RIVER AND MERCANTILE

RIVER AND MERCANTILE INVESTMENTS LIMITED

Voting Policy for Pooled Investment Vehicle Holdings

August 2021

Policy Owner	William Jenkins, Head of ODD	**Effective date of current version**	9th August 2021
Oversight	RAMIL Board of Directors	**Review frequency**	Annual
Scope	This Policy outlines River and Mercantile Investments Limited ("RAMIL") approach to voting on pooled investment vehicle holdings		
Structure	This is tier 3 policy specifically applicable to RAMIL		

Amendment number	Date of change	Summary of changes	Reference
1	Annual update August 2021	• Updated formatting and ordering of the policy.	N/A
		• Expanded overview of approach and details of the governance and architecture around the policy.	Section 1
		• Details provided where we may choose not to exercise client voting rights, such as in relation to shareblocking.	Section 2.3
		• Update on the use of proxy advisors.	Section 2.4
		• Update on approach to voting reporting, including providing a link to publicly available reporting.	Section 2.5
		• Highlighting of scenarios where we expect to vote against.	Section 3
		• Clarification of our support for fund board diversity and the factors considered when determining director independence.	Section 3.2
		• Details of approach to audit vs. non-audit fees.	Section 3.3
		• Clarification of when we will engage and vote against incumbent auditors due to length of tenure, including in relation to close ended vehicles with a similar operating period to the EU Mandatory Firm Rotation Regulations.	Section 3.3
		• Clarification of our approach to changes to share capital, including issuance of new shares, pre-emption rights and share buybacks.	Section 3.7
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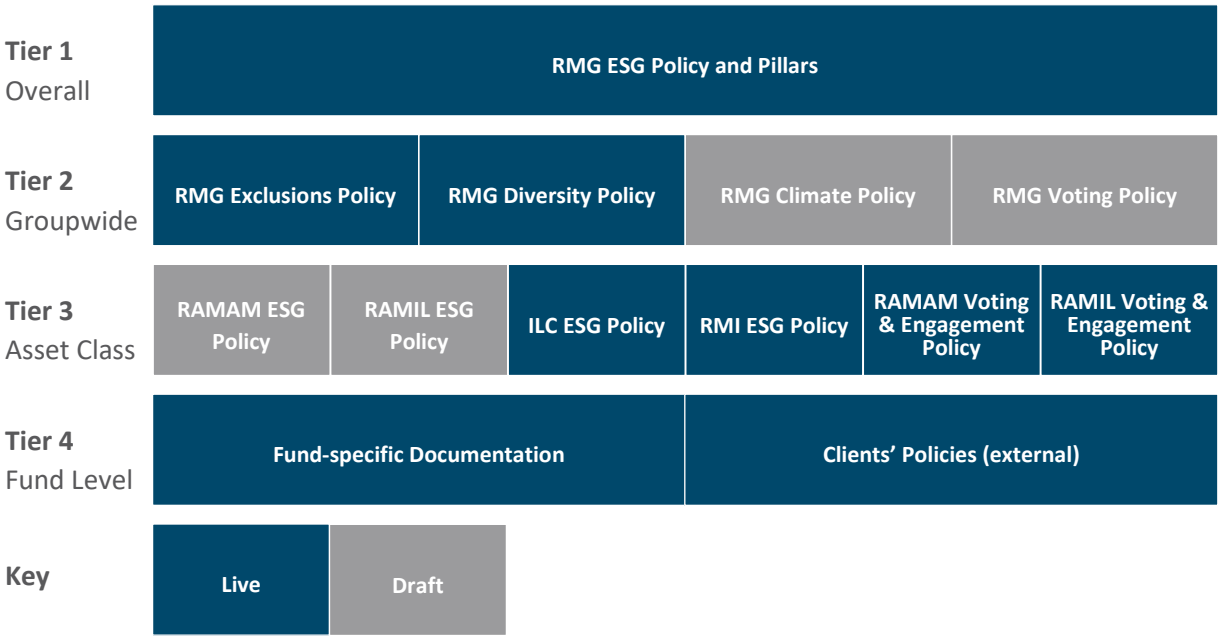
1. Policy statement

As responsible investors with ESG integrated horizontally and vertically across the Group, we recognise the importance of good governance, stewardship and voting to the value of our investments. This Policy formally outlines the process for voting globally at pooled investment vehicle meetings where we have the legal and contractual right to do so across River and Mercantile Investments Limited ("RAMIL"). Our objective is the integration of ESG factors alongside return for clients to meet their required outcomes.

As signatories to UNPRI, we commit to being active owners with our ownership policies and practices. We also reference the ICGN Global Corporate Governance Principles as best practice guidelines, and have clear processes in place for best practice stewardship. This covers a partnership approach with investees, clarity on topics, collaboration with other investors and escalation, all of which voting plays an important part in.

On the R&M ESG Policy Architecture, this is a Tier 3 policy.

River and Mercantile ESG Policy Architecture



2. Framework for the application of the Voting Policy for Pooled Investment Vehicle Holdings

2.1 Asset considerations

It is important to note that this voting policy is specifically focused on voting in relation to pooled investment vehicles ("funds"), including exchange traded funds ("ETF's"), unit trusts and real estate investment trusts. This policy has been prepared due to River and Mercantile Investments Limited ("RAMIL") managing a number of portfolios which primarily constitute investments in pooled investment vehicles and subsequently needing to exercise voting rights on these instruments.

The Policy is designed to be utilized regardless of country of domicile of the pooled investment vehicle. It should be noted that a large proportion of the pooled investment vehicles held by our clients are not listed and that governance practices may subsequently differ from those in listed markets, meaning that this policy may be less prescriptive in areas than if it was focused on listed companies.

Whilst we will use our voting in relation to this policy to seek to enhance the governance standards of the pooled investment vehicles held by our clients, it is also necessary to recognise existing market standards and acknowledge that further enhancement may require a period of ongoing engagement. There are also common aspects of corporate governance that do not translate to pooled investment vehicles, such as having separate board committees. Nevertheless, we seek to incorporate the standards related to listed securities, such as the International Corporate Governance Network Global Governance Principles and the UK Corporate Governance Code, where possible.

It is common market practice for pooled investment vehicle general meetings to be held on the basis of one vote per shareholder, rather than one vote per share, as is typical in listed markets. Where RAMIL's clients have a substantial holding in a pooled investment vehicle this may result in their voting rights being diluted relative to their economic interest.

There may be the opportunity to request a vote is carried out based on one vote per share, for example by calling a poll, however this is not RAMIL's standard approach, although it may be considered in very limited circumstances where the outcome of a resolution is considered materially significant.

2.2 In-house funds

Where RAMIL uses its expertise to make proxy voting elections on behalf of its fiduciary clients, this may include voting on an in-house fund (being a fund managed by RAMIL or an affiliate of RAMIL). When voting on an in-house fund, the following procedures will apply:

- Routine matters and those objectively in the favour of underlying shareholders will be voted in accordance with this policy and following the same process as for funds not managed by RAMIL or its affiliates. Examples of routine votes include: the approval of financial statements, approval of distributions and the reappointment of the fund auditor.
- Non-routine matters presenting no conflicts of interest and objectively in the favour of underlying shareholders will be voted in accordance with this policy and follow the same process as funds not managed by RAMIL or its affiliates. Examples of such votes include: a change in the name of the fund, changes to the fund or its operation to bring it in-line with regulatory, legal or market requirements.
- Where voting on a matter presents a potential conflict of interest between the fiduciary clients and RAMIL, RAMIL will seek to manage this in accordance with the River and Mercantile Group Conflicts of Interest Policy, with the mitigants reviewed by the Compliance Department as required.

  Votes which could present potential conflicts of interest include; significant changes to the fund terms, changes in remuneration paid to RAMIL or an affiliate, appointment of affiliated individuals or corporations to provide services to the fund.

- In the event that RAMIL is unable to fully mitigate the risk associated with the conflict, RAMIL will disclose to the relevant clients (i) the conflict, (ii) the mitigants implemented to reduce the associated risk and (iii) RAMIL's proposed approach, prior to voting on clients' behalf.

2.3 Client considerations

Fiduciary

RAMIL will use its expertise to make proxy voting elections on behalf of discretionary clients, under delegated authority. The voting decisions will be based on this policy. Where RAMIL determines that it is in client's best interests to deviate from this policy when voting on client's behalf, it will document this decision and the rationale.

Whilst we believe it is typically in our clients' best interest to exercise their voting rights, there may be scenarios where we do not think this is the case. The most common scenario is where ETF holdings are subject to shareblocking, in which case we would typically choose not to vote to avoid being unable to trade the position, unless the resolution was considered sufficiently material to accept the position being shareblocked. We may also choose not to exercise client's voting rights where we have submitted a full redemption request prior to the meeting date.

Advisory

Advisory clients retain control of their voting rights and subsequently make their own proxy voting elections. Nevertheless, if advisory clients request guidance on proxy voting RAMIL will use its expertise to provide assistance as necessary. It should be noted that RAMIL may not be notified of proxy votes related to funds held only by advisory clients, as we do not have authority over the accounts, which may limit our ability to assist and notify advisory clients of matters of interest. RAMIL will not actively contact advisory clients in relation to proxy votes unless RAMIL believes the matter is material.

Client vote direction

Clients should be aware that where RAMIL invest on their behalf in a pooled investment vehicle, via a pooled arrangement (e.g. another pooled investment vehicle, or an omnibus account) it is not usually possible for RAMIL to vote the clients share of the investment under client direction, due to pooled investment vehicle votes typically being one vote per shareholder, rather than one vote per share.

2.4 Voting authority

RAMIL's Operational Due Diligence ("ODD") Team, which has responsibility for non-investment aspects of the pooled investment funds on RAMIL's buy list, manages the research and policy aspects of RAMIL's voting on pooled investment vehicles.

For routine AGM proxies the ODD Team will make the election, whilst for special resolutions & EGMs, the ODD Team will lead the process, but seek authorisation from the portfolio manager before making the proxy election.

RAMIL do not retain a voting advisor such as ISS to formulate and implement its voting policy. This is because in our experience pooled investment vehicles do not appear to be a core focus for these providers. We also believe that there is a strong alignment between voting on pooled investment vehicle resolutions and the broader responsibilities of our ODD team. RAMIL may however purchase reports from providers such as IVIS to support its own analysis in certain situations. We will review our arrangements on a periodic basis to ensure they remain appropriate.

2.5 Reporting

RAMIL will keep records of its proxy voting activities and provides reporting to clients and publicly on our website Tier-3-RAMIL-SRD-II-disclsoure.pdf (riverandmercantile.com).

We take a broad approach to recording our exercising of client investment rights, including written resolutions, letters of representation and approval of fund extensions, in addition to the proxy forms typically utilized.

3. Guidelines for Voting at Pooled Investment Vehicle Meetings

Fundamental principles are set out below and applied in the majority of cases. However, RAMIL discourages passive box ticking and aims to take an informed and pragmatic approach to voting. RAMIL will give due consideration to the specific circumstances and facts available before voting.

We will typically look to engage with a manager prior to voting against a resolution, which can include supporting resolutions which we would otherwise vote against where we felt we had exhausted dialogue. This engagement also helps inform our voting as there may be occasions when rigidly enforcing a policy could inadvertently increase the risk associated with our client's investment. Further details on our approach to engagement are available via our website 20200630_RAMIL-Engagement-policy_Final.pdf (riverandmercantile.com).

RAMIL has clear voting guidelines on governance issues as laid out in this policy, but to date we have not taken a specific stance on other environmental and social resolutions at company meetings because these are currently unusual in the context of pooled investment vehicles. Subsequently these resolutions are addressed on a case-by-case basis, however we will look to expand this policy to address E & S considerations in the future where we believe it is appropriate.

3.1 Report and accounts resolutions

A separate resolution proposing the adoption of the annual report and accounts should be tabled at all annual general meetings (AGMs).

Where we have general and persistent concerns about a company's governance or the actions of the Board as a whole during the year, or where concerns cannot be linked to a particular resolution, we may withhold support for the annual report and accounts.

The decision to vote against the annual report and accounts at a company meeting will not be taken lightly and will be considered on a case-by-case basis.

Where the annual report and accounts are not available prior to votes needing to be submitted, we will abstain.

3.2 Board considerations

The board of directors, as an entity, and each of its members, as an individual, is a fiduciary for all investors, and should be accountable to investors as a whole.

We believe that there is value in having a diverse board, including through diversity of gender, social and ethnic backgrounds, cognitive and personal strengths, subject to appointments being based on merit and objective criteria. We do not currently vote against resolutions relating to the board based purely on diversity, but will seek to engage with Managers on this point and are supportive of appointments that increase the diversity of the board.

We would not typically expect for there to be sub-committees of the board (e.g. Audit, remuneration and nomination/succession committees), as we do not believe the mandate of a pooled investment fund board is wide enough to warrant this. Additionally, the magnitude and complexity of conflicts in areas such as remuneration is not expected to be as acute as for traditional company boards.

We may vote against director appointments and/or reappointments to demonstrate our unhappiness with the board performance generally, or in relation to a specific issue.

Director Independence

When determining how to vote on matters relating to directors, we will give close consideration to the proportion of independent directors on the Board as a whole. Whilst we have a preference for a majority independent board of directors, our minimum expectation is for each board to include two independent directors.

In determining whether a director is independent, we will look to consider the factors highlighted by the International Corporate Governance Network, as set-out below:

a. is or has been employed in an executive capacity by the company or a subsidiary and there has not been an appropriate period between ceasing such employment and serving on the board;

As the ICGN does not define a specific period following ceasing employment we use the 5 year period detailed in the UK Corporate Governance Code as a guide.

b. is or has within an appropriate period been a partner, director or senior employee of a provider of material professional or contractual services to the company or any of its subsidiaries;

c. receives or has received additional remuneration from the company apart from a director's fee, participates in the company's share option plan or a performance-related pay scheme, or is a member of the company's pension scheme;

d. has or had close family ties with any of the company's advisers, directors or senior management;

e. holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;

f. is a significant shareholder of the company, or an officer of, or otherwise associated with, a significant

g. shareholder of the company;

h. is or has been a nominee director as a representative of controlling shareholders or the state;

i. has been a director of the company for such a period that his or her independence may have become

j. compromised. There is no fixed date that automatically triggers lack of independence; the norm can differ in varying jurisdictions between 8-12 years after which a non-executive director may no longer be deemed independent. Companies should be guided by local norms, and directors with longer tenure

k. should not be classified as independent in terms of committee appointments or other board functions requiring independence.

We will typically rely on information made available as part of the meeting (e.g. meeting notice, audited financial statements) when determining the level of director independence and note that as the funds held are often unlisted, the information available on the directors can vary.

We will typically vote against the appointment and reappointment of non-independent directors where the board does not comprise two independent directors, although we may exercise discretion where a clear plan to address this is provided.

Director remuneration

We will determine our position on the level of proposed director remuneration (or in the absence of a proposed remuneration amount, levels of remuneration for prior years) based on the comparison to our understanding of remuneration in the wider market.

We would expect remuneration for fund directors to be a set fee, supplemented by an allowance for expenses and possibly also additional fixed fees for additional specific responsibilities.

Where we believe remuneration is excessive, in the absence of the agreement of action to address our concerns we will vote against. We may also vote against director remuneration to demonstrate our unhappiness with the board performance generally, or in relation to a specific issue.

We would not expect non-independent directors to receive remuneration in relation to their directorship and would typically expect to vote against where this is the case.

3.3 Auditor considerations

Appointment/reappointment

We will typically consider the following factors when determining whether to support an auditor appointment/reappointment:

- Is the firm a credible audit firm (KPMG, PWC, E&Y, Deloitte, BDO, Grant Thornton etc.)
- Does the firm have the relevant expertise for this type of audit?
- Tenure of the auditor; too long and independence/effectiveness maybe compromised, too short maybe evidence of 'opinion shopping' or adverse practice

In relation to the requirement to vote on the reappointment of Fund auditors, we have adopted the EU Mandatory Firm Rotation ("MFR") Regulations in relation to auditor tenure (noting they are primarily related to listed entities), as we think there is some additional protection to investors from rotation of auditors (assuming the quality of the appointed party is maintained).

Given the ongoing oversight from the Fund Administrator, which is not in-place for corporations captured by the regulations, we have taken on-board the flexibility within the MFR Regulations (e.g. UK extension to 20 years). We subsequently engage with Managers on this basis and seek to give them reasonable notice given the work involved in undertaking a tender exercise.

Where an auditor has been engaged for in excess of 20 years it is likely we will vote against retaining the auditor; subject to us having given the manager reasonable notice. However, where the Manager commits in this scenario to rotating an auditor within a reasonable (e.g. one to two years) or defined timeframe, we may support the resolution on this basis.

One potential scenario where we may deviate from the policy of 20 years is where we are invested in a close ended vehicle with a term similar to the MFR maximum (e.g. 20-25 years). The level of work involved in retendering an auditor, particularly for close ended funds which will typically create a higher burden on the audit due to the nature of the underlying assets, means that it is not reasonable to expect a change in auditor for a short period. Practically where we expect that the term of the fund will not exceed 30 years, which can be subject to change due to further extensions of the fund term, we will typically support the continued appointment of the incumbent auditor.

Auditor fees

We will determine our position on the proposed level of audit related fees (or in the absence of a proposed remuneration amount, levels of remuneration for prior years) based on the comparison to our understanding of remuneration for similar providers in the wider market.

We also consider the ratio of audit vs. non-audit fees paid to auditors, to ensure additional non-audit remuneration does not compromise the independence of the audit. There is no set ratio of audit to non-audit fees that we find acceptable, but in general very large non-audit fees without adequate explanation will be resisted.

We will typically vote against audit fees where we believe them to be excessive or we have concerns that non-audit fees may compromise the independence of the auditor.

3.4 Resolutions discharging fund providers, e.g., Directors, Auditors

This resolution is specific to Luxembourg Funds, being required under Luxembourg Companies Law (Article 461-7) and involves discharging the relevant provider from liabilities in relation to their duties on behalf of the fund over the year.

Where the resolutions occur in relation to a non-Luxembourg Fund this will need to be considered on its own merit to ascertain whether the below approach remains applicable.

The discharge is conditional subject to:

- The accounts containing no omissions or false information.
- Any acts falling outside of the Memorandum & Articles ("M&A") of the Fund being declared in the AGM notice (i.e. acts outside the M&A that are not declared, are not covered by the discharge).

We will also consider the following factors when determining whether it is appropriate to support the resolution:

- The nature/reputation of the parties involved
- Regulation of the fund and the parties involved

3.5 Resolutions approving fund distributions

Where clients are invested in a distributing share class, we will generally support these resolutions in the absence of any specific concerns.

Where we are invested in an accumulating share class we will generally abstain in relation to these resolutions, as the associated gain is incorporated in the Fund NAV rather than being distributed. If it is not possible to abstain, we will support the resolution.

We may vote against resolutions relating to distributions where we have significant concerns regarding the operation of the fund, including regarding the fund as an ongoing concern.

3.6 Investor rights

All investors should be treated equitably. Major modifications relating to investor rights should not be made without prior investor approval, including those that dilute the equity or erode the economic interests or ownership rights of existing investors.

We will not support proposals that have the potential to materially negatively affect investor rights.

3.7 Changes to share capital

We take the following approach to share capital resolutions, noting that in the context of this policy they typically only apply to unit trust/REIT type vehicles.

Issuance of share capital

We consider it typical market practice for the board to have authority to allot upto two-thirds of existing share capital, with any amount in excess of this requiring a full pre-emptive rights issue and typically being limited to a further 33.3%. We would not expect shares to be issued at below the net asset value and would be unlikely to support issuance on this basis.

Pre-emption

Upto 10% of share capital may be issued without pre-emption annually. Amounts over this level will be considered on a case by case basis.

Share buybacks

We will support share buybacks upto 15% inline with UK Listing Rules. Whilst the Investment Association Guidelines support buybacks upto 5% above the prevailing net asset value, we will typically not support a buyback above the prevailing net asset value without a strong reason.

Scrip dividends

Are considered on a case by case basis, as whilst they can be dilutive, investors have the option to participate in them and receive dividends in the form of additional shares should they wish.

We would typically expect the above rights to be renewed each year at the AGM.

3.8 Bundled resolutions

Bundling of matters for consideration that should be put to separate shareholder votes is strongly discouraged.

RAMIL will not generally support bundled resolutions if we cannot support one of the underlying elements.

3.9 Resolutions regarding other business properly brought before the meeting

We will generally pre-emptively vote against "any other business" type resolutions due to their open-ended nature.

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