INDEPENDENT
FRANCHISE PARTNERS™

UK Stewardship Code Statement

Independent Franchise Partners, LLP (the "Firm") manages equity assets within two investment strategies: Global Franchise and US Franchise. Our goal in each of these strategies is to earn attractive long-term returns while minimising business and valuation risk.

The UK Stewardship Code (the "Code") published by the Financial Reporting Council (the "FRC") aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities. The Code sets out good practice on engagement with investee companies to which the FRC believes institutional investors should aspire.

As long-term investors we generally support the goals of the Code. We do not, however, attempt to comply with every principle in every instance.

Principle 1 - ***Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.***

The Franchise investment strategy is based on our belief that very few companies are able to consistently earn superior returns on capital and compound shareholder wealth over the long-term. Our research process focuses on identifying these high quality companies that warrant a buy and hold approach.

We further believe there is a demonstrable relationship between governance practices and long-term corporate performance. As such, our approach to risk includes a specific focus on governance. Understanding corporate strategy and objectives, management competence and alignment, and board composition and leadership are therefore important considerations in our risk control framework.

This document describes the extent to which we apply the principles of the UK Stewardship Code.

Principle 2 - *Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.*

As a fiduciary, we always seek to place the interests of our clients first and to avoid any conflicts of interest.

Given we are an independently owned investment firm, we do not face some of the conflicts that larger investment managers face, particularly those owned by financial service groups. However we recognise that conflicts of interest can occur and our Conflicts of Interest Policy details how we identify and manage conflicts of interests. These conflicts can arise both between us and our clients, and between one client and another. Our Conflicts of Interest Policy also meets our regulatory obligations in various jurisdictions.

Conflicts covered in the policy which are particularly relevant to stewardship include situations leading to a lack of consistency in voting proxies. For example, a conflict can arise if the issuer soliciting the vote is a client of ours. Such voting issues are covered in our Proxy Voting Policy.

A summary of our Conflicts of Interest Policy is available on request.

Principle 3 - *Institutional investors should monitor their investee companies.*

Monitoring of our investee companies is an integral part of our investment process. This typically takes the form of reviewing a company's financial statements and reports, interviewing its competitors, customers and suppliers, and by interviewing the company's own management.

When interviewing a company's management we generally seek to understand their:

- Plans to deploy capital;
- View of the key drivers of the company's growth;
- View of the potential threats to the company's franchise; and
- Incentive and compensation structure.

The primary purpose of company management meetings is investigative, and therefore most of the interview time is devoted to asking questions. However, when we deem it relevant, and likely to enhance returns for our clients, we raise concerns or offer our opinion on the company's activities and strategy.

We keep records of all company meetings. In conjunction with International Shareholder Services Inc. ("ISS"), we maintain records of proxy votes cast with reasons documented whenever decisions are taken by the portfolio management team which differ from the recommendations of ISS.

ISS is an independent adviser that specialises in providing a variety of fiduciary-level proxy-related services to institutional investors and their clients. The services we receive include in-depth company research, global issuer analysis and voting recommendations.

We seek good corporate governance in all companies in which we invest. However, given our global approach to investing we do not monitor whether each company abides by the UK Corporate Governance Code or other local codes.

Given the global nature of our investment universe, it is neither practical nor a good use of our time to attend general meetings of companies in which we invest.

We are open to being made insiders, although this is not common practice. We assess each invitation on a case-by-case basis and request that inside information is not conveyed until we agree. Invitations to become an insider should be sent to the Compliance Manager via the contact details at the end of this statement. Our Market Abuse Policy sets out the policies and procedures regarding insider dealing.

Principle 4 - *Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.*

We are prepared to escalate our engagement with company management and board members in situations where we believe our engagement is likely to enhance returns for our clients.

However, we do not have prescriptive guidelines for when and how we will escalate issues with company management or board members. We believe each case must be judged on its merits. Each decision to engage, and how we will escalate, depends on a variety of factors. These include: the materiality of the issue, the responsiveness exhibited by the company to past communications, and our assessment of whether engagement is likely to enhance returns for our clients.

Principle 5 - *Institutional investors should be willing to act collectively with other investors where appropriate.*

We are willing to collaborate with other investors and have done so on several occasions. We do not have prescriptive guidelines for when and how we will act collectively with other investors. The decision to act collectively depends upon the circumstances of each case, whether we believe it is likely to enhance returns for our clients, and whether it would introduce any conflict of interest or breach any regulatory requirements.

Invitations for collective engagement should be sent to the Compliance Manager via the contact details at the end of this statement.

Principle 6 - *Institutional investors should have a clear policy on voting and disclosure of voting activity.*

We endeavour to integrate governance and proxy voting policy with investment goals, using the vote to encourage portfolio companies to enhance long-term shareholder value and to provide a high standard of transparency such that equity markets can value corporate assets appropriately.

Our portfolio management team votes all proxies of our clients who have delegated voting discretion to us. Our proxy voting decisions are informed by our Proxy Voting Policy (available upon request), our company-specific research and recommendations from ISS. While we may review and use the recommendations of ISS in making proxy voting decisions, we are in no way obliged to follow such recommendations. Similarly, we do not automatically support investee company boards. When

appropriate, we will advise companies in advance of our voting intentions and give them the opportunity to respond.

In conjunction with ISS, our middle office maintains voting records, including the reason for any decision to diverge from the recommendations of ISS. These records are provided to clients as agreed in their investment management agreements, or on request. In line with many client agreements, and specific confidentiality clauses, proxy voting records are not publicly disclosed, except for our U.S. registered mutual fund.

No stock lending is conducted in the Firm's branded pooled vehicles. Some of our segregated account clients may choose to lend stock in their own portfolios. In such instances, we try to work with the client's stock lending agent to recall lent stock in order to vote proxies.

Principle 7 - *Institutional investors should report periodically on their stewardship and voting activities.*

We provide a range of qualitative and quantitative information to our clients in line with their individual reporting requirements.

Our proxy voting procedures and controls are independently reviewed by external auditors as part of our annual ISAE 3402 and SSAE 16 audit. The last review covered the period 1 December 2015 to 30 November 2016 and is available upon request.

For further information and enquiries regarding insider dealing or collective engagement please contact our Compliance Manager:

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Independent Franchise Partners, LLP is authorised and regulated by the Financial Conduct Authority.