PACIFIC ASSET MANAGEMENT

Pacific Capital Partners Limited

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Engagement and Proxy Voting Policy

(COBS 2.2B.6 R; UK Stewardship Code 2020;

Investment Advisers Act of 1940 (Rule 206(4)-6) & Rule 204-2)

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1.0	Annual review and institutionalisation of existing ESG integration into the Firm's policy documentation.	08/2023	CSO
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Engagement and Proxy Voting Policy

1. Introduction

This document summarises the policy of Pacific Capital Partners Limited (“PCP” or “the Firm”) on engagement and proxy voting, and it should be read in conjunction with the Firm’s Responsible Investment Policy.

Other relevant documents include the UK Stewardship Code and PRI submissions, plus regular reports on voting and engagement activity, all publicly available on the Firm’s website or upon request.

This policy document applies to all engagement activities across all assets under management and all holdings over which the Firm has discretion to vote.

Engagement

The EU Shareholders Rights Directive II (including as adopted by the UK and amended from time-to-time, “SRD II”) aims to promote effective stewardship and long-term investment decision making by enhancing the transparency of asset managers’ investment strategies. These obligations were implemented in the UK from 10 June 2019, and those which apply to asset managers are contained in the Financial Conduct Authority’s Conduct of Business Sourcebook (COBS).

As an investment firm that provides portfolio management services to investors, PCP is considered an SRD asset manager. This document sets out PCP’s engagement policy in line with the requirements under SRD II.

Proxy Voting

Subject to specific mandate restrictions, PCP is typically responsible for voting proxies and taking decisions in connection with corporate actions (referred to herein as proxies or a proxy) with respect to equities, bonds, loans or other debt instruments (referred to herein as securities) held by or held on behalf of the clients for which it serves as investment manager (or equivalent, collectively the Firm’s Clients).

PCP is registered with the UK Financial Conduct Authority as a full-scope UK AIFM with Part 4A permissions to provide portfolio management and investment advice, known as the MiFID top-up services. The Firm is also registered with the SEC as an investment adviser under the Advisers Act.

Rule 206(4)-6 under the Advisers Act requires every investment adviser who exercises voting authority with respect to client securities to adopt and implement written policies and procedures, reasonably designed to ensure that the adviser votes proxies in line with its fiduciary duty to act in the best interest of its clients. The procedures must address material conflicts that may arise in connection with proxy voting. The Rule further requires the adviser to provide a concise summary of the adviser’s proxy voting process and offer to provide copies of the complete proxy voting policy and procedures to clients upon request. Lastly, the Rule requires that the adviser discloses to clients how they may obtain information on how the adviser voted their proxies.

In addition, the UK Stewardship Code Principle 6 requires that institutional investors should have a clear policy on voting and disclosure of voting activity.

This policy seeks to set out the Firm's policy and procedures regarding proxy voting to ensure it is done in a manner consistent with the best interests of the Firm's Clients. It does not seek to address every situation but rather provides an overview of the Firm's approach in ensuring that good governance structures are in place in investee companies.

PCP's Fiduciary Standard and Best Interest Determination

As an SEC registered Investment Adviser and a UK AIFM, PCP acknowledges its fiduciary duty to its Clients, which encompasses both a **Duty of Care** and a **Duty of Loyalty**. Consistent with these duties, PCP is committed to acting in the best interests of its clients at all times.

In the context of proxy voting and engagement, this means that PCP's primary objective is to manage and vote proxies in a manner reasonably designed to ensure that the Firm reaches a voting decision that is in the best interest of the client. PCP's primary objective is to vote in a manner that **maximises long-term economic value** for its clients and protecting shareholder rights. PCP recognises that its fiduciary responsibility encompasses the **integration and management of material systemic risks** — including environmental, social, and governance (ESG) factors — which the Firm views as integral to fundamental financial analysis. By addressing these risks, PCP seeks to protect and enhance the resilience of client portfolios against broad-market and idiosyncratic threats that may impact financial returns over the relevant investment horizon. PCP will not subordinate the economic interests of its clients to its own interests or to any non-economic considerations, unless otherwise specifically directed by a client in writing.

2. Engagement Policy Standards

Integration of shareholder engagement within PCP's investment strategies

As a responsible investor and as a signatory to the United Nations Principles of Responsible Investment (PRI), PCP is committed to ensuring that it monitors and engages with investee companies and underlying funds on behalf of its Clients. The Firm regularly engages directly with company boards outside of the traditional AGM cycle on matters ranging from remuneration to mandate change.

Ongoing research and analysis on investee companies by the portfolio managers includes evaluation of performance on strategy, financials, capital structure, risk and material environmental, social & governance factors (ESG factors). ESG factors are incorporated into the Firm's fundamental research process for direct investments as these can have a significant impact on long-term valuations. The Firm's portfolio managers conduct in-depth research into UK and overseas equities, including holding meetings with companies' management each year as well as undertaking media and other desk-based research.

The Multi-Asset Sustainable team currently covers open-ended funds, investment trusts and offshore-specific funds. The relevant investment team closely monitor the performance of underlying fund managers. This includes an annual review of the fund managers' own Responsible Investment Policies (or equivalent), including their UK Stewardship Code report and their UN PRI submissions where applicable.

Prioritisation of ESG topics in stewardship efforts

To prioritise ESG topics in our engagement activities, the Firm applies a materiality framework, informed by the Sustainability Accounting Standards Board (SASB) Materiality Map, to identify sustainability issues that are most likely to affect the financial condition or operating performance of companies within an industry. The most material issues at a company level are identified, evaluated and prioritised using fundamental research, engagement and additional data sources. These considerations are then included within the Firm's investment decision-making process. SASB materiality is also utilised in generating proprietary ESG scores utilising the TruValue Labs dataset, which further helps to inform the investment teams of the key considerations at an industry level.

In assessing materiality, the firm seeks to understand how stewardship and engagement efforts effect sustainability outcomes.

Monitoring investee companies

As part of the Firm's investment process, it undertakes research and ongoing monitoring of the companies and underlying fund managers in which the Firm invests to assess the potential of providing long-term returns.

The Firm's portfolio managers and analysts carry out analysis of potential investments and ongoing monitoring which may focus on the investee company/underlying fund's strategy, performance, risks faced, and its commitment to corporate governance and quality and experience of management.

The investment teams also monitor public statements of investee companies through financial information platforms such as Bloomberg, financial statements and regulatory announcements, reports & accounts, results meetings and capital markets days.

Conducts dialogues with investee companies

Engagement with investee companies and underlying fund managers will most likely be through direct dialogue with the investor relations team and/or management teams or through exercising voting rights at General Meetings. If the Firm thinks a company or underlying fund is not being managed in the interests of its clients, it will decide how best to engage with the company or underlying fund to address this.

Where the Firm has concerns about the performance or strategy of an investee company or underlying fund, or where it has reason to believe that the Firm's clients' rights as shareholders are being compromised in any way, the Firm will, in appropriate circumstances, escalate its involvement with investee companies or the relevant underlying fund manager.

Whilst the Firm does not believe in micro-management, in some cases it may be necessary. This could include issues with board independence or remuneration. In cases such as these the Firm would open a dialogue and write to the company/underlying fund manager or meet directly with management to express its concerns.

In cases where deemed necessary, the Firm will abstain or vote against management resolutions. Where the Firm abstains or votes against management resolutions it may write to the Chair of the Board to explain the reasons. If a satisfactory response is not possible, the Firm may look to escalate this further.

The escalation process would include, but is not limited to:

- Holding additional meetings with management specifically to discuss concerns
- Intervening jointly with other institutions on particular issues
- Submitting resolutions

- Disinvest if the Firm felt that clients would be at a material disadvantage.

Cooperating with other shareholders

Pacific is willing to and prioritises acting with like-minded shareholders in collaborative engagement efforts where appropriate and keeping the best interests of its clients in mind, so long as in doing so the Firm is able to comply with all appropriate regulatory rules, in particular ensuring that such collaboration does not cause the Firm to be deemed as 'acting in concert' with other shareholders in a manner that triggers mandatory bid requirements or regulatory disclosure thresholds.

Communicating with relevant stakeholders of investee companies

Although this is likely to be rare, where relevant the Firm will consider communicating with relevant stakeholders of investee companies, defined as any individual or entity potentially affected by the company's actions in pursuit of its primary objectives. This could include employees, creditors and suppliers as well as shareholders. Where the Firm intends to communicate with such stakeholders it will notify the Chair of the Board of the investee company.

Integration of engagement efforts into investment decision making processes

In assessing and integrating engagement efforts in decision making, the firm seeks to understand how stewardship and engagement efforts affect sustainability outcomes. There is a process by which stewardship and engagement activities are logged and reviewed internally, to assess their impact at achieving the aims of the engagement. These engagement activities are reviewed in the quarterly Responsible Investment Committee meeting, and internal challenges can be used to further engagement efforts. This helps Pacific to ensure alignment and real-world outcomes with stewardship and engagement efforts across the business and industries for different teams. Failure to provide adequate responses from businesses could be cause for Pacific to cease investing in a company.

Reporting and screening tools are also used internally to flag for controversial holdings within portfolios. Investment teams can then be challenged on these holdings to ensure alignment with Pacific's policies.

Furthermore, in accordance with its fiduciary duty under the Advisers Act, PCP's primary objective is to vote in a manner that maximises the economic value of the Client's holdings.

3. Proxy voting policy

Policy standards

PCP will vote proxies in a prudent and diligent manner and in the best interests of clients, consistent with the objective of maximising long-term investment returns and protecting shareholder rights. Not only is this commensurate with good market practice, it goes hand in hand with ensuring the responsible investment of clients' funds.

PCP has appointed Institutional Shareholder Services (ISS), a leading independent corporate governance research provider, to analyse corporate actions, management recommendations and make vote recommendations in order to assist the Firm in the independent assessment and ongoing oversight of governance issues.

Furthermore, the firm relies on ISS' enhanced Socially Responsible Investing (SRI) voting policy, which differs from the default ISS position on several environmental, social, and governance factors, including environmental impact, climate change, human rights, labour practices and corporate governance. Votes under this policy encourage performance improvement of these factors. Furthermore, an increasing amount of votes are casted against management resolutions if they could potentially affect these factors in a negative way. The ISS SRI methodology is designed to reflect both the consensus and best practise of the responsible investment community, considering policies developed initial by large institutional religious investors. This is furthered by incorporating the active ownership policies of bodies such as the UN Environment Programme Finance Initiative and the Principles for Responsible Investing, as well as the UN Global Compact and EU Directives.

The full ISS SRI voting guidelines and methodology can be found at the following website: SRI-International-Voting-Guidelines.pdf (issgovernance.com)

PCP's management body have established a Responsible Investment Committee with the aim of strengthening internal communications on stewardship issues. The committee comprises members of the risk, investment management, compliance departments and the Firm's Chief Sustainability Officer. The common membership of the committee ensures consistency in the Firm's stewardship and responsible investing approach (which includes giving consideration to Environmental, Social and Governance issues).

PCP performs periodic due diligence on ISS to ensure they have the capacity and competency to adequately analyse proxy issues. This includes reviewing ISS's conflict of interest policies and evaluating the quality of their research and the consistency of their recommendations with PCP's voting guidelines. This is overseen by the Responsible Investment Committee.

Proxy voting procedure

PCP uses the Proxy Exchange platform for proxy voting. All the voting recommendations relevant to the Firm's clients and funds are provided by ISS through the platform. The Firm additionally uses ISS's Socially Responsible Investing (SRI) overlay solution for proxy voting guidance from a sustainable finance perspective.

PCP will vote with the independent research recommendations unless it chooses to override it based on its own analysis.

The Firm may choose not to vote if the cost of voting (e.g, share blocking in certain jurisdictions) is considered to outweigh the benefit.

Specific Client Instructions

Where, under any circumstances, a client provides PCP with specific voting instructions, PCP will vote in accordance with those specific instructions, and will not vote in accordance with this policy. Where a client's instruction do not relate to all matters to be voted upon, PCP will continue to apply its proxy voting policy to those matters not covered by such specific instructions. Clients should be aware that providing specific instructions to PCP in relation to a particular matter may prevent the Firm from taking the steps set out in its proxy voting policy to obtain the best possible result in respect of the matters covered by those instructions. PCP will accept no responsibility in connection with proxy voting matters that it has received no notice of, or has not received timely or accurate notice of from a custodian or relevant service provider responsible for the holding of its securities.

Where there is a cost of voting as per above, PCP will ensure the client is aware of this before processing their instruction.

Delegated Portfolio Management Activities

For certain portfolios, PCP delegates discretionary portfolio management to third-party sub-investment managers (or equivalent). In such instances, PCP generally also delegates the authority to vote proxies for the securities held in those portfolios to the respective sub-investment manager.
Where voting is delegated, the sub-investment manager is required to maintain and follow its own written proxy voting policies and procedures, which must be reasonably designed to ensure that proxies are voted in the best interests of the client(s). PCP performs initial and ongoing due diligence on each sub-investment manager to ensure their voting policies align with PCP's fiduciary standards and regulatory expectations. PCP retains the ultimate responsibility for overseeing the sub-investment manager's voting activities and may, in specific circumstances and subject to not being seen to be 'acting in concert' with other shareholders in a manner that triggers mandatory bid requirements or regulatory disclosure thresholds, provide direction to a sub-investment manager on a particular vote if deemed necessary to protect the client's best interests.

Executive Compensation ('Say-on-Pay') Voting

Under the SEC's updated Rule 14Ad-1, for votes occurring on or after July 1, 2023, institutional investment managers who are required to file Form 13F, such as PCP, must now also file Form N-PX to report their "say-on-pay" votes. This includes votes on executive compensation, the frequency of such votes, and "golden parachute" arrangements.

PCP recognises that executive compensation is a critical component of corporate governance and a key driver of long-term shareholder value. When voting on 'say-on-pay' proposals, PCP evaluates whether compensation programmes are appropriately structured to align the interests of management with those of shareholders. Key considerations include:

- **Pay-for-Performance**: Ensuring that compensation is meaningfully linked to the company's long-term financial and operational performance.
- **Clawback Policies**: Supporting robust policies that allow for the recovery of incentive-based compensation in the event of financial restatements or misconduct.
- **Transparency**: Promoting clear and comprehensive disclosure of compensation metrics and peer group selection.

PCP generally votes in accordance with the recommendations provided by its proxy service provider (ISS) regarding executive compensation, unless PCP determines that a different vote is necessary to better serve the long-term economic interests of its clients.

4. Conflicts of interest

The Firm has a Conflicts of Interest Policy. All employees are required to declare any conflicts of interest, including those which may arise as a result of engagement, and the Firm has in place arrangements to prevent or manage any conflicts identified. Material conflicts may include situations where the Firm or an affiliate has a significant business relationship with the issuer, or where an employee holds a board position at the investee company. For further information please refer to the Conflicts of Interest Policy.

For proxy voting purposes, PCP has contracted ISS to provide the corporate governance voting recommendations relevant to the Firm's investee companies, the Firm will generally follow these recommendations by default. However, the Firm recognises that, although unlikely, there may be instances where a conflict of interest may present itself with respect to a vote and affect the Firm's ability to act in the best interests of its clients. Where that is the case, the conflict will be escalated to the Compliance team and where a potential material conflict of interest has been identified in relation to a proxy vote, PCP will call upon an independent third-party to make the voting decision or may elect not to vote. Stocks placed on the Firm's restricted list may not be voted.

If a third-party is used to resolve a conflict, this will be done at the Firm's expense and not a client's, unless disclosed otherwise to the client.

5. Responsibility

The Responsible Investment Committee has overall responsibility for ensuring this Policy complies with the obligations under the SRD II and Rule 206(4)-6 under the Advisers Act.

The various investment teams have primary and day-to-day responsibility for the implementation of this Policy, dealing with any queries about it, and implementing internal control systems and procedures that are required to adhere to the Policy, with input provided by the Responsible Investment Committee. The Compliance team will be responsible for conducting a second line of defence in monitoring and effectiveness reviews.

6. Recordkeeping

All records relating to engagements and/or proxy voting, including those entered into the Proxy Exchange platform, shall be retained for at least five years as per the Firm's Recordkeeping: Document Retention Policy. Examples of such records will include proxy statements received, records of votes cast, records of client requests for voting information, documents created by PCP that were material to the decision.

7. Annual Review & Disclosure

The Firm will disclose a general description of its engagement activities, voting behaviour, an explanation of the most significant votes and report on the use of the services of proxy advisors. The disclosure will include details of how votes have been cast and their underlying rationale, unless they are insignificant due to the subject matter of the vote or to the size of the holding in the company. The disclosure will be made on the Firm's website and updated annually, unless there has been any material change.

As an institutional investment manager required to file reports under Section 13(f) of the Exchange Act, PCP is also responsible for filing **Form N-PX** with the SEC on an annual basis. This filing discloses PCP's proxy voting record specifically related to executive compensation matters ('say-on-pay' votes) as required by Section 14A of the Exchange Act. PCP, primarily through the report received from ISS, will track all such votes for the 12-month period ending June 30th and will submit the required Form N-PX no later than **August 31st** of each year. This report will be made available to clients upon request and is also accessible via the SEC's EDGAR database. The Firm maintains internal records of these voting activities to ensure the accuracy and completeness of these filings.

This Policy will be reviewed, updated and approved by the Responsible Investment Committee on at least an annual basis. Any material changes made to the Policy throughout the year will be approved by the Responsible Investment Committee.