprietary and fully documented, with most of our teams' time spent on "maintenance research" or staying on top of developments in our investee companies and holding them to account. This often involves meeting with companies at their headquarters and operating facilities, attending company conferences, participating in conference calls and Investor Days, as well as meeting with key competitors, suppliers, customers, distributors, and others along the value chain.

As such, active ownership is deeply embedded in our investment philosophy, and we endeavour to vote on all resolutions related to our companies. If a company is engaged in a practice that concerns us, we will engage with the company on the issue, seek to learn more about it and encourage positive change.

This report details some of GuardCap's activities during the reporting year 2022, written to align with the principles of the UK Stewardship Code. The principles outlined within this report apply to both of GuardCap's strategies: GuardCap Global Equity and GuardCap Emerging Markets Equity.

We hope that our clients and stakeholders will find it of interest, and we look forward to discussing our continued developments over the months and years ahead.

Steve Bates
Chief Investment Officer

History and Ownership

GuardCap Asset Management Limited ("GuardCap" or "the "Firm") is a wholly owned subsidiary of Guardian Capital LP ("GCLP"), which is part of Guardian Capital Group Limited ("GCG"). GCG is listed on the Toronto Stock Exchange (TSX: GCG, GCG.A). GuardCap is authorised and regulated by the UK Financial Conduct Authority (FCA) and is a registered investment advisor with the US Securities and Exchange Commission (SEC)[1].

In July 2003, Steve Bates and Clive Lloyd founded Zephyr Management (UK) Limited ("Zephyr"), under the ownership of Zephyr Management LP, US. In December 2013, GCLP announced the acquisition of Zephyr and the acquired company's name was changed to GuardCap Asset Management Limited. This transaction was completed in April 2014, following receipt of the appropriate regulatory clearances. Clive Lloyd retired in 2022.

[1] GuardCap is a Registered Investment Adviser with the US SEC. SEC registration does not constitute an endorsement of the firm by the Commission nor does it indicate that the adviser has attained a particular level of skill or ability.

Principle 1

How our purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and leads to sustainable benefits for the economy, environment, and society

Business Structure

GuardCap is an investment entity regulated by the FCA and the SEC and is a wholly owned subsidiary of GCLP. All investment analysis and portfolio management activities pertaining to GuardCap's investment strategies are carried out in London[2].

This structure means that GuardCap has access to the support resources of a much larger organisation, which allows it to maintain an investment-led culture in London. At the same time, GuardCap is not subject to short-term pressures or shareholder demands, which supports our long-term investment approach.

As at 31 December 2022, GuardCap had 23 employees based in London (21), Paris (1) and Luxembourg (1), including 7 investment professionals (all based in London), and managed more than USD 11.7 billion for clients across two long-only equity strategies: GuardCap Global Equity and GuardCap Emerging Markets Equity.

In managing only two strategies, which follow the same investment philosophy, all employees of GuardCap are clear on how we invest, and we work together with our clients' needs at the forefront.

There is a strong alignment of interest between our investment managers and our clients, both through our compensation structures and through manager investments in their respective strategies.

Our Purpose and Strategy

GuardCap's core objective is to achieve superior returns for our clients, in excess of standard benchmarks with less risk than the benchmarks, over the long term. An integral part of this is our commitment to investing in high quality companies around the world that are capable of generating long-term sustainable growth.

Our business strategy is to put our clients first. To do this, we hold investment at the centre of our activity; we seek long-term client relationships; we keep to our core products; and we limit capacity by closing our products to new investment if liquidity constraints begin to impinge on our ability to make investment decisions. We believe these principles add value to client portfolios.

[2] Trading, account management and proxy voting execution are carried out by GCLP in Toronto.

Our Culture and Values

We recognise the importance of culture to an organisation and believe our culture is fundamental to our continued success.

In 2014, we set out to identify and describe GuardCap's vision, mission, and culture. We identified the key pillars of the firm's culture as **stability**, **trustworthiness,** and **integrity**. These pillars underpin GuardCap's core values, beliefs, and behaviours, which were formalised in a paper entitled *"Sustaining the GuardCap Culture for the Long-Term".*

We recognise that in order to uphold these key pillars, we must:

1. Put clients first.
2. Act with integrity and honesty in everything we do.
3. Act as a team, rather than as a group of individuals.
4. Strive for excellence.

The following section provides an overview of how we have consistently applied our core values, beliefs, and behaviours to our investments and business practices, which form the basis of our culture and enable us to act as responsible long-term stewards of capital.

1. Putting clients first

Clients are our number one, two and three priorities, and we seek to attract those that share our investment philosophy and understand the advantages and disadvantages of our investment approach, i.e., the importance of being patient – because we invest for the long term. We endeavour to provide clients with full disclosure on the nature and attributes of our investment style, and communicate on an ongoing basis, and even more so during challenging times for performance. At the same time, we make it clear that we will not accept interference in our investment processes from external parties (except for specific agreed mandate restrictions), regardless of their size or importance to our business, and are responsible for ensuring that any possible conflicts of interest are identified and managed from the outset.

2. Acting with integrity and honesty in everything we do

High ethical standards and integrity are at the core of our business. As part of this, we make investment decisions based on rigorous and thorough in-depth analysis, and only invest when we have high conviction. We are agnostic as to the components of our benchmark indices, and only invest in companies that we believe can sustain growth over the long term. Our investment decisions are fully transparent, and we write everything down so a full audit trail is available for our clients to access. We recognise that we will make mistakes, are honest about those mistakes, and do what we can to learn from them.

3. Acting as a team, rather than as a group of individuals

We recognise that collaborative teamwork raises the probability of finding the best long term investment opportunities for our clients and lowers the probability of making mistakes. Our culture means that we are collectively responsible for our success and failure, and when mistakes happen, we recognise that they are not made by an individual but by a team.

We ensure knowledge sharing within and across teams. On the investment side, this ensures that our investment managers have a deep understanding of the rationales for all portfolio holdings and regularly challenge each other on their levels of conviction. We have measures in place to help avoid “group think” and have designed our investment processes to minimise the risk of our investment managers making decisions based on emotion, or “falling in love” with a company, as we recognise that this can have a detrimental effect on investment outcomes.

The hierarchy is intentionally flat, and roles are almost identical across our investment teams, with all members of our investment teams possessing the title of “Investment Manager”. All our investment managers are analysts – this helps to avoid an “us and them” mentality, and the blurring of the lines makes the operation of a team-based approach much easier. With that said, we recognise that some hierarchy needs to exist to provide leadership when it comes to portfolio construction.

GuardCap places huge importance on a thorough hiring process to find exceptional people who are team players without egos. This is a central element of the interview process and we have rejected many candidates for demonstrating selfish ambition.

We place significant importance on hiring and maintaining teams made up of the most diverse and talented employees that we can find. All teams within the business, including our investment teams, are made up of individuals across a range of ages, nationalities, professional experience, education, and qualifications. In 2022, our Global Equity team was balanced by gender (50% women, 50% men) and our Emerging Markets Equity team was made up of one woman and two men. We believe that diverse demographic, educational and experiential characteristics enhance the diversity of opinions, which, combined with the investment processes of our investment teams, provides significant insight, and adds depth to our discussions on and with companies across the world.

We strongly believe that our focus on teamwork and diversity is integral to our culture and is of intrinsic value to the success of our business and ultimately, our clients.

Furthermore, as mentioned previously, there is a strong alignment of interest between our investment managers and our clients, both through our compensation structures and through manager investments in their respective strategies.

4. **Striving for excellence**

We hire individuals with a strong work ethic, and we strive for excellence, recognising that the higher the quality of our analysis the more likely we are to succeed in meeting the objectives of our clients. Our teams follow well-honed, disciplined investment processes that focus our efforts and we do not cut corners: it is extremely difficult and time-consuming for a company to make it into our portfolios, and typically takes between 6-15 months to take a new idea through the investment process and into the portfolio.

In terms of our client relationships, we are responsive and humble in our dealings, and recognise that excellence in client service is a key dimension required for the success of our business. We are committed to our investment teams spending at least 90% of their time on investment activities, and therefore have a dedicated Client Service team, which is responsible for communicating with our clients on an ongoing basis.

At the same time, we ensure that our Operations, Risk and Compliance teams perform to the highest standards in meeting operational and regulatory demands.

Our Investment Beliefs and Strategy

Our investment approach focuses on long-term thinking, long-term forecasting and long holding periods. We believe that by undertaking in-depth fundamental research, and by thinking in years instead of quarters, whilst methodically building confidence in companies' long-term growth potential, we can uncover attractive investment opportunities that are typically missed by market participants focused on the short-term and enhance the potential to generate returns whilst protecting against downside risk.

The following diagram provides an overview of GuardCap's investment philosophy:

Each investment team is dedicated to the management of their respective strategy, and we undertake rigorous in-depth analysis to ascertain whether the companies under coverage meet our criteria for quality and growth.

Our investment teams travel to meet companies at their headquarters and operating facilities, host meetings and attend company conferences, as well as participating in the majority of conference calls and Investor Days offered by the companies in the “High Confidence Pool” or “Buy List”, which includes the companies within our portfolios. These company contacts are a critical part of our analytical processes, and we endeavour to meet a company’s key competitors, suppliers, customers, and distributors, and others, along the value chain. We believe this approach is important in helping us understand the company and acts as an additional lens through which we can identify any potential risks or opportunities.

How our purpose and investment beliefs have guided our approach to stewardship, investment strategy and decision-making

As long-term investors, we start with the principle that no investment will be made unless the company we are researching has a purpose and beliefs that align with those long-term principles. We aim to hold an investment for years if not decades, so it is vital that a long-term perspective is shared. We believe that no company can survive in the public markets for any length of time if it does not follow the principles of good governance. This means that we focus on a company’s governance practices and on how it addresses environmental and social issues, as an integral part of assessing its prospects for long term sustainable growth.

Our decision-making process is incremental; it is about building confidence in a company; it is about observing its behaviour before we invest; and it is about its transparency and honesty in addressing our questions. If we cannot satisfy ourselves that a potential investment has addressed or (in some cases) will address our concerns, we will not invest. Our purpose and investment beliefs by their very nature demand effective stewardship and they are inextricably bound to our strategy and decision-making processes. With very low turnover and concentrated portfolios, we do not make many buy and sell decisions, which means that these elements must be intimately related if we are to deliver on our clients’ expectations and objectives.

Beyond the investment process itself, we believe that a supportive, committed, and well-capitalised parent company with a long-term institutional mind-set alleviates external pressure to raise assets and enables us to maintain an investment-led culture, and to focus on our core objective of achieving superior returns for our clients, in excess of standard benchmarks with less risk than the benchmarks, over the long term.

Our investment teams manage highly concentrated portfolios (20-30 stocks) offering exposure to high quality, long-term sustainable growth companies. We believe this creates long-term value for our clients and beneficiaries over the long term.

Assessment of our efficacy in serving the best interests of our clients

As our clients are our overriding priority, it is very important that we provide a service which is in their best interests. Without doing so, we will not have a viable business.

In order that we ensure we are effective in this core objective, we need to:

1. Explain (ex-ante) clearly to our clients what we do, how a strategy works, those circumstances in which it will do well and those in which it will do less well.
2. Once we have a relationship with a client, we aim to provide responsive and complete reporting and to be proactive when it comes to explaining how the strategies are performing, especially when circumstances are difficult.
3. We need to deliver a portfolio to our clients which is as initially explained to them. There will be no 'style drift' and no compromise on the integrity and execution of our process.
4. Over time, we have to deliver returns which are in line with our clients' expectations. This means delivering superior risk adjusted returns over time. This is the reason that we operate with a capacity limit. We do not aim for scale of assets under management but limit our capacity at a level which optimises our ability to produce what clients want.

Have we succeeded in these objectives? While client feedback is necessarily subjective, the main objective measure is in what our clients actually do. We have lost one segregated client in our Global Equity strategy and one segregated client in our Emerging Markets Equity strategy since the strategies' inceptions[3]. These losses were largely the result of changes in asset allocation and corporate restructuring and not because we had failed to deliver as they expected. Nevertheless, losing any client is painful and we have sought feedback with the departing institutions to see what can be learned from the experience. This helps us to guard against the risks of complacency and inertia.

Lastly, we recognise that clients' interests and requirements may change over time, for example with regard to ESG reporting, the use of Artificial Intelligence (AI) and so on, and that we need to keep abreast of these changes. We also recognise that we can always improve what we do and are constantly looking for ways to be more effective.

In terms of how effective we have been at upholding our objective of achieving superior returns for our clients, in excess of standard benchmarks with less risk than the benchmarks over the long term, our Global Equity strategy has outperformed its benchmark over the one, three, and five years and since inception to 31 December 2022. The strategy's downside market capture was slightly lower than the benchmark over the five years to 31 December 2022[4]. Our Emerging Markets Equity strategy has outperformed its benchmark over the three and five years and since inception but underperformed in the 12 months to 31 December 2022. The strategy's downside market capture was slightly higher than the benchmark over the five years to 31 December 2022[5].

[3] Does not include separate accounts within WRAP or pooled structures or clients within our pooled funds.
[4] Gross of fees for the Guardian Fundamental Global Equity composite, in USD. Past performance is not necessarily indicative of future results.
[5] Gross of fees for the Guardian Emerging Markets Equity composite, in USD. Past performance is not necessarily indicative of future results.

In sum, despite the challenging economic conditions throughout 2022, we adhered to our investment philosophy at all times, and actively communicated with our clients to ensure they understood the reasons for portfolio positioning and performance.

Principle 2

Governance Structures

An integral part of our commitment to achieving superior returns for our clients is investing in high quality companies around the world that are capable of achieving long-term sustainable growth. We are acutely aware that if we find ourselves unable to meet this commitment, our business will suffer. It is for this reason that we have stringent processes in place, to ensure good governance within our investee companies, and within GuardCap itself.

GuardCap Board of Directors

GuardCap's Board of Directors has legal and regulatory oversight and accountability for ensuring effective stewardship across the firm. Our Board of Directors is made up of the President and Chief Executive Officer (CEO), GCG, and GuardCap's Chief Investment Officer (CIO), both of whom have more than 30 years' experience across a range of industries, not limited to investment management. GuardCap's Chief Operating Officer (COO), who is also GuardCap's Chief Compliance Officer (CCO), is Secretary to the Board, and equally has long experience in the financial services industry.

GCG's CEO reports to GCG's Board of Directors and is responsible for growing GCG's business over the long term, and for satisfying the requirements of shareholders and regulators.

GuardCap's CIO reports to the CIO of GCLP and is responsible for ensuring that our investment teams adhere to our stated investment philosophy at all times.

GuardCap's COO reports to GuardCap's CIO and works closely with GCG's Head of Compliance, who in turn reports to GCG's Board of Directors. This role is responsible for ensuring that GuardCap is compliant with all applicable rules and regulations, as well as ensuring a smooth and effective operational set-up.

We believe these individuals bring vast experience from both an asset manager and asset owner perspective, and ensure that our business is governed effectively, with effective stewardship at the forefront.

GuardCap Operations Committee

GuardCap's Operations Committee is made up of GuardCap's CIO, COO, Head of Global Equity and Head of Client Service. The committee meets regularly and provides review and oversight of all operational matters including responsible investing, which is a standing agenda item.

Other Committees

There are four formal committees employed by GuardCap's parent company, GCLP, to ensure consistency and adequate risk control across the firm and its investment strategies. GuardCap's CIO reports to executives at GCLP, who represent GuardCap's interests at these committees. The four committees are: Governance Committee, Asset Mix Committee (of which GuardCap's CIO is a member), Broker Selection and Allocation Committee, and Risk Governance Committee.

More detail on these committees is provided below:

- **Governance Committee**

On a quarterly basis, the Governance Committee reviews and provides follow-up instructions based on the Quarterly Governance Oversight Report. This report includes details on a variety of topics including deviations from client policies, risk metrics, soft dollars and directed commissions, proxy voting, asset mix, personal trading, failed trades, and so forth.

- **Asset Mix Committee**

The purpose of the Asset Mix Committee is to oversee the management of multi-strategy client portfolios. The committee specifically addresses asset mix composition/allocation and areas for advice or communications to clients as it relates to the make-up of their portfolios. Meetings are held at least quarterly but may occur more frequently if required. The decisions of the committee are recorded in formal meeting minutes and archived.

- **Broker Selection and Allocation Committee**

This committee reviews all brokerage relationships and commission expenditures for the prior period. The committee discusses any concerns that it has relating to a brokerage firm's financial health, regulatory compliance, operational ability, or ability to provide a value-added service. The committee has the right to suspend trading with a particular firm or investigate any questions that have been raised. In addition, the committee reviews the total commission dollars (or trading volume) allocated to a particular brokerage firm and considers whether any unusually high concentrations need to be investigated to ensure that they are justified based on value added by the brokerage firm or other reasonable circumstances. The committee also reviews the appropriateness of the commission rates paid and meets quarterly.

- **Risk Oversight Committee**

The Risk Oversight Committee oversees the various investment strategies offered by GCLP, including those of GuardCap, in the context of the investment-related risks embedded in these strategies. It specifically addresses the potential risks of excessive losses for clients invested in these strategies and any related corporate risks should clients suffering such losses seek compensation. This committee meets quarterly.

Responsible Investing Oversight Committee

In addition to the aforementioned committees, GCLP has a Responsible Investing Oversight Committee. This committee has oversight and accountability for responsible investing over GCLP and all of its subsidiaries, including GuardCap. Chaired by Guardian's Head of Responsible Investing, the committee meets quarterly and is composed of nine members appointed by the CEO of GCG. These senior executives were selected to ensure that all aspects of our business are considered and represented.

The committee is made up of:
CIO, GCLP
Head of Responsible Investing (Chair), GCLP
Head of Institutional Asset Management, GCLP
Head of Canadian Retail Asset Management, GCLP
Chief Compliance Officer, GCLP
Senior Vice President, Strategic Planning and Development

Subsidiary representatives:
CIO, GuardCap
Principal and Portfolio Manager, Alta
Managing Director and Portfolio Manager, Agincourt

Guardian's Responsible Investing Oversight Committee reports to the CEO and the Board of Directors of GCG on a quarterly basis. The Board of Directors of GCG has ultimate oversight and accountability for ensuring the effective governance of all responsible investing activities, across the firm.

Investment Teams

In addition to GuardCap's Board of Directors and the aforementioned committees, our investment teams are responsible for ensuring effective stewardship and the implementation of responsible investing for their respective strategies. As such, our investment managers are responsible for including environmental, social and governance (ESG) considerations in their analysis, and a company's "Foundations for Sustainable Growth" is one of the 10 investment criteria that we ascertain before investing in a company.

In 2022, our investment teams were made up of seven investment managers (four men and three women), with an average of 20 years investment experience. Furthermore, our Global Equity team was made up of two men and two women, two of whom have been working together on the same strategy for over 26 years. Each of these individuals brings rich and diverse experience and perspectives, and all team members collaborate at all stages of the investment process and challenge each other in terms of their investment research and decision-making.

Responsible Investing Team

GuardCap has a dedicated Manager, Responsible Investing, who is independent from, but works closely with, all teams within the business, including client service, investments, compliance, risk, and operations.

GuardCap's Manager, Responsible Investing, reports to the Head of Responsible Investing for GCLP, as well as the Head of Client Service at GuardCap.

Information Sharing

GuardCap's Manager, Responsible Investing, and Compliance Manager meet with GuardCap's investment and client service teams on a quarterly basis and on an ad hoc basis, as necessary. They also meet with GuardCap's Operations Committee (which includes the Head of Global Equity) on a bi-monthly basis. Furthermore, information and research notes are shared across the firm and because GuardCap's London-based employees sit in an open plan office, there is continuous communication and information sharing on responsible investing topics. These meetings replace the meetings that were previously held by GuardCap's ESG Working Group, with the objective of enhancing information sharing and governance for responsible investing within GuardCap.

Diversity

All teams within our business, including our investment teams, are made up of individuals across a range of ages, nationalities, professional experience, education, and qualifications. In 2022, our Global Equity team was balanced by gender (50% women, 50% men) and our Emerging Markets Equity team was made up of one woman and two men. We believe that diverse demographic, educational and experiential characteristics enhance the diversity of opinions, which, combined with the investment processes of our investment teams, provides significant insight, and adds depth to our discussions with management teams across the world. We strongly believe that our focus on teamwork and diversity is integral to our culture and is of intrinsic value to the success of our business and ultimately, our clients.

Service Providers

Our investment research is proprietary and conducted in-house with very little input from the sell-side. Investment in systems and support for research is readily available, and our teams will use commissioned external research when needed. To support our ESG research and analysis, in 2022, we used Bloomberg, Clarity AI, FactSet, Institutional Shareholder Services (ISS), Sustainalytics and S&P Capital IQ Pro (Trucost). For our proxy voting activities, we referenced ISS and place votes using Broadridge. We review these providers on at least an annual basis to ensure they are meeting the requirements set out in the Service Level Agreements (SLAs). For more details, please refer to Principle 8.

Incentives

Performance reviews for GuardCap's investment teams have been designed to encourage effective stewardship across our investment activities. Active ownership of our companies is a key contributor to the long-term success of our strategies, and consequently to our investment managers' remuneration.

All senior managers and investment team members have a responsible investment objective in their development plans and are encouraged to involve themselves in training on related topics. In addition to ongoing professional development, our investment teams are provided with periodic training on responsible investing matters – for example, in terms of understanding the requirements of the Sustainable Financial Disclosure Regulation (SFDR) and the importance of incorporating climate change considerations into investment decision-making.

Individuals are assessed and remunerated based on how well they have performed against each of their objectives in any given year and taking an active approach to responsible investing and stewardship is part of that assessment.

The compensation of each member of our investment teams is made up of two components: a base salary and an incentive compensation bonus (ICB). The base salary is reviewed every year and adjustments are made to ensure we remain competitive. It is expected that the bulk of each individual's compensation consists of ICB disbursements. There is therefore a formulaic link between the overall wellbeing of the investment strategies and the compensation received by the individuals, which makes them like shareholders in their own strategy and goes beyond a narrow interest in performance over any given period. We recognise that the wellbeing of our strategies depends on the performance of those strategies, but it also depends on continuing to fulfil our clients' expectations as to how their money is invested. Our expectation is that long-term consistent outperformance will lead to a steady revenue stream over the long term, bringing stability to the ICB year-on-year.

Policies and Processes

All policies that outline our approach to stewardship and responsible investing are subject to review on at least an annual basis and must be approved by GuardCap's of Directors. We continually review our policies and processes in line with client expectations, industry developments and regulation.

Efficacy of chosen governance structures and processes in supporting stewardship

GuardCap's approach to governance, resourcing, and remuneration has remained consistent since our founding, and we believe the structures we have in place enable the effective oversight and accountability of our stewardship activities. Without sufficient governance, resourcing, and incentives in place, we would be unable to meet our core objective of achieving superior returns for our clients.

GuardCap's Manager, Responsible Investing, and Compliance Manager meet with GuardCap's investment teams on a quarterly basis and on an ad hoc basis, as necessary. They also meet with GuardCap's Operations Committee (which includes the Head of Global Equity) on a bi-monthly basis. These meetings replace the meetings that were previously held by GuardCap's ESG Working Group – the decision to disband the ESG Working Group was made with the objective of enhancing information sharing and governance for responsible investing within GuardCap.

Whilst we believe that stability in our structure is important, we acknowledge that the landscape and expectations of governance structures and stewardship is continuing to evolve. This is why all employees have specific objectives in their annual appraisals to ensure that these factors are front of mind. At the same time, we will continue to monitor our existing structures, including the effectiveness of our Board of Directors and management committees, and to invest in resources that further our stewardship efforts.

Principle 3

Conflicts of Interest

GuardCap recognises that stewardship activities and company engagement can, on occasion, lead to potential conflicts of interest. In compliance with FCA rules, we take a risk-based approach to identifying areas of potential conflicts of interest, to managing and mitigating conflicts of interest, and to considering all conflicts when designing and implementing policies and procedures.

Some potential conflicts of interest include:

- if there is an incentive to favour one client over another.
- where a client has an association with one of our investee companies, such as the pension fund of a listed company.
- where we vote at a meeting which has a shareholder proposal submitted by a client.
- if an individual or team is involuntarily exposed to material non-public information (MNPI).

To ensure that all potential conflicts of interest are identified and managed appropriately, GuardCap has a Conflicts of Interest Policy. The policy outlines the importance of our governance structures, policies, and processes in managing potential conflicts. In conjunction with our Compliance Manual, employees are given detailed guidelines for issues relating to proxy voting, MNPI, personal account dealing, outside business interests, gifts, and entertainment, etc. Employees must complete annual compliance declarations as to their adherence to the firm's compliance policies and procedures, including our Conflicts of Interest Policy and Compliance Manual. Our Conflicts of Interest Policy is available here.

The Policy is reviewed on at least an annual basis by our Compliance team and our Board of Directors to identify any additional procedures that might be performed to improve the management of potential conflicts of interest.

For funds and separate accounts where clients have delegated the responsibility for voting to GuardCap, we would ensure that all votes are cast in the same way.

For separate accounts, where clients have opted to vote for their own account, and have indicated this in writing, we do not vote for those accounts.

However, we seek to maintain an open dialogue with our clients, and for those who have requested, we share our voting intentions and rationale ahead of time. This has often resulted in clients voting in the same way.

GuardCap's policy on proxy voting is available here.

Efficacy of our approach

To date, we are not aware of having had any conflicts of interests relating to our stewardship activities. If a material conflict were to be identified, this would be escalated to GuardCap's COO and discussed with the relevant employee(s). This discussion would determine how the potential conflict of interest should be handled in the best interest of the affected client(s).

Principle 4

How we identify and respond to market-wide and systemic risks

GuardCap's parent company, GCLP, operates a group-wide risk management framework, and has several committees in place to ensure adequate risk controls across the firm. These controls ensure that market-wide and systemic risks are identified and managed effectively.

GuardCap's CIO reports to executives at GCLP who represent GuardCap's interests at these committees. The four committees are: Governance Committee, Asset Mix Committee (of which GuardCap's CIO is a member), Broker Selection and Allocation Committee, and Risk Governance Committee. Please refer to Principle 2 for more details on each of these committees.

Market-wide and systemic risks and themes are identified and considered through the lens of our portfolio companies and the wider context in which they operate. An analysis of these risks ultimately determines how we manage our investments.

GuardCap's investment teams are responsible for identifying stock-specific risks in the context of the industry and country in which a company operates. GuardCap's Risk Manager is responsible for ensuring that our investment teams are aware of the levels and concentrations of portfolio investment risks, and that these are consistent with our investment strategy and approach. We recognise that to be able to identify and manage the risks to the companies in which we invest, we need to be able to understand market-wide and systemic risks more generally.

The following section outlines some of the market-wide and systemic risks that we have identified, and the ways in which we attempt to manage them.

Macroeconomic Risk

Macroeconomic risk refers to the market-wide risk that a company or group of companies can lose significant value in the event of an economic downturn or a recession, which might be caused by a decline in the business cycle or by an economic shock.

A key tenet of our investment process is that we seek to invest in high quality companies with industry secular growth tailwinds and limited sensitivity to economic cycles. We assess how a company has performed in previous downturns, whether the company is exposed to secular growth industries and whether the company's competitive advantage is potentially under threat. We aim to ensure that a company is well diversified in terms of the markets it serves, reducing reliance on any single set of economic variables.

We recognise that one of the key risks in investing, particularly with concentrated portfolios, is the inadvertent build-up of exposure to a risk factor common to a number of stocks in the portfolio, which then renders the portfolio liable to a particular event or set of circumstances. For example, exposure to a number of indebted companies could lead the portfolio as a whole to be abnormally liable to an increase in interest rates. We use the Axioma risk model to identify such exposures and to analyse the amount of ex ante risk and different sources of risk in the portfolio. We use Style Analytics to understand our factor positioning compared to our peers and the benchmark.

At the same time, we use Bloomberg to conduct scenario analysis at the individual stock and portfolio level. This involves taking into consideration a number of different scenarios, for example, the Lehman default (2008), Japan Earthquake (2011), Greece Financial Crisis (2015), among others, that could have an impact on our investments and the financial markets more generally. In the reporting period, the significant macroeconomic risks that we identified included the ongoing impact of the COVID-19 pandemic on economies, a broad-based increase in interest rates, the effect of new private sector regulations in countries such as China and higher inflation resulting from a confluence of factors including supply chain constraints.

Business Risk

The risk that a business will suffer a significant loss of value because of an unforeseen major trading loss, accounting error or fraud, a fundamental flaw in its business model, the advent of a new technology which renders its core product obsolete and other kinds of negative developments specific to a business.

We aim to alleviate this source of risk through investing in high quality, large, stable businesses, with proven high quality management teams, a prudent approach to financial leverage and an orientation to progressive sustainability practices. Furthermore, well-managed companies with diversified businesses and conservative balance sheets can be better placed to withstand systemic risks arising from the failure of financial institutions, such as those that occurred during the global financial crisis of 2007-08.

Valuation Risk

The risk of investing in a company at a point where its valuation is excessive, leaving limited upside even if things continue to go well, and considerable downside if, for example, the company announces disappointing earnings.

Our investment processes involve the use of fundamental intrinsic valuation techniques that aim to protect against paying too much for a high-quality growth company. Looking at the long-term (50 years if available) stock price and earnings growth of companies shows that over time total returns closely track earnings per share (EPS) growth. This relationship, however, breaks down if the purchase price is at a level that already discounts all (or more) of the projected long-term earnings growth. Our valuation approach, which is based on a combination of the Discounted Cash Flow (DCF) model and Terminal Price to Earnings (P/E) model, is designed to prevent overpaying – i.e., investing in overvalued stocks.

Reputational Risk

We recognise the importance of a company’s reputation to its continued success and believe that a thorough assessment of a company’s culture is integral in pre-empting and managing this kind of risk.

A number of our investment criteria, including a company’s track record of quality growth, sustainable competitive advantage, proven management team and “Foundations for

Sustainable Growth" characteristics, help reduce the likelihood that any of our businesses will be subject to major reputational fallouts.

In addition to our investment criteria, we stay up to date on company-specific news and receive ESG risk scores and controversies updates and alerts from our data providers on an ongoing basis.

Environmental Risk

We typically assess the sustainability risks and opportunities for our investments depending on the perceived relevance or materiality of the issue to the individual company. However, as long-term investors, we recognise that some risks and opportunities, including climate change and the environmental risks associated with it, pose a systemic risk, and will have far-reaching implications across industries, the financial markets and global economy. We are therefore supportive of the Paris Agreement and efforts to limit global warming to below 2C and to limit it to 1.5C where possible.

We consider companies' exposure to a number of environmental factors including greenhouse gas emissions, carbon footprint, and carbon intensity, and we try to assess the preparedness of the companies within our portfolios for the transition towards a net zero economy. To do this, we look at companies' climate commitments and plans for achieving those commitments (referencing the Science-Based Targets initiative (SBTi) and Task Force for Climate-Related Financial Disclosures (TCFD).

In recognition of our responsibility to manage the climate-related risks and opportunities within our portfolios, we increasingly expect our companies to:

- Continue to enhance disclosures on emissions.
- Have a clear plan and strategy in place with regards to reaching net zero, including interim targets, preferably substantiated by the SBTi or credible alternatives.
- Provide a clear assessment and reporting of climate-related risks and opportunities against the four main pillars of the TCFD: governance, strategy, risk management, and targets and metrics.
- Assess the risks of climate change and biodiversity loss including an assessment of increased raw material or resource costs, regulation and taxation, resource availability and/or supply chain disruption, and a continuous focus on improving risk management practices and disclosures.

We acknowledge that some of the above may be a bigger ask for some companies than for others, depending on their size, location, among other factors, but would engage with companies where we do not see sufficient progress.

Furthermore, our portfolios have no exposure to energy, mining, or commodity chemicals, because the companies in these sectors typically fail a number of our quality and growth criteria, due to characteristics such as high cyclicality, low differentiation, high capital requirements and regulation, among others.

In addition, we have formally implemented exclusions for our UCITS funds and seek to exclude direct investment in corporate issuers that are involved in the manufacture or production (subject to a specific revenue threshold[6]) of activities including but not limited to:

- Controversial weapons (to include anti-personnel landmines, cluster munitions, biological weapons, and chemical weapons).
- Firearms or small arms ammunition.
- The extraction of fossil fuels and/or the generation of power from them.
- Tobacco products.

Social Risk

We recognise the importance of social factors to the long-term sustainable growth of our investee companies. Our investment teams look at several social factors, including but not limited to, diversity equity and inclusion, human capital management, human rights, child labour, and their status (or otherwise) as a signatory of the United Nations Global Compact. These factors are viewed in light of data from our data providers, which are used to identify potential issues or areas of controversy (red flags), which will be assessed in more detail. The assessments and conclusions are documented throughout the analytical stages and included in the Total Immersion Analysis or Initiation reports.

We would view any significant failings in these areas as a compromise to a company's ability to achieve long-term sustainable growth.

Governance Risk

In terms of governance, we expect the companies in which we invest to uphold the highest standards, and where we feel these standards are not being upheld, we may engage with the company and/or vote against management proposals in an AGM or EGM. The corporate governance topics on which we may engage include audit, Board composition, capital allocation, executive remuneration, among others.

In sum, in terms of ESG issues, we consider whether any of the company's practices or risk exposures conflict with our objective of investing in companies that are capable of long-term sustainable growth. We look for companies that demonstrate good corporate governance practices and progressive environmental and social strategies. For example, if a company is open to an elevated level of tax, legal or regulatory risk, or lacks sustainable environmental and social practices, we would view this as a potential headwind to its long-term growth and success. FSG factors are considered throughout the investment process.

The aforementioned risks are assessed during the due diligence process and through maintenance research, as well as considered at the pre-trade modelling stage, which helps, in addition, to ensure:

- Diversified geographic revenue exposure.
- Diversified secular trend exposure.

[6] Specific revenue threshold applied is 5% based on a company's annual report.

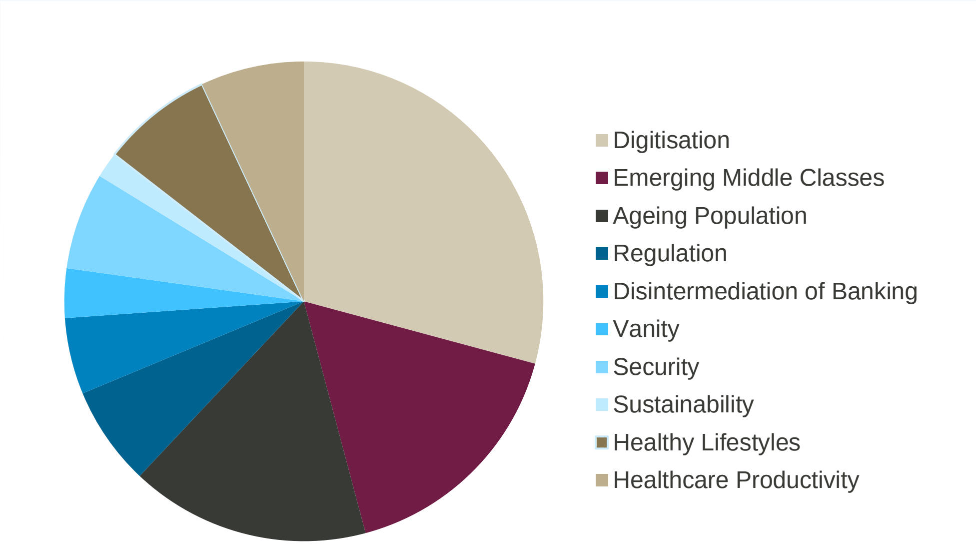
- Avoidance of inadvertent exposure to highly correlated stocks.

Secular Growth Trends

To further manage company-specific risks, we believe that by investing in companies that are exposed to industry secular growth tailwinds (one of our ten criteria for quality and growth), we will be more able to meet our objective of investing in companies capable of sustaining growth over the long term.

To illustrate this point, within our Global Equity Strategy, we have identified the following primary secular growth trends that we view as key to a company's long term sustainable growth prospects:

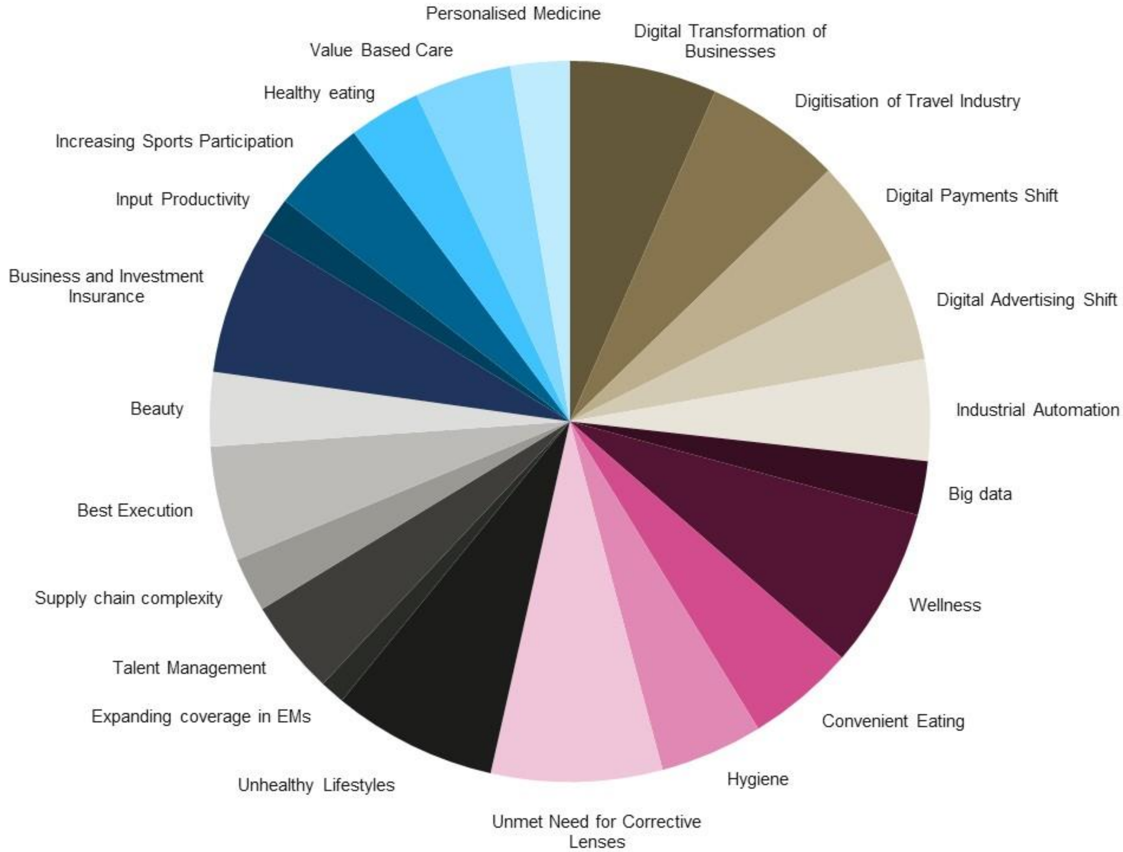
Primary secular growth trends



As at 31 December 2022. Representative account. Source: GuardCap Investment Team

Primary secular growth trends

The primary secular growth trends can be broken down into a number of secondary trends:



As at 31 December 2022. Representative account. Source: GuardCap Investment Team

DORA Days

We recognise that in-depth analysis of a company itself is not sufficient to assess long-term threats and opportunities, and we supplement our company-specific analysis with an analysis of the competitive environment and long-term secular trends. To help identify competitive threats and potential risks (systemic or otherwise) to the companies within our portfolios, as well as potential investment opportunities, six times a year, our investment teams conduct a “DORA Day”. DORA is an acronym for “Day Out Researching Anything”.

In the weeks leading up to a DORA Day, two members of our investment teams write individual papers on a topic of their choice. During the DORA Day, the teams discuss the papers and conduct a team-building activity. We believe that our library of more than 100 DORA Day papers enable our teams to understand the wider context for investment in a company, and that this constitutes a clear investment edge over our competitors. Of the more than 100 papers written over the past eight years, more than half of them cover an ESG topic.

A summary of some of the topics we have covered during our DORA Days and papers is outlined below:

DORA Days – A Vision of the Future

THE DIGITAL SILK ROAD | COMMERCIALIZATION OF SPACE | GREEN HYDROGEN | FROM SMALL MOLECULES TO BIOLOGICS | QUANTUM COMPUTING
LEAPFROGGING | GENDER DIVERSITY AND EQUALITY | GRAPHENE | INDIAN E-COMMERCE AND FINTECH | DRONES | HUMANIZATION OF PETS
FMCG TRENDS IN EM | CHINA INTERNET | PERSONALIZED NUTRITION | 5G | NANOTECHNOLOGY | MIND CONTROL | PRECISION AGRICULTURE
THE CHANGING RELEVANCE OF BRANDS IN THE MODERN ERA | AFRICAN CONSUMER | ENERGY STORAGE | ELEARNING | EMERGING MIDDLE CLASS
SECULAR TRENDS IN AGRICULTURE | ROBO ASSET MANAGEMENT | ONLINE TO OFFLINE | QUANTUM COMPUTING | THE FUTURE OF RETAILING
LEDS AND THE CHANGING FACE OF LIGHTING | MATERIALS SCIENCE | RENEWABLE ENERGY | INDUSTRIAL INTERNET AND SMART FACTORIES
WOMEN IN THE ECONOMY | AGING IN EMERGING MARKETS | PEAK STUFF | WATER SCARCITY | HISPANIC AMERICA | BABY BUST
THE CHANGING FACE OF EDUCATION | REAL TIME HEALTH DATA | HEALTHY WEALTHY OLD PEOPLE | CIGARETTES AND REDUCED HARM ALTERNATIVES
MEDICAL TOURISM | WHITHER SUPPLY CHAINS | SMART CITIES | INTERNET OF THINGS | THE SHARING ECONOMY | INNOVATION IN CHINA
METAVERSE DEMYSTIFICATION | BLOCKCHAIN TECHNOLOGY | BIOMETRICS | GEOENGINEERING | HUMAN MICROBIOME | PEAK GLOBALIZATION
MEAT EATER, PLANET BEATER | MEDICAL TOURISM | CYBERSECURITY | EGAMING | TRANSFORMATION OF TRANSPORT | CLOUD COMPUTING
ARTIFICIAL INTELLIGENCE II DAWNING OF SINGULARITY | ADDITIVE MANUFACTURING/3D PRINTING | OBESITY | VR/AR | PERSONALIZED MEDICINE
INSIDE THE AMAZON ECONOMY | THE FUTURE OF FLIGHT | BANKING DISINTERMEDIATION | POPULATION HEALTH MANAGEMENT | HEALTHY EATING
AUTOMOTIVE TRENDS | RESPONSIBLE CONSUMPTION | DIGITIZATION OF HUMANS | DIGITAL PAYMENTS | THE DATA ECONOMY | THE COST OF WASTE
CHINESE CONTRIBUTION TO GLOBAL TOURISM | AI | FACIAL RECOGNITION | VOICE CONTROL AND THE DEVELOPMENT OF AMBIENT TECHNOLOGY
CONSUMERIZATION OF HEALTHCARE | CLIMATE CHANGE | COVID-19: THE LONG TERM IMPLICATIONS | ENGAGEMENT MARKETING | SOLAR POWER
DIGITAL ADVERTISING | DIGITAL FINANCIAL SERVICES | QUANTUM COMPUTING PART II | COVID-19: THE LONG-TERM IMPLICATIONS
EDGE COMPUTING | DIGITAL FOOTPRINT AND DATA PRIVACY | NUCLEAR FUSION | RISING GEOPOLITICAL TENSIONS & THE CHANGING WORLD ORDER
RESILIENT SUPPLY CHAINS | CRYPTOCURRENCY – THE FUTURE OF PAYMENTS? | POST COVID-19 WORLD | IS CHINA WINNING THE GREAT TECH RACE?

DORA Days help us to recognise potential threats and opportunities in the context of our investee companies and the financial system more widely, and as such, help protect our clients' capital.

How we have worked with other stakeholders to promote the continued improvement of the functioning of financial markets

GuardCap is a signatory of the United Nations-supported PRI and we have issued our support for the TCFD. We are also a signatory to the International Corporate Governance Network (ICGN) (through our parent, GCLP). These organisations provide feedback and comments on various industry developments, such as industry disclosure standards, and we aim to participate and provide feedback on any areas of relevance.

We are also a member of the UK Investment Association, through which we are a member of its Climate Change, SFDR and TCFD Working Groups. Through these Working Groups we participate in discussions around the development and implementation of the aforementioned topics.

We take our commitment to these organisations seriously and continue to improve our stewardship approach based on their recommendations for best practice. For example, we base our annual objectives for stewardship in light of our scores from the PRI and are actively working towards implementing the structure required for TCFD reporting.

In 2022, in addition to several webinars and working group meetings organised by industry bodies, we participated in the following conferences:

- Net Zero Carbon Conference, March 2022 (in-person)
- Raymond James Conference, March 2022 (webcast)
- BTG Latin American Conference March 2022 (in-person)
- IA Sustainability and Responsible Investment Conference 2022, May 2022 (in-person)
- Morgan Stanley Virtual India Summit, June 2022 (virtual)
- Solar and Storage Live UK, October 2022 (in-person)
- Nasdaq Investor Conference, June/December 2022 (in-person)
- NYSE Virtual Healthcare & Technology Open Day, December 2022 (virtual)

Whilst not all conferences involve working with other stakeholders directly, we endeavour to meet with other attendees at these events to discuss relevant topics. For example, at the IA Sustainability and Responsible Investment Conference, we took the opportunity to speak with other attendees about how they were thinking about net zero targets for their investments and about the implementation of the SFDR. Similarly, at the Solar and Storage Live UK Conference, we took the opportunity to speak with more than 15 participants and stakeholders from across the solar value chain, including solar module manufacturers (an investee company and its competitors), to distributors, EPC providers, policy influencers and legal advisors. We also participated in several talks and presentations on Solar Supply Chain Resiliency, UK Solar Policy, Path to Net Zero and Technical Constraints on Solar Generation to 2050. Through these discussions we asked questions on a number of issues including the issue of forced labour within the solar supply chain and how the different stakeholders in the industry are dealing with it.

Furthermore, GuardCap participates in a large number of seminars, webinars, and other events organised by our distribution partners for the benefit of client advisors. These distributors include leading wealth management and bank networks around the UK, Canada, Europe, and Australia. During these sessions, the functioning and shortcomings of financial markets are often discussed, as is the importance of effective corporate stewardship. We frequently explain our approach to stewardship and highlight the fact that we endeavour to vote on all resolutions related to our companies, giving examples of where we have on occasion engaged with or voted against resolutions proposed by management.

Our efficacy in identifying and responding to market-wide and systemic risks and promoting well-functioning financial markets

As described above, we conduct proprietary analysis and use third party tools to identify potential market-wide and systemic risks. The information in this analysis is helpful to our assessment of the ongoing risks to our investment portfolios but we recognise that we cannot cover all eventualities. Given that we manage portfolios of long-only equities, and we expect to be near-fully invested at all times, our portfolios will have ongoing exposure to these risks no matter how effective we are at identifying them.

Responding to these risks is part of the ongoing monitoring process for the companies that we have under coverage. For example, there was a market-wide impact from the broad-based increase in interest rates through 2022. In response, we considered the implications for companies with exposure to floating rate debt and the implications of higher discount rates for the valuation of equity securities. We believe that the best assessment of our effectiveness will come from an analysis of our performance against our objectives over long-time periods. For further details, please refer to Principle 1: Assessment of our efficacy in serving the best interests of our clients.

With respect to promoting well-functioning financial markets, we note that GuardCap invests in a relatively small number of publicly listed companies (an average of approximately 50 companies throughout 2022). We do not use financial leverage in our funds. We only invest our clients' capital in equity securities and cash and not in other financial instruments such as debt securities, commodities, or derivatives. Our ability to influence the broader functioning of financial markets is somewhat limited by the scope of our activities. Nonetheless, within the scope of our activities, we promote well-functioning financial markets by ensuring compliance with all relevant regulations.

Furthermore, through the aforementioned industry initiatives, we adhere to the relevant industry standards and guidelines with the objective of promoting responsible investment practices and continue to work with these organisations to help influence policy makers and achieve the longer-term responsible investing goals required of our industry.

Principle 5

Policies, processes, and stewardship

GuardCap reviews and updates policies relating to compliance and investment on at least an annual basis, which includes monitoring and assessing the adequacy of each policy to enable effective stewardship in addition to meeting regulatory obligations. Policy development is overseen by the Compliance and Operations teams, with assistance from GuardCap's Manager, Responsible Investing, as needed. Any changes made to policies are included in a summary to the Board of Directors, which are reviewed and approved on an annual basis. Publicly available policies are located on GuardCap's website alongside proxy voting information.

GuardCap receives external assurance over the effectiveness of its compliance polices through the use of a third-party compliance advisor, Robert Quinn Consulting. This third-party firm is able to provide an external and unbiased view of the contents of the firm's compliance policies and procedures. With reviews and monitoring performed by both internal and external sources, GuardCap seeks to ensure that stewardship reporting is fair, clear, and balanced as well as leading to the continuous improvement of our stewardship policies and processes.

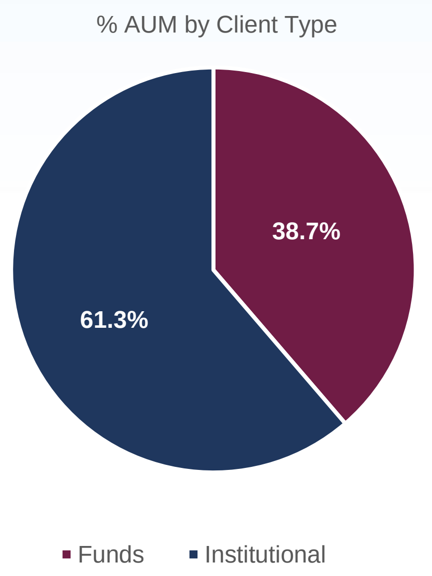
Principle 6

Client Overview

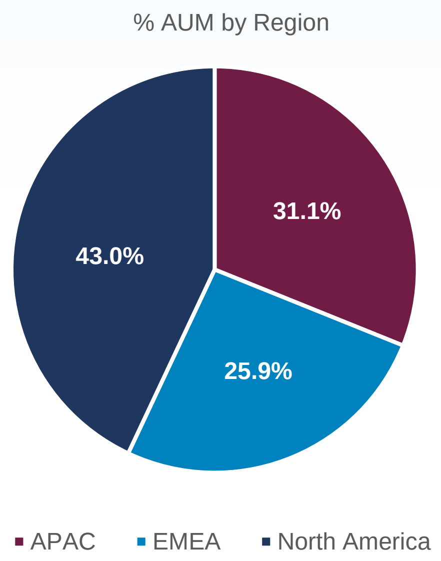
GuardCap is focused on managing money through separate accounts and pooled funds for endowments, foundations, insurance companies, pension funds, religious and other institutions, as well as for asset managers, family offices, private banks, retail banks, wealth managers and other financial intermediaries. Our clients are based across North America, Europe, the Middle East, and Asia Pacific. As at 31 December 2022, GuardCap had assets under management of USD 11.7 billion across two strategies: GuardCap Global Equity and GuardCap Emerging Markets Equity.

GuardCap's investor base is summarised in the following charts:

Funds and Institutional[7]

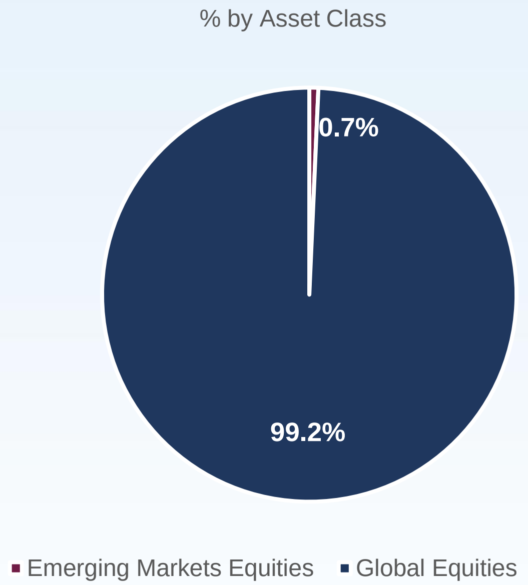


Geography[8]



[7] Source: GCLP. Funds includes GuardCap's pooled funds and WRAP accounts; Institutional includes all separate accounts. As at 31 December 2022.
[8] Source: GCLP. Based on location of clients. As at 31 December 2022.

Asset Class[9]



Investment Time Horizon

Our long-term investment horizon is reflected in the low turnover and long average holding periods for the companies held within our portfolios.

From the outset, we communicate our investment approach and objectives to clients, and seek to attract clients who share our investment philosophy and have a long-term investment approach. Furthermore, we endeavour to maintain an ongoing dialogue with our clients regarding the performance of our strategies and the companies held within our portfolios.

How we have sought and received clients' views evaluation of our approach

With ever-increasing scrutiny and disclosure requirements being placed on asset managers, we recognise that it is more important than ever to be transparent with our clients and build on our relationships with them. In line with this, we meet our clients regularly, both to update them on our investment decisions, and to discuss any questions or concerns they might have. During 2022, we conducted more than 700 touchpoints with our clients and prospects. During 2022, these touchpoints usually took the form of emails, telephone calls and in person and virtual meetings. We have held formal update meetings, often in-person or via video call, on a quarterly or annual basis, depending on the client’s requirements.

We continue to evaluate the effectiveness of our chosen methods to understand the needs of our clients. Despite unfavourable conditions for our strategies during 2022, we take comfort in

[9] Source: GCLP. As at 31 December 2022.

knowing that our clients understand our approach, and as such, we saw no significant redemptions in 2022.

How they have taken account of the views of clients and what actions they have taken as a result.

During 2022, we asked a number of our clients about their preferences in terms of committing to a minimum proportion of sustainable investments under the SFDR. As a result of mixed client feedback and the continued uncertainty surrounding the regulation, we decided to take a cautious approach and did not commit to a minimum proportion so as to be as clear as possible with our clients and not be at risk of potentially misleading or overstating. With that said, we continue to monitor developments and welcome further clarification from the European Commission.

Furthermore, as responsible investing has gained prominence, we have held an increasing number of responsible investing-focused meetings, completed an increasing number of ESG-focused questionnaires, and enhanced our client reporting. In addition, we regularly fulfil client specific requests for more detailed information on our stewardship activities and accommodate these wherever possible.

We have received positive feedback from a number of clients on our reporting and learned that one of our clients has been sharing our quarterly engagements report with other managers as an example of best practice.

Through meeting with our clients on an ongoing basis, and not hiding during times of difficult performance, we are able to understand their evolving concerns and priorities and uphold our stewardship responsibilities.

Principle 7

The systematic integration of stewardship and investment

We recognise that there are a number of definitions of stewardship and acknowledge the differing views of investors around the world, and the need for different country-specific stewardship codes. As a UK-based investor with a global client base, we have opted to become a signatory of the UK Stewardship Code, and of the ICGN (through the membership of our parent company, GCLP). We set out to uphold the principles of each code and recognise the differing governance models and jurisdictional influences in terms of legal structure, ownership patterns, state of economic development, capital markets, and historical, social, and cultural norms, as well as a company's size and stage of development. At the same time, we recognise that there are that there are generally overarching principles to good corporate governance (outlined by the ICGN) and typically invest in companies that apply and uphold those principles.

ESG Integration

Our primary approaches to responsible investing are ESG integration and active ownership and we conduct a comprehensive analysis of a company's ESG characteristics with the objective of protecting and enhancing long-term investment returns for our clients.

We recognise the United Nations-supported Principles for Responsible Investment (PRI) definition of responsible investing which "involves considering environmental, social and governance (ESG) issues when making investment decisions and influencing companies or assets (known as active ownership or stewardship)".

As we invest in both developed and emerging markets, we acknowledge that the importance of specific ESG factors will vary by country, industry, and company, but an analysis of a company's ESG issues forms a key part of every investment decision.

ESG-related risks are considered from the early stages of idea generation and throughout the research process, explicitly as one of the key criteria and implicitly in several others. All companies are scored on these criteria and weak performance in any of the criteria could preclude investing in the company. We consider whether any of the company's practices or risk exposures conflict with our objective of investing in companies capable of generating long-term sustainable growth.

With this in mind, we seek to invest in companies that demonstrate good corporate governance practices and have progressive environmental and social strategies in place. If a company's practices have material weaknesses, or if we believe it is engaged in activities that compromise its ability to grow over the longer term, the company will not progress to the next stage of the investment process.

Our investment approach steers us away from the most environmentally damaging and controversial sectors such as energy, mining, commodity chemicals and heavy industry because companies in these sectors typically fail several of our quality and growth criteria. We find that these sectors display high cyclicality and do not generate the high level of sustainable returns to shareholders which we demand of our holdings.

To support our proprietary analysis, in 2022, we used data from external ESG data providers, such as Bloomberg, Clarity AI, FactSet, ISS, Sustainalytics and S&P Capital IQ Pro (Trucost), to see whether they highlight any areas of controversy in a company's ESG practices. If they do, we conduct further analysis on these issues to assess the implications. In some cases, our assessment and conclusions might differ from those of the external providers, and on occasion, we have contacted these providers to ask questions on their methodology and approach. At the same time, we aim to go well beyond simplistic "box-ticking" and recognise the importance of using a number of sources to draw more reliable and complete conclusions.

As such, we take an absolute approach to assessing companies' capacity for long-term sustainable growth.

Furthermore, we expect that as companies publish more detailed and consistent data, the assessment of more of these aspects will become more relevant and insightful. Our assessments and conclusions on responsible investing factors are documented throughout the research process, and full examples are available to clients upon request.

Differences in the integration of stewardship and investment across funds

There are no material differences in the integration of stewardship and investment for the different funds managed by GuardCap.

Stewardship informing acquisition, monitoring and exit decisions

Decisions to increase or reduce a position, establish a new position, or sell a position are the result of considering three key questions:

- Does the trade increase the sustainability of the earnings growth of the portfolio?
- Does the trade increase the quality of the portfolio?
- Does the trade increase the expected total return of the portfolio?

ESG factors play a role in both the growth and quality aspects but are typically not the sole driver for a trade decision.

One of our DORA Day papers, *Personalised Medicine*, led us to investigate Illumina as a potential candidate for our High Confidence Pool. Illumina's stated corporate objective is to "unlock the power of the human genome in order to improve human health." This includes the potential to make major steps forward in improving reproductive health and revolutionising cancer screening. These material health benefits are a significant part of the reason we decided to invest in Illumina and continued to invest in the company in 2022.

An example of an investment that was not made based on ESG-related factors was Verisk Analytics, a provider of data analytics to the insurance and energy industries. We initially voted against including the company into the High Confidence Pool due to several factors, including corporate governance and the remuneration structure, but several unique quality and growth characteristics warranted its inclusion on the 'Watchlist'. The company was only included in the High Confidence Pool, and later the portfolio, after several in-depth one-on-one meetings with the CFO and Investor Relations, which enabled us to focus on our primary concerns.

Many companies are rejected before they even enter our new idea generation process, because of our stringent growth and quality criteria. ESG factors are explicitly considered within one of the 10 investment criteria – “Foundations for Sustainable Growth” and are closely linked with a number of others.

Principle 8

Monitoring Service Providers

GuardCap conducts reviews of our service providers annually or at the contract renewal date, depending on the nature of the relationship. This helps ensure consistency across our relationships and that we continue to receive a high quality of service from all of our service providers.

For our investment activities, in 2022, we used data from external data providers including Bloomberg, Clarity AI, FactSet, ISS, Sustainalytics and S&P Capital IQ Pro (Trucost). In some cases, we would expect that our assessment and conclusions might differ from those of our service providers, however, our investment teams are able to check the accuracy of data by cross-referencing it against other available sources.

All proxies notified to GuardCap will be referred to the investment managers who are authorised to vote. Voting decisions are determined by the investment teams. GuardCap uses a proxy voting service for information purposes however all voting decisions are actively considered on a case-by-case basis by the investment teams.

Any issues identified in the services provided to GuardCap would be raised with our Operations and Compliance teams, and ultimately our COO. To date, we have not experienced any material issues with service providers but if any issues became apparent, we would address these with the service provider immediately. If improvements in the services were unable to be achieved, then we would consider terminating the relationship.

Principle 9

Engaging with issuers to maintain or enhance the value of assets

Overview

Active ownership is deeply embedded in our investment philosophy, and we endeavour to vote on every resolution and corporate action proposed by our companies. If a company is engaged in a practice that concerns us, we will engage with the company on the issue, seek to learn more about it, and encourage positive change. If successful, we believe this enables us to create additional long-term value whilst taking responsibility as a shareholder to encourage companies to improve their practices.

We apply the same approach to all of our funds, assets, and geographies, but take into consideration the wider industry and geographical context. For example, one of our Japanese holdings has a very low number of women on the board and in senior management positions, and whilst we are continuing to press for positive change, we recognise that the underrepresentation of women in Japanese companies is largely cultural. We therefore need to take a considered approach to our engagements, as we recognise that 'one size does not fit all'.

Identifying Candidates for Engagement

In terms of identifying candidates for engagement, our investment teams typically identify ESG issues through their own proprietary research and "Foundations for Sustainable Growth" scoring and analysis. For example, engagement would follow if we were to identify any perceived negative change(s) in a company's practices or if a company appears to be falling behind in terms of innovation and development, has low FSG scores, or as the consequence of a deep dive into a company's behaviour. In terms of prioritising our efforts for engagement, we will assess among other factors, the materiality of the issue and the likelihood of success of our engagement efforts.

Methods of Engagement

Our investment teams travel to meet companies at their headquarters and operating facilities, host meetings and attend company conferences, as well as participating in the majority of conference calls and Investor Days offered by the companies in the "High Confidence Pool" or "Buy List", which includes the companies within our portfolios. These company contacts are a critical part of our analytical processes, and we endeavour to meet a company's key competitors, suppliers, customers, distributors, and others along the value chain. In addition to meetings with company management, we may decide to engage with investee companies as part of our proxy voting activities.

Objectives of Engagement

Engagement objectives are established on a case-by-case basis depending on the specific circumstances surrounding the issue and the company.

Engagement Tracking

We formally document our interactions with companies. This enables us to track the progress of our engagement activities over time.

Escalation

Should we identify an issue or area of concern, we would at first speak with the company as part of an initial "fact-finding" type meeting. During this meeting, we would seek to find out more about the company's plans to rectify the issue(s), and if we remain unsatisfied with the company's progress and response following further meetings, we may choose to escalate the engagement through voting against the company at AGMs or EGMs and/or applying our Engagement Framework.

Engagement Outcomes

Two examples of our engagement activities and outcomes during 2022 include:

Example 1

COMPANY	**Booking Holdings Inc.**
SECTOR	Consumer Discretionary
COUNTRY	United States
COMPANY OVERVIEW	Booking Holdings is the world's leader in online travel and related services. Its main brands include booking.com, Priceline, agoda, rentalcars.com, KAYAK and OpenTable.
STRATEGY	Global Equity
TYPE OF ENGAGEMENT	Drive change
OBJECTIVE	To emphasise the importance of the company taking a proactive approach to travel sustainability to sustain its competitive advantage and secular growth prospects; to encourage the company to move Performance Stock Unit (PSU) targets closer in line with historic norms and to judge them over a longer time-period. In 2022, we followed up with the company on their efforts to promote a more sustainable travel industry and asked about the process towards the verification of their climate action plan by the Science-Based Targets Initiative (SBTi), and about the investment needed to reach net zero emissions in the tourism sector (USD 875 billion) by 2050. As in prior meetings, we stressed our belief that a proactive approach to travel sustainability would be highly important to sustaining the company's competitive

	advantage in the industry. We learned that the company wants to be supportive of the tourism sector, and that they are currently working with non-profit organisations to look at the financing gap and help support its accommodation partners through the booking.com sustainability programme.
ENGAGEMENT SUMMARY	In the same year, we also voted against a management proposal to make changes to Booking's long-term equity awards programme (a combination of PSUs and Restricted Stock Units (RSUs)). Whilst the vesting period for the RSUs made sense to us, the goals for the PSUs would be set at the beginning of each year and the awards would be divided into three tranches, to vest each year based on the performance over the preceding fiscal year, rather than performance over the whole period. Therefore, whilst we acknowledged the difficulty in setting longer-term performance targets in the post-COVID travel environment, we felt that the PSU targets should have been closer in line with historic norms and judged over a longer time-period. In December of the same year, we met with Investor Relations to follow-up on our proposal of moving back to three-year performance measurement with its three-year PSUs.
OUTCOME	In 2022, Booking published its first climate transition plan, with the objective of becoming near zero for its operations by 2030 (95% reduction for Scope 1 and 2, and 50% reduction for Scope 3) and net zero by 2040. We continue to monitor developments. Furthermore, the proposal to make changes to Booking's long-term equity awards programme did not pass at the company's AGM and we continue to monitor developments in the company's performance measurement and PSU alignment.

Example 2

COMPANY	**Yum China Inc.**
SECTOR	Consumer Discretionary
COUNTRY	China
COMPANY OVERVIEW	Yum China is one of the largest restaurant companies in China and owns a number of China-based outlets including KFC, Pizza Hut, Lavazza, Little Sheep, Taco Bell, and Huang Ji Huang.
STRATEGY	Global Equity and Emerging Markets Equity
TYPE OF ENGAGEMENT	"Fact-Finding" and Follow-up
OBJECTIVE	Understand more about the company's environmental and social commitments.

ENGAGEMENT SUMMARY	In 2022, we met with Yum China on three separate occasions. During these meetings we followed up on a number of topics including the company's progress towards net zero and the issues of healthy eating and food scares. For the former, we discussed the process towards verification by the SBTi and learned that Yum China was the first restaurant company in China to have its targets approved by the initiative. We discussed the different pillars of its strategy including climate action, the circular economy, supply chain risks (biodiversity, deforestation), energy efficiency, renewables, and supplier engagement. For supplier engagement, management informed us that they are holding engagement workshops to educate suppliers about Yum China's climate KPIs and to encourage alignment with these, and we asked how frequently they terminate suppliers for breaches. We also discussed the topics of executive compensation, human capital management, diversity, employee benefits and employee turnover, as well as the implications of the company's move to seek a dual primary listing in Hong Kong.
OUTCOME	The meetings increased our understanding of and confidence in the company's approach to the issues discussed. We also noted that further progress was desirable, especially in relation to some environmental and social issues. We are committed to continuing to engage with Yum China's management team on the factors that influence the sustainability of the company's growth

Summary

The low turnover and long holding periods of the stocks within our portfolios have enabled us to build constructive and mutually beneficial long-term relationships with our investee companies. The growth in assets for our Global Equity strategy has positioned us as sizeable owners in a number of our investee companies, which means we have increasingly good access to company management. Because management teams expect us to hold their company's shares for a long time, they are generally willing and often proactive about engaging with us. Subsequently, as we continue to build these relationships over several years, companies are more prepared to listen to our views and execute a shared vision that benefits both the investee companies and our clients.

Principle 10

Our approach to collaborative engagement

Our investment teams regularly engage with companies to seek to improve the outcome for shareholders. Generally, we conduct our engagement activities through one-on-one meetings with company management and company boards as we prefer to act independently on the issues that we have identified. However, on occasion, we may be willing to participate in collective engagements where we believe it is in the best interests of our clients.

The key factors we take into consideration in deciding whether to participate in a collective engagement include whether:

- the engagement objectives of the collective group are consistent with GuardCap's objectives.
- we believe engaging as a collective group will be more successful than one-on-one engagement.
- engaging as a collective group could be interpreted as having "acted in concert" with another financial institution. If we believe this may be the case, we will not participate.

During 2022, we did not participate in any collaborative engagements. This is largely due to the concentrated and long-term nature of our investment strategies, and the fact that we would not invest in a company that does not meet our criteria for quality and growth from the outset.

However, throughout 2022, we continued to engage with a number of industry bodies, such as the PRI and the UK Investment Association. For more details, please refer to Principle 4.

Furthermore, GuardCap's parent company, GCLP, is a member of Climate Action 100+, and collaborates on policy and regulatory matters through its participation in industry groups including the Responsible Investment Association of Canada (RIA), the Portfolio Management Association of Canada (PMAC), and the CFA Institute.

An example of a previous collaborative engagement in which we participated is as follows:

COMPANY	**EssilorLuxottica**
SECTOR	Consumer Discretionary
COUNTRY	France
COMPANY OVERVIEW	EssilorLuxottica, whose brands include Varilux, Transitions, Crizal, Ray Ban, LensCrafters, and Sunglass Hut, is a global leader in the design, manufacture and distribution of ophthalmic lenses, frames and sunglasses. Industry secular growth tailwinds for the company include growth in emerging markets, ageing population and increasing unmet vision correction needs globally.
STRATEGY	Global Equity

OBJECTIVE	To help resolve the governance situation – the merging of Essilor and Luxottica in January 2017 prompted fears over a clash of cultures (French and Italian), the board structure (equally-weighted) and the clashing of Hubert Sagnieres (CEO Essilor) and Leonardo Del Vecchio (Chairman and Founder of Luxottica) over a number of issues.
ACTIVITY	We initially had calls with the Investor Relations teams at both Essilor and Luxottica and subsequently contacted another asset manager, a large investor in the company, to discuss the action we might take. This asset manager had already vetted two independent directors as potential new board members and we had a call with them to discuss the background of the candidates. We joined the asset manager and other investors in backing the resolutions to appoint two independent directors and contacted another large asset manager who was also a large shareholder, who subsequently joined the group. We attended the AGM in Paris to publicly ask questions and vote against the company's proposal.
OUTCOME	The proposed resolutions partly failed because, three days before the AGM, management reached a new agreement to resolve the governance situation.

Principle 11

How we escalate stewardship activities to influence issuers

If a company is engaged in a practice that concerns us, we will engage with the company on this issue, seek to learn more about it, and encourage positive change. If successful, we believe this enables us to create additional long-term value whilst taking responsibility as a shareholder to encourage companies to improve their practices.

We apply the same approach to all of our funds, assets, and geographies, but take into consideration the wider industry and geographical context.

As mentioned earlier in this report, should we identify an issue or area of concern, we would at first speak with the company as part of an initial “fact-finding” type meeting. During this meeting, we would seek to find out more about the company’s plans to rectify the issue(s), and if we remain unsatisfied with their response over one or a number of meetings, we may choose to escalate the engagement and apply our Engagement Framework.

An example of a time we have escalated our engagement activities is as follows:

COMPANY	**Keyence**
SECTOR	Information Technology
COUNTRY	Japan
COMPANY OVERVIEW	Keyence develops, manufactures, and sells a broad range of solutions for automation and inspection, including programmable logic controllers (PLC), machine vision systems, barcode readers, 3D printers, microscopes, and safety curtains.
STRATEGY	Global Equity
OBJECTIVE	To help understand and work towards improvements in disclosures, board independence, committee independence, remuneration and gender diversity.
ENGAGEMENT SUMMARY	Our Global Equity team has met with Keyence on a number of occasions since first investing in the company in 2018: 2018 – we visited the company’s headquarters in Osaka, Japan, and asked questions on a number of different aspects of the business, including board Independence, the lack of independent nominating and remuneration committees, gender diversity, among others. 2019 – we met with the company to follow up on the aforementioned topics. 2020 – we decided that we would take the company through our Engagement Framework, a process designed to formalise and further escalate our concerns to the company. 2021 – we met with the company on two separate occasions and decided to take it through our proprietary deep-dive “Foundations for Sustainable Growth” review process, which involves a review of a company’s ‘Foundations for Sustainable Growth’, with two team members arguing for the company and two team members arguing against. This resulted in a revised proprietary score for the company, and in a decision to further escalate our engagement efforts. At the same time, we trimmed our position, although this decision was primarily driven by valuation. 2022 – we met with the company to follow-up on board independence, the lack of independent nominating and remuneration committees, gender diversity, among others. In terms of board independence, we commended the increase in the number of independent directors from two to

	three (1/3 of the board) and asked if the company has a target number of independent directors that it would like to reach over the next three to five years.
OUTCOME	In the middle of 2021, Keyence made some progress and appointed its first woman to its Board of Directors. In 2022, Keyence added an independent director to its board (1/3 of the board). At the same time, we are hopeful that the revised Japan Corporate Governance Code, which includes provisions around board Independence (companies listed on the prime market in Japan should appoint at least one-third of their directors as independent directors), the establishment of independent nominating and remuneration committees, as well as diversity (companies listed on the prime market need to have at least one female executive by 2025 and 30%+ women in executive roles by 2030), will start to make a difference. Until such time, we intend to continue to engage with the company to encourage continued improvement.

Principle 12

How we exercise our rights and responsibilities

We endeavour to vote on every resolution related to our companies and have adopted written procedures designed to ensure that we vote in the best interests of our clients. Our written procedures are implemented in the same way for all GuardCap funds, regardless of asset class or geography[10].

Whilst we endeavour to consider the views or concerns of clients put forward by our clients, all voting decisions are made by our investment teams to ensure they are made in the best interests of all clients and in line with our Conflicts of Interest Policy and Proxy Voting guidelines.

For accounts where clients have delegated the responsibility for voting to GuardCap, we endeavour to ensure that all votes are cast in the same way.

For separate accounts where clients have opted to vote for their own account, and have indicated this in writing, we do not vote for those accounts.

We seek to maintain an open dialogue with our clients, and for those who have requested, we share our voting intentions and rationale ahead of time. This has often resulted in clients voting in the same way.

Transparent Voting Process and Disclosure

All proxies notified to GuardCap will be referred to the investment managers who are authorised to vote. Voting decisions are determined by the investment teams. GuardCap uses a proxy voting service for information purposes, however all voting decisions are actively considered on a case-by-case basis by the investment teams in accordance with the guidelines outlined within our Responsible Investing Policy. This is one of the benefits of managing concentrated portfolios and our collaborative process where all investment managers have a detailed understanding of the companies under consideration. Once a decision has been reached, the investment team will submit the vote instruction to our Proxy Voting team, based in Toronto, Canada.

Our proxy voting activities are fully documented and can be accessed here.

Voting Abstention

There may be limited circumstances where GuardCap will abstain from voting if we determine that this is in the best interests of our clients.

[10] Some exceptions due to administrative requirements and high voting costs, particularly in emerging markets countries, may apply.

Notifying Company Management

To increase transparency and accountability, we endeavour to notify companies when we plan to abstain or vote against management on material matters. This communication would typically include the rationale for our voting decision and enable clarification or the initiation of a constructive dialogue.

Shareholder Proposals

We recognise that shareholder proposals can be a useful mechanism to hold companies to account. We review each proposal on a case-by-case basis and support those resolutions that address key governance and sustainability concerns and are likely to have a positive impact on the long-term sustainable growth of the company.

At the same time, we are unlikely to vote for proposals that we believe are repetitive, prescriptive or an attempt to micromanage a company. Prior to voting, we consider the company's current approach, its response to the resolution, and whether the resolution is necessary and in the best interests of all stakeholders.

Stock Lending

GuardCap does not participate in stock lending.

GuardCap Proxy Voting Activity 2022:

GuardCap Global Equity Strategy

Due to the importance we place on investing in high quality businesses with strong management teams, we are generally supportive of management proposals. However, on occasion, should we view a proposal as not being in the best interests of our clients, we would vote against it. During 2022, we voted on 434 (94.47%[11]) of proposals. The following section provides more details.

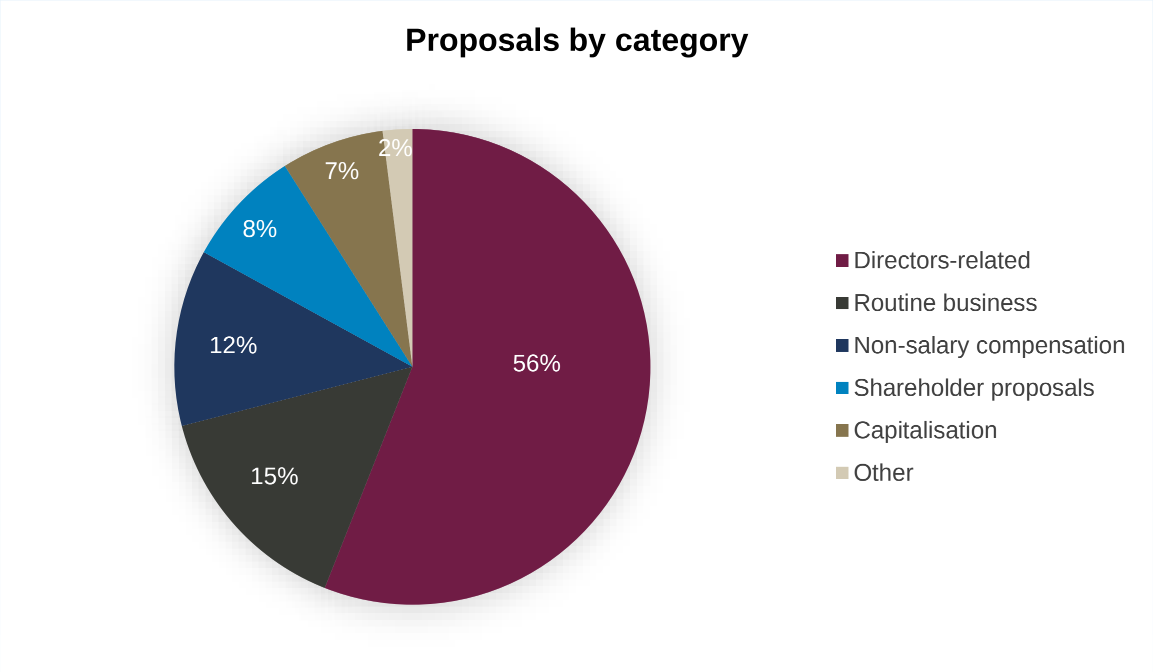
2022 Proxy Voting by the Numbers:
434 Total Proposals

Management Proposals:
399 Total Proposals

395 (99.0%) Voted For
4 (1.0%) Voted Against

Shareholder Proposals:
35 Total Proposals
0 (0.0%) Voted For
35 (100.0%) Voted Against

[11] Due to operational issues



[12]

GuardCap Emerging Markets Equity Strategy

In 2022, we voted on 268 out of 297 (90.2%) of proposals, with the exception of one company, due to excessive voting costs.

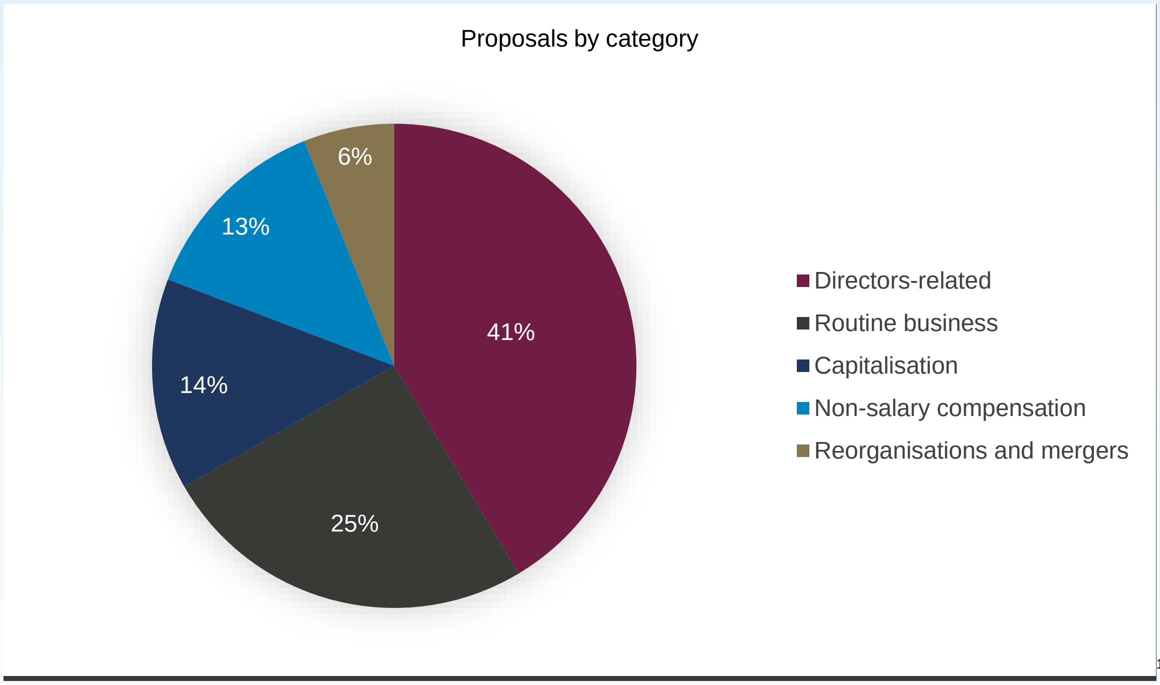
2022 Proxy Voting by the Numbers:
297 Total Proposals

Management Proposals:
295 Total Proposals

236 (80.0%) Voted For
34 (11.5%) Voted Against
25 (8.5%) Did Not Vote

Shareholder Proposals:
2 Total Proposals (100%) Did Not Vote

[12] Source GCLP for the 12 months to 31 December 2022



[13]

Rationale for voting decisions – management proposals

Some examples of our rationale for voting against management proposals in 2022 are as follows:

Example 1

Company:

Alphabet Inc.

Proxy Background: As a part of its equity incentive plan, management put forward a proposal for an Omnibus Stock Plan.

Our Vote and Rationale

We voted against the proposal. Amongst the numerous factors we consider when reviewing equity incentive plans, we believe it is important that the costs of plans are reasonable, that the vesting structure makes sense, disclosure is complete, and all factors align with shareholder interests. We viewed the Plan as already highly generous with the "available shares remaining" worth approximately USD 100 billion. Subsequently, the proposal did not pass at the company's AGM.

[13] Source GCLP for the 12 months to 31 December 2022

Example 2

Company:

Booking Holdings

Proxy Background: Management put forward an Advisory Vote to Ratify Named Executive Officers' Compensation.

Our Vote and Rationale

We voted against a management proposal to make changes to the company's long-term equity awards programme (a combination of Performance Stock Units (PSUs) and Restricted Stock Units (RSUs)). Whilst the vesting period for the RSUs made sense to us, the goals for the PSUs would be set at the beginning of each year and the awards would be divided into three tranches, to vest each year based on the performance over the preceding fiscal year, rather than performance over the whole period. Therefore, whilst we acknowledge the continuing difficulty in setting longer-term performance targets in the current travel environment, we felt that the PSU targets should have been closer in line with historic norms and judged over a longer time period. Subsequently, the proposal did not pass at the company's AGM.

Example 3

Company:

Tencent Holdings Ltd.

Proxy Background: The company put forward three proposals: to approve the issuance of equity or equity-linked securities without pre-emptive rights; to authorize the reissuance of repurchased shares; and to approve the refreshment of the scheme mandate limit under the share option plan.

Our Vote and Rationale

We voted against the proposals due to concerns around the absence of a discount limit on the issuance of equity or equity-linked securities and the reissuance of repurchased shares, and because of the lack of performance conditions and details on the approval process for the share option plan. Prior to the company's AGM and EGM, we notified management of our intention to vote against the proposals, citing the reasons, and encouraged the company to adopt global best practices in corporate governance standards. Investor Relations responded to our feedback and explained that for the AGM items, their practice is in compliance with Hong Kong Listing Rules and the local market practice, but they appreciated our feedback and have taken note of our suggestions for consideration in the future. Despite approximately 30% of shareholders voting against the proposals, all three proposals were passed at the AGM and EGM.

Rationale for voting decisions – shareholder proposals

Some examples of our rationale for voting against shareholder proposals in 2022 are as follows:

Company:

Alphabet Inc.

Proxy Background:

Shareholders of Alphabet put forward a number of different proposals regarding the company's disclosures and reporting on its lobbying payments and policy, climate lobbying, physical risks of climate change, metrics, and efforts to reduce water-related risk, among others.

Our Vote and Rationale:

We voted against all shareholder proposals on the basis that we judged this to be an attempt to micro-manage the company in areas where there is already sufficient disclosure or oversight, or the risk of revealing trade secrets.

Company:

UnitedHealth Inc.

Proxy Background:

Shareholders of UnitedHealth put forward two separate proposals asking the company to submit a severance agreement to shareholder vote, and to report on the congruency of political spending with company values and priorities.

Our Vote and Rationale:

We voted against the shareholder proposals. We voted against the former on the basis that we noted that the company already limits cash severance well below the 2.99 cap that the proposal sought and the policy of offering accelerated vesting of equity awards is applied in limited situations and requires approval by shareholders. We agreed with the Board's view that the proposal would discourage the use of long-term equity incentive awards and make UnitedHealth less market competitive. In addition, we noted that shareholders have an opportunity to express views on compensation through the annual 'Say on Pay' vote and the New York Stock Exchange's requirement to seek shareholder approval of equity compensation plans. Finally, we believed the proposal would be expensive, duplicate current voting and went beyond what is required.

We voted against the latter on the basis that we agreed with the Board's view that going into the proposed amount of detail would be very time consuming. UnitedHealth's public policy positions are on its website, *The Path Forward*, and detailed in its Sustainability Report. The company already provides disclosure on its political contributions including its lobbying reports filed with the US Congress and disclosure from its PAC.

All votes held were in line with our Proxy Voting Guidelines which can be accessed here.

Conflicts of Interest

GuardCap recognises that stewardship activities and company engagement can on occasion lead to potential conflicts of interest. In compliance with FCA rules, we take a risk-based approach to identifying areas of potential conflicts of interest, to managing and mitigating conflicts of interest, and to considering all conflicts when designing and implementing policies and procedures.

To ensure that all potential conflicts of interest are identified and managed appropriately, GuardCap has a Conflicts of Interest Policy. The Policy is reviewed on at least an annual basis by our Compliance team and Board of Directors to identify any additional procedures that might be performed to improve the management of potential conflicts of interest.

If a material conflict were to be identified, this would be escalated to GuardCap's COO, and discussed with the relevant employee(s). This discussion would determine how the potential conflict of interest should be handled in the best interest of the affected client(s).

For more details, please click here.

Conclusion

We hope that this report has provided a detailed and comprehensive overview of GuardCap's stewardship activities. We recognise that effective stewardship is foundational to our business, and to our core objective of achieving superior returns for our clients, in excess of standard benchmarks with less risk than the benchmarks, over the long term. At the same time, we take seriously our responsibility of helping to create a more sustainable financial system, economy, and society over the immediate and long term, and will continue invest our resources in these areas.

Appendix 1: Principles of the Code

PRINCIPLE 1	Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.
PRINCIPLE 2	Signatories' governance, resources, and incentives support stewardship.
PRINCIPLE 3	Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.
PRINCIPLE 4	Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.
PRINCIPLE 5	Signatories review their policies, assure their processes, and assess the effectiveness of their activities.
PRINCIPLE 6	Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.
PRINCIPLE 7	Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.
PRINCIPLE 8	Signatories monitor and hold to account managers and/or service providers.
PRINCIPLE 9	Signatories engage with issuers to maintain or enhance the value of assets.
PRINCIPLE 10	Signatories, where necessary, participate in collaborative engagement to influence issuers.
PRINCIPLE 11	Signatories, where necessary, escalate stewardship activities to influence issuers.
PRINCIPLE 12	Signatories actively exercise their rights and responsibilities.