

Miton Group plc

UK Stewardship Code



Stewardship Code Statement

About 'Miton'

Miton Group plc is the AIM listed ultimate parent company of Miton Asset Management Limited and Miton Trust Managers Limited.

Miton Asset Management Limited and Miton Trust Managers Limited act as the delegated investment managers for several UCITs compliant Open Ended Investment Companies (OEICs), four AIFMD compliant Close Ended Investment Companies and two Unit Trusts. Further information with respect to the investment objective for each of the funds can be found in the prospectus and key information documentation on Miton's website at www.mitongroup.com.

Background to Stewardship Code

The Financial Reporting Council's (FRC) UK Stewardship Code ("the Code"), published in July 2010 and subsequently revised in September 2012 aims to enhance the quality of engagement between institutional investors and UK listed companies to help improve long-term risk-adjusted returns for shareholders. Miton's response to the principles of the Code derives from the requirement under the Financial Conduct Authority's (FCA) Conduct of Business Rules to produce a statement of commitment to the Code as well as guidance from the FRC which encourages institutional investors to publish a statement on its website with respect to compliance with the Code.

Miton's approach to its stewardship responsibilities is consistent with the requirements set out in the FCA Conduct of Business Rules and FRC guidance. Miton follows the principal of 'comply or explain' adopted by the UK Corporate Governance and Stewardship Codes.

Miton's statement of compliance with the principles of the Code can be found below and on our website at www.mitongroup.com. Miton's compliance with the Code is reviewed on an annual basis.

Principle 1.

Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities

Miton prides itself on its philosophy of being a 'genuinely active' investment management company. Miton encourages its fund managers to have the courage of their convictions without the constraints of having to adhere to a particular benchmark or house-style. Miton believes that this approach allows fund managers a degree of flexibility that assist us in meeting investor expectations.

Each fund is managed by a dedicated investment management team, comprising fund managers, trade execution support and where appropriate fund analysts. Each fund management team adopts an integrated structure and each team is responsible for their own stewardship activities with support provided by Miton's ESG analyst.

Miton aims to maximise value for Clients through the investments it makes on behalf of the funds we manage. Each investment team takes a fundamental approach to investment and a significant amount of time is spent meeting with companies to better understand company strategy, investment risk and assessing performance. Miton also believes that a company's stewardship activities and ESG practices are integral to this investment process to the extent that it can effect valuation and financial performance.

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 an FCA regulated business Miton is required to take all reasonable steps to identify conflicts of interest that arise or may arise in the course of providing any service to any of our clients. Miton's Conflicts of Interest Policy sets out its approach to conflicts management and maintains a non-exhaustive list of conflicts that it has identified. The policy which is reviewed on a regular basis and disclosed to our clients can be found on Miton's website by clicking on

the following link

https://www.mitongroup.com/downloads/corporate/conflict_of_interest_policy.pdf

We set out below those conflicts which we have identified which specifically relate to our stewardship responsibilities and the mitigating steps we take to avoid each conflict from arising:

Personal Account Trading

Employees or officers of Miton may engage in trading of securities or other instruments for their own account. Such trading activities may put those employees and officers, or Miton, in conflict with the interests of the Clients (for example, by having a personal interest in a transaction with a Client, or by front-running transactions with Clients).

Method of Managing Conflict

Miton manages this potential conflict of interest by maintaining and following a Personal Account Dealing Policy which has been formulated in accordance with relevant FCA Rules and market best practice. This Policy, amongst other things, states that:

- all staff and Miton remunerated Non-Executive Directors may not deal for their own account in any investment, without obtaining the prior written approval of the Compliance department;
- the Compliance department will not give approval for a personal account transaction if it believes that it might cause a conflict with the Firm's duties to act in the best interests of its Clients under the regulatory system;
- a register of all personal account dealings is maintained by the Compliance department and all employees must disclose their personal dealing accounts (and the accounts of "connected persons"); and provide an opening account statement and annual statements thereafter for any account where the employee has investment discretion;
- the Compliance department keeps records of all permissions for personal account dealing; and

- securities purchased for a personal account must be held for a minimum of 90 business days, as personal account trading is permitted by Miton to allow long-term investment, and not to permit speculation.

Possession of Inside Information

Employees or officers of Miton may come into possession of inside information. The improper use of such information by Miton's employees or officers could cause a conflict of interest with the interests of Miton's clients, or between the interests of Miton's clients, and may also be unlawful.

Method of Managing Conflict

Miton manages these risks by maintaining and following a strict policy on Market Abuse Prevention. The Policy has been designed to prevent and detect any insider trading, taking into account the nature of Miton's business and the instruments typically traded. Miton has also implemented procedures to manage the risks of insider dealing, including the use of restricted lists and pre and post trade monitoring.

Outside Business Activities

Employees or officers of Miton may hold outside business interests, such as directorships, or shareholdings in service providers to Miton. Miton has identified that such outside business interests or investments could cause a potential conflict of interest between the personal interest of the relevant employee / director and the interests of Clients.

Method of Managing Conflict

Miton manages this potential conflict by maintaining and following an Outside Business Interests Policy. This Policy requires employees and officers who hold outside business interests or investments in service providers to disclose new interests or investments to the Compliance department, which will consider requiring disclosure to Clients, if the employees have a significant ownership in a service provider. The policy requires employees to disregard the interest, relationship or arrangement concerned when acting on behalf of Clients.

The Policy prohibits employees from accepting personal fiduciary appointments (such as trusteeships or executorships other than those resulting from family relationships) without first obtaining written approval from the Compliance department. The Compliance department maintains a list of all employees outside business interest including those of 'connected persons'. In addition to the above Miton Group plc Executive Directors must also seek approval from the Board for any outside appointments.

Principle 3.

Institutional investors should monitor their investee companies

Miton's fund management teams actively monitor their investee companies by attending regular company meetings. Our fund management teams attend approximately 700 meetings each year and typically company meetings take place with senior management including chairmen, chief executive officers, finance directors and non-executive directors of each respective company.

At meetings with management we discuss a range of issues, seeking to understand the business better and regularly share our opinions with management. The nature of meetings that take place may relate to discussions regarding a company's preliminary or annual results after they have been publicly announced as well as corporate governance matters such as board composition, board effectiveness, board diversity, executive remuneration, corporate responsibility and culture.

We may also meet with companies to discuss proposed corporate activity such as M&A transactions, capital raisings and financing operations. Conversations regarding proposed corporate activity may result in Miton and the relevant fund management team being the recipient of 'inside information'. Generally, Miton will be the recipient of inside information following a Market Sounding exercise carried out by a Disclosing Market Participant (DMP) in accordance with Market Abuse Regulations. Where meetings have been arranged our preference is that companies do not disclose inside information without our prior agreement. Where DMP's and companies wish to carry out a Market Sounding exercise then they

should contact the Miton Compliance Department in the first instance at compliance.team@mitongroup.com

Outside of company specific meetings Miton monitors its investee companies by utilising a number of resources including company financial reports, regulatory filings, press releases and company presentations. Our investment teams also attend industry conferences and consume sell-side research which helps enhance our understanding of a company's fundamentals and stewardship activities.

Miton also utilises Bloomberg 'ESG' functionality to assess company specific ESG metrics and subscribes to Institutional Shareholder Services (ISS) who provide us with corporate governance and ethical research relating to our investee companies.

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

Miton values its relationships with its investee companies. We would always therefore seek to approach companies directly without the need for external dialogue. Where this fails we may consider engaging with other shareholders or express our views by voting on management and/or shareholder proposals.

Where we have concerns with a company our preferred approach would be to establish a confidential dialogue with senior management. If our concerns are not satisfactorily addressed we would then seek to escalate this further and engage directly with the Chairman or the Senior Independent Director of the relevant company or engage in discussions with a company's advisers.

The scale of engagement we undertake varies depending upon the nature of the business and the circumstances of our investment. Miton is conscious that at times it may not be in the best interests of our clients to engage with other shareholders particularly where this has the effect of limiting our ability to transact in the relevant company's securities. We will therefore only engage with other shareholders where

we believe this to be in the best interest of our Clients and where we have exhausted all other avenues of engagement.

In addition to the above Miton does not make public statements regarding our intended voting activity ahead of an investee company's AGM/GM.

Principle 5.

Institutional investors should be willing to act collectively with other investors where appropriate

Miton's preferred approach is not to engage with other investors where there is a risk that our engagement may conflict with our ability to manage our funds in the best interest of our clients or where there is a perception that we may be deemed to be 'acting in concert' with institutional investors.

However, where Miton identifies shared concerns with respect to an investee company and Miton believes that collective engagement with other shareholders may be in the best interest of its Clients and no legal or regulatory obligation prohibits us from acting collectively, Miton may consider engaging with other institutional investors through both formal and informal channels.

Miton is of the view that as long as other investors objectives are consistent with ours then working collaboratively may result in a better outcome for all clients. The types of scenarios where we would consider participating in collective engagement may include the following:

- where significant concerns have been identified with respect to a company's corporate governance arrangements;
- where executive remuneration is not perceived to be aligned to shareholders interest; and
- where significant risks have been identified with respect a company's corporate strategy.

Where institutional investors wish to engage directly with Miton on stewardship activities then please contact Miton at UKStewardship@mitongroup.com

Principle 6.

Institutional investors should have a clear policy on voting and disclosure of voting activity

Our approach to our proxy voting activities is consistent with our aim of maximising long-term shareholder value on behalf of our Clients. Our voting policy requires each investment team, with support from Miton's ESG analyst to vote every share held in our investee companies.

As previously mentioned Miton subscribes to ISS and Bloomberg services. ISS assist Miton by providing independent analysis and voting recommendations regarding companies' proxy proposals. While this research helps improve our understanding of the issues surrounding a company's proxy proposals, each Miton investment team is responsible for providing their own voting instructions. Miton processes its voting instructions electronically through ISS.

Miton publishes a quarterly record of its voting activity under the "Responsible Investing" pages on its website www.mitongroup.com. The voting records detail where Miton has voted, 'for' or 'against' a proposal on behalf of the funds it manages. Miton is also happy to respond to requests for further information regarding our voting activity. Please email requests to UKStewardship@mitongroup.com

Miton does not engage in stock lending activity and therefore no conflict can arise between stock lending and our voting activity.

Principle 7.

Intitutional investors should report periodically on their stewardship and voting activities

We believe it is in the best interest of our clients to be made aware of how we carry out stewardship and voting activities. Our voting records are available on our website. We will report our ESG and stewardship activities annually via our website. Periodically we will also look to update our clients with case study reports on any voting activity that we deem to be of interest. We are happy to respond to any request for information from clients on our stewardship activities

Given our small size we currently do not obtain an independent opinion with respect to our engagement and voting processes. This will be kept under review and a decision will be made as to whether we look to change this in the future.