2024

Stewardship and Responsible Investment Report

TrinityBridge

Contents

Stewardship and Responsible Investment Report | 2024

Foreword

Our *Stewardship and Responsible Investment Report* provides transparency to our approach to being diligent stewards of our client's capital and illustrates how we conduct our responsible investment and engagement activities.

This report is our fourth submission to the Financial Reporting Council (FRC), having been accepted as a signatory for our FY21 report. The report is guided by the UK Stewardship Code 2020 (the Code) and aligned to the FRC's interim reporting requirements whilst they undertake a review of the Code. This means that this report will focus on the purpose and context of our business, our strategy and culture, our investment approach, the stewardship activity we have undertaken in FY24 and the outcomes this has produced.

Please note that for the duration of the reporting period, we were known as Close Brothers Asset Management, or CBAM. Since the end of the reporting period, we have been acquired by Oaktree Capital Management and renamed to TrinityBridge. As such, this report has been written under the new name and brand. For more information, please see TrinityBridge.com

The report covers the period 1 August 2023 to 31 July 2024, our last financial year (FY24). We recognise that stewardship best practice continues to evolve, and the three examples below highlight how we have progressed our stewardship and responsible investment efforts across FY24:

1. We addressed two key pieces of regulation in FY24: Task Force for Climate Related Financial Disclosures (TCFD) aligned climate reporting and the FCA's Anti-Greenwashing Rule. Our climate reporting at the entity and fund-level provided transparency on how we consider climate risks. For the Anti-Greenwashing Rule, we created staff training and advice on how to communicate the sustainability and responsible investment credentials of our products and services appropriately.

   Additionally, we have been aligning our funds to the FCA's Sustainability Disclosure Requirements (SDR) where appropriate, with our Sustainable Balanced fund obtaining a Sustainability Mixed Goals label under the regime in FY25. Looking further ahead, we will monitor the potential extension of SDR to portfolio management.

2. We worked to optimise our voting capacity and resource by updating our voting thresholds to focus on those securities where our knowledge is supported by the greatest depth of research. We think this is the most effective way to develop an informed voting approach and helps strengthen our stewardship efforts with core companies. We have also published our Voting Principles for the first time in this report.

3. We progressed our strategic engagement function by focusing on two key topics: auditor tenure and emission reduction targets. We believe long auditor tenures can create material risks to our investments, by compromising the independence and objectivity of the auditor. We also believe that companies should monitor and manage their risks appropriately, these include climate transition risks which can stem from high levels of emissions.

During FY24 we have observed a shift in the way that other markets are considering and addressing environmental, social and governance (ESG) risks and opportunities. We expect the trend in diverging market views on these issues to continue throughout the next financial year. However, our view is that the asset management industry does not operate in a vacuum; capital will affect and be affected by the environment and society in which it is deployed. As responsible stewards of capital it is important that we consider the impact of any financially material risks or opportunities and we will continue to integrate these into our investment analysis and research. Furthermore, we recognise that client needs can also be non-financial, and we will seek to support sustainability objectives and mandates where necessary.

John Edmeads
Head of Wealth Planning for TrinityBridge on behalf of TrinityBridge Limited

(TrinityBridge is the trading name for TrinityBridge Limited)

Purpose, strategy and goverance

TrinityBridge is one of the UK's largest and longest-established providers of financial advice, investment management and self-directed services to private clients and small institutions.

Our business consists of two divisions: investment management and financial planning. Together, the divisions can provide bespoke advice and investment management services to help preserve and grow savings and investments.

Within investment management we have two core units: one offering fund solutions and the other offering segregated investment accounts ("portfolios") where clients may request that we reflect their specific values and ethical preferences. Across both units we are focused on meeting our clients' needs, whether that is generating income or protecting and growing their wealth over the long-term.

At TrinityBridge our mission is "working together to be the best place in the UK for wealth professionals and their clients". We carry out our mission and strategy through our company principles and investment philosophy, set out below.

Collaboration is at the heart of what we do. Whether we are working with our clients or the wider business community, we're intent on getting the best out of our team and the best for our clients and partners. We also consider it our responsibility to address the social, economic and environmental risks facing our business, employees and customers, now and into the future.

Our team is unified by our strategic intent for TrinityBridge to be an open and inclusive environment in which our people and our clients can thrive.

TrinityBridge's Business Principles
Our Business Principles are designed to be our guiding values as we pursue our mission and strategy. They are consistent with the previous year and are a reflection of who we are and how we do business.

Our Business Principles ensure we put our clients first, we remain responsive to their needs and manage their capital responsibly.

Client
We pay attention and listen to our clients. Their needs shape our actions as we aim to make them feel valued and supported. We aim to build enduring relationships and deliver excellent outcomes for our clients through our long-term investment philosophy of growing and preserving wealth and offering products that meet their needs.

The former is supported by our in-depth research, where we have questionnaires and templates to assess environmental, social and governance considerations (see 'Investment Approach') and our [Stewardship and Responsible Investment Policy] (outlined in this section).

The latter has been validated by surveying our clients' sustainability preferences and ensuring we could offer a tailored service to meet these; see more detail in this section.

Excellence
We keep upping our game, we go the extra mile and we take pride in deepening our expertise. We aim to attract high quality Bespoke Portfolio Managers to work for TrinityBridge, and have made headway on this aim in FY24, hiring 11.

As competent professionals, they will help us be the best stewards of our clients' capital that we can be and to effectively reflect the long-term investment targets and values of clients in our portfolios.

People
It's always "we" not "me". We aim to be open, inclusive and kind. And we know that valuing different voices makes us stronger. In order to make strong decisions in the best interest of our clients, we believe it is important that our workforce is not only diverse but also feels inclusive. Finding ways to empower our colleagues to work together is key, and regular stock and asset class meetings, and Responsible Investment Committees are examples of achieving this.

Integrity
We aim to do the right thing, always. We place our colleagues and our clients at the centre of what we do. We strive to be more socially and environmentally responsible.

How we conduct ourselves as a business is central to being a trusted steward of our clients' capital. We aim to develop the expertise of our colleagues and create an environment that improves open, purposeful communication. This has become a focus of what we do in order to improve decision-making and deliver better client outcomes with integrity. In FY24 we refreshed the stewardship and responsible investment page on our website to better present information to clients.

TrinityBridge's investment philosophy
Our fundamental investment philosophy and process remains focused on preserving and growing wealth over the long term.

We aim to generate the best possible real returns, finding the right balance of growth and income, whilst considering our clients' appetite for risk, through active, prudent investment management expressed across diversified, multi-asset portfolios. Through disciplined, collegiate research and asset allocation we look to identify high-quality, liquid securities at attractive valuations. We believe this is the best way to achieve superior performance.

Key aspects of our investment philosophy

Prudent investment management
We understand our core remit is to deploy our investment expertise prudently to the capital and income of our clients and protect their assets against inflation over time.

A diversified long-term approach
We recognise that a single asset class rarely outperforms in all market conditions. Therefore, we believe the best way to reduce risk is through diversification – investing across asset classes, geographic regions, industry sectors.

Active investment management
As active managers, and with reference to the client's strategic asset allocation, we aim to add further value to our clients' portfolios through tactical asset allocation decisions and security selection.

Investment discipline
At the heart of our organisation is a collegial culture with 150+ investment professionals sharing their expertise. We are an experienced team – at least two-thirds of our investment professionals have more than 15 years of investment experience.

Experienced internal research capability (including ESG)
Over a number of years, we have built up a strong internal research capability across equities, fixed income, collective investment schemes and ETFs/Passives. All of our research is conducted on a global basis across all sectors and we incorporate environmental, social and governance considerations in all our equity and bond research.

Stewardship and Responsible Investment Report | 2024

TrinityBridge's investment process
Our investment process is comprised of seven components, which allow us to fulfil our investment philosophy in line with our business principles. The seven components are: understanding our clients, diversification across asset classes, active and tactical asset allocation, a collegial approach to decision-making, input from leading research strategists, intensive research, and risk and performance oversight. For more detail on how these components drive our approach, please visit our website.

Our investment philosophy and process have shaped our thematic investment research, engagement and overall stewardship approach in FY24. These areas, detailed throughout the report, have helped supplement our Stewardship and Responsible Investment policy.

We integrate responsible investment practices in our investment process to help create long-term value for clients and beneficiaries and be good stewards of their capital.

We define responsible investment as an approach to managing assets explicitly considering and integrating the impact of material ESG factors on the long-term financial risk and return of our investments.

We recognise there is a potential impact on an investment's value from an issuer's interaction with its stakeholders, including employees, customers, suppliers and the environment in which it operates. We will also use these considerations to inform our active ownership and stewardship approach, including engaging and voting on our investments to protect our clients' capital against risks and enhance returns.

ESG issues can pose material risks and opportunities for our investments, so we build the assessment of these factors into our investment research process. We see this as a key part of our duty of care and stewardship responsibilities for our clients. The development of our research and engagement approaches (see 'Investment Approach' and 'Engagement' sections) to incorporate these issues is an ongoing process. We expect updates to be made as industry best-practice develops.

Responsible investment at TrinityBridge

Our responsible investment approach is based on the following six pillars:

1

Materiality

Materiality refers to the relevance and significance of an ESG issue to an issuer's financial performance and long-term sustainability. We aim to identify the material ESG issues which are relevant to our investments. We do this by considering ESG issues through considered and rigorous research.

2

Voting and engagement

We will engage with issuers aiming to improve corporate behaviour, mitigate against potential investment risks, promote sustainability and aid our voting practices. An example of this is proxy voting at company annual general meetings.

3

Industry collaboration

We will collaborate with other investors, industry groups and additional stakeholders to strengthen our influence on corporate behaviours, where taking collaborative action is in the best interests of our clients.

4

Risk and assurance

We aim to address ESG risks as part of our risk management framework. We also work with our Compliance team to adhere to our polices, relevant regulations and industry standards and commitments such as the Principles for Responsible Investment (PRI), the Net Zero Asset Managers (NZAM) initiative and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

5

Measurement and reporting

We need to measure and report on our responsible investment approach to meet upcoming regulations and client demand.

This can include tracking ESG (including climate) metrics and reporting on progress towards sustainability-related investment goals. Please see our approach to climate risk management later in this section for details of our NZAM and TCFD reporting.

6

Broad proposition

We aim to offer clients a broad suite of investment solutions delivering fair value and reflecting their financial and non-financial (values or sustainability) goals. For further details, see 'Investment Approach'.

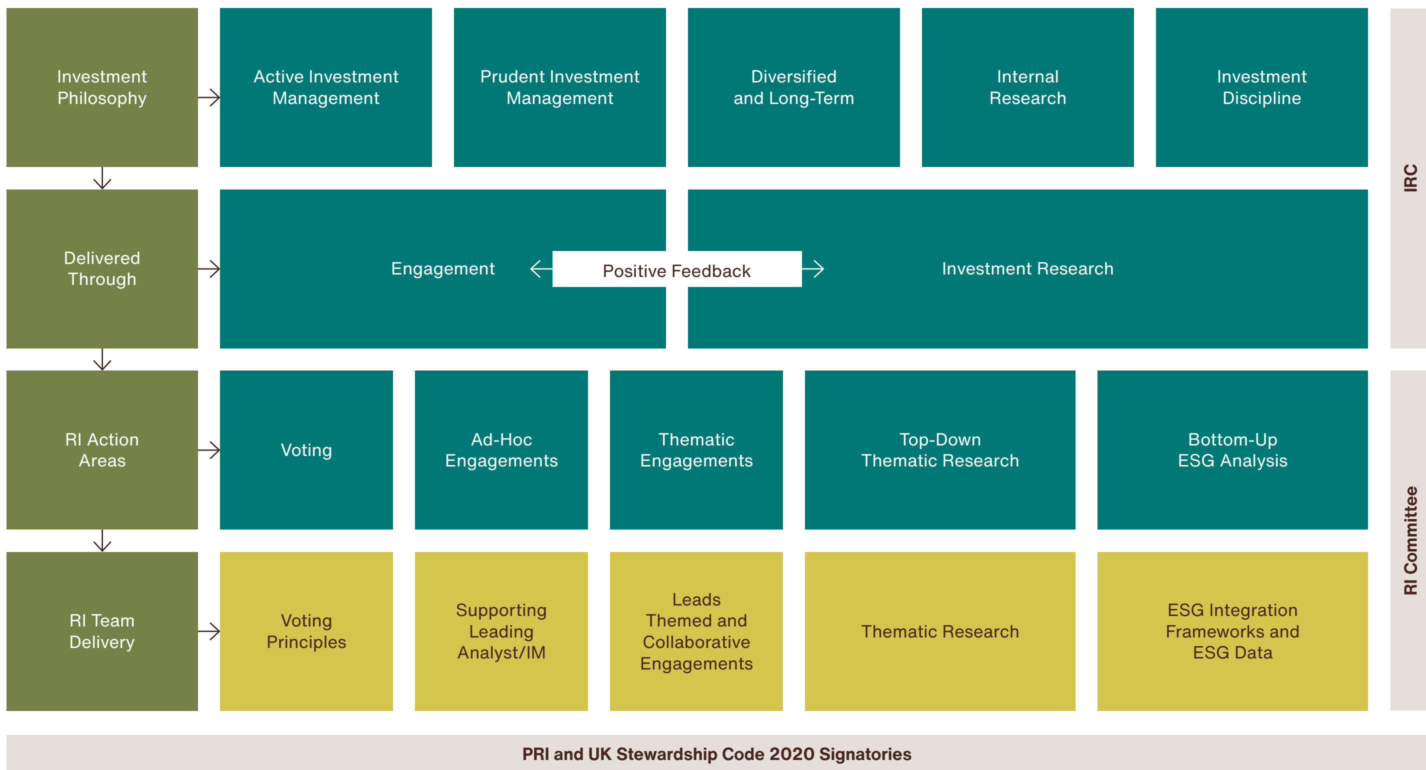
Training, data integration and communications are critical to support our business, colleagues and clients while we continue to build our responsible investment approach and evolve along with the asset management industry over time. Further details about our training are explained later in this section. The use and monitoring of data providers is explained in the 'Investment Approach' section.

The graphic below summarises how our responsible investment approach helps to serve the individual aspects of our investment philosophy, namely through engagement and research. We appreciate the positive feedback relationship between engagement and research, where research helps to inform engagements and vice versa.

The specific responsible investment actions include voting, engagements, thematic research and bottom-up ESG analysis.

Our Responsible Investment team provides the resource to carry out each of these actions. The team's delivery includes defining TrinityBridge's voting principles, supporting analysts and investment managers with engagement, supporting collaborative engagements, producing thematic research and creating ESG integration frameworks and questionnaires for each asset class.

Responsible investment approach

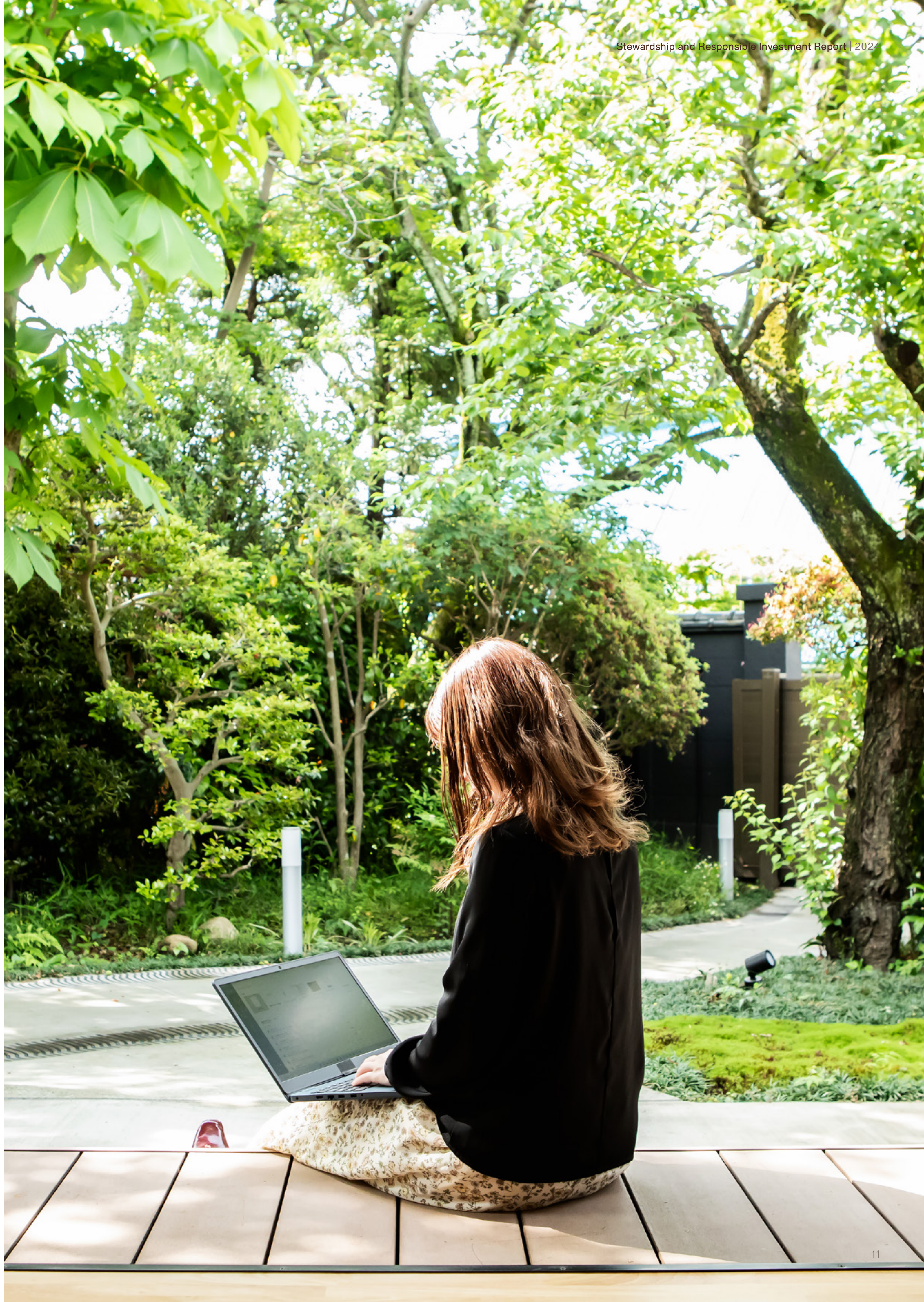


IRC – Investment Review Committee

RI – Responsible Investment

IM – Investment Manager

Source: TrinityBridge.



Stewardship and Responsible Investment Report | 2024

Our Responsible Investment team functions

The Responsible Investment (RI) team are TrinityBridge's in-house experts on ESG issues and are central to integrating sustainability considerations in investment decision-making, working with teams across the firm. Specifically, they manage and monitor our stewardship approach (including voting and engagement), produce thematic research, contribute to our sustainable investment methodologies and fulfil regulatory requirements.

We believe the current structure of the Responsible Investment team provides the functionality that we require as a firm. The team is small because the responsibility for bottom-up ESG analysis for individual securities resides with the security analyst.

Responsible Investment team structure

Head of Responsible Investment	Responsible Investment Analyst	Responsible Investment Associate
Leads TrinityBridge's responsible investment functions, including research, ESG integration, implementation of sustainable investment methodologies reporting and stewardship.	Conducts TrinityBridge's stewardship function, including engagements and reporting, alongside supporting TrinityBridge's other responsible investment functions.	Conducts TrinityBridge's reporting function for regulatory requirements and voluntary initiatives and supports the Responsible Investment team in carrying out all other functions.
Qualifications ACA, CFA ESG Certificate		

Stewardship and Responsible Investment Report | 2024

Responsible Investment timeline

2015
- Ethical screening for Bespoke portfolios

2016
- Launched Ethical Discretionary Management Service (DMS)
- First ESG section in equity research

2017
- First ESG section in fixed income research
- Updated Ethical DMS to Socially Responsible Investment (SRI) Service

2018
- Appointed Head of SRI Research
- Published Stewardship Policy
- Included third-party ESG data in ESG analysis
- ESG tab on funds core list

2019
- Began firm-wide active proxy voting
- Created ESG Investment Committee

2020
- Engaged external consultants on sustainable finance strategy
- Published Responsible Investment Policy
- Launched sustainable funds
- Became signatory to the Principles of Responsible Investment
- First Shareholder Engagement & Voting Report

2021
- Created Sustainability Committee
- Firm-wide sustainable finance strategy
- Climate training for all employees

2022
- Hired Responsible Investment Associate and Analyst
- Became signatories to UK Stewardship Code
- Signed public UK Human Rights Due Diligence letter
- Endorsed Advance initiative
- Introduced sustainable thematic research function
- Established Voting Principles
- Signed the Global Investor Statement on Workplace Mental Health

2023
- Launched Select Fixed Income Fund, incorporating a carbon intensity objective
- Introduced Voting Principles and Custom ISS Research
- Created Engagement Escalation Process
- Introduced new ESG research and anti-greenwashing trainings
- Converted Strategic Alpha into Select Global Equity Fund, employing a carbon intensity objective
- Updated Voting Panel Process & Procedures
- Launched our sustainability and responsible investment page
- Submitted our first PRI Transparency Report
- Initial Target Disclosure to NZAM

2024
- Updated our Stewardship and Responsible Investment Policy to include our commitment to using engagement and research to reduce our exposure to material human rights issues
- Published our first entity- and product-level reports in line with TCFD requirements
- Refined our voting policy to focus on core holdings and internally managed funds
- Updated our custom voting policy to support shareholder proposals that require an independent Board chair
- Continued to report in line with our status as signatories to the PRI and UK Stewardship Code

Source: TrinityBridge.

Thematic research
By their nature, thematic trends develop over years and so must be considered as part of a long-term, prudent investment approach. Having launched the function in FY22, the Responsible Investment team continued to carry out thematic investment research across FY24 to:

1. Identify long-term trends (including sustainability topics); and,

2. Understand whether they might cause material risks and opportunities for investments.

The thematic research also serves the internal research and diversified, long-term aspects of our investment philosophy. It's unconstrained by sector or geography and can be applied to all main asset classes (equities, fixed interest, diversifiers). It can also be utilised by our equity, fixed interest and diversifiers analysts to inform their bottom-up research on risks and opportunities pertinent to their investment ideas.

The themes and associated research are discussed in more detail in 'Investment Approach'.

Active management
The benefits of our active management philosophy and process are:

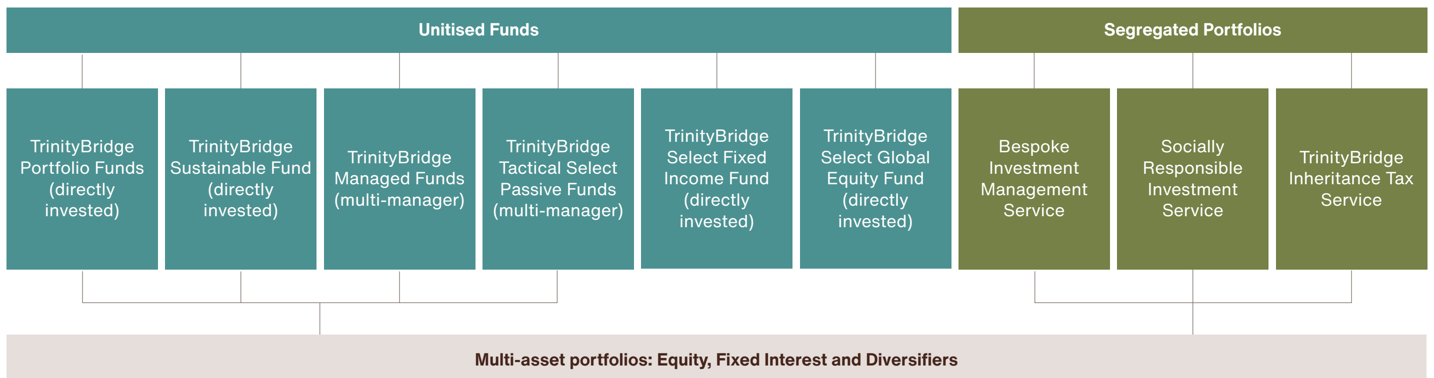
1. The ability to make active asset class and security decisions based on available risk and opportunity information.

Our active management philosophy is a core factor behind how we make decisions. By being active managers, we have the scope to consider systemic and idiosyncratic information relevant to our investments which include ESG issues. This allows us to take a more holistic perspective from which the credibility of an investment case can be judged. In our 'Investment Approach' section, we have outlined the processes we use to understand ESG information for our asset classes and have detailed the updates we have made to formalise the integration of ESG risks and opportunities into our investment process during FY24.

2. The ability to influence investee management on our views of corporate best practice.

Our active management philosophy gives us the opportunity to engage with management through voting and structured discussion. We make a distinction between thematic and ad-hoc engagements. The analyst or investment manager with coverage of the issuer leads ad-hoc engagements. Topics for engagement can be informed by their research, including the ESG section of their investment research notes. The Responsible Investment team, informed by our thematic research or other arising sectorial, national or global sustainability issues that pose material risk to our investments, will lead thematic engagements. There is more information about our engagements in the 'Engagement' section later in this report.

Our product and service range



Source: TrinityBridge. Diversifiers include commodities, alternatives and property.

Stewardship and Responsible Investment Report | 2024

Sustainability strategy

Addressing client demand for sustainability
In FY21, we introduced our Sustainable Finance Strategy (now Sustainability Strategy) that was developed to better meet the needs of our clients and stakeholders with regards to sustainability. The strategy covered our organisation including operations and investments. We have used a traffic light system to indicate year-on-year progress made on each of the 10 areas identified in our FY21 report. Please refer back to our FY23, FY22 and FY21 reports (found on our website) for previous status. Where relevant, the corresponding chapter for more details on certain aspects of the strategy has been detailed in the following graphic.

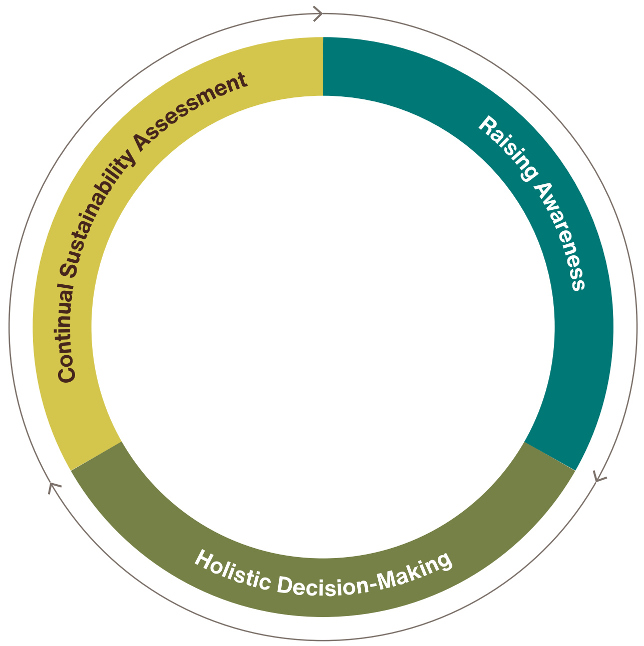
We note that Client Sustainability Preferences remains amber from FY23. We are continuing to progress on workstreams internally that improve our ability to meet the needs and preferences of our clients. First and foremost, we continue to work with the Financial Conduct Authority (FCA) to understand and adhere to the new and forthcoming requirements under the Sustainability Disclosure Requirements (SDR) as they now apply to our funds, and as they may pertain to our discretionary investment management business in the future.

Our FY24 Sustainability Strategy progress

Source: TrinityBridge.

Our Sustainability Strategy has evolved to a three-pronged approach that we operate today: continual sustainable assessment, raising awareness and holistic decision making.

Continual Sustainability Assessment
Establishing credible objectives and assessing performance against objectives and peers to evaluate strategy effectiveness.



Raising Awareness
Facilitating the development of sustainability knowledge across the business and amongst clients through access to training, resources and relevant data.

Holistic Decision-making
Embedding sustainability in investment and business analysis as a supplementary approach to managing risk and identifying opportunities.

Raising Awareness focuses on enhancing understanding among our teams and clients about the role of sustainability in today's business landscape. Through Holistic Decision Making, we ensure that our investment decisions and operational practices consider the broader impact on the environment and society, recognising the challenges of fully integrating these principles. Continual Sustainability Assessment underpins our strategy with a commitment to ongoing evaluation and adaptation, ensuring we remain aligned with evolving sustainability goals and practices.

Our approach is informed by a clear recognition of the role we play in a larger ecosystem, aspiring to make a positive impact over the long-term. With this broad approach we are confident that we will continue to make progress against our commitments – as well as making strides towards considering ESG risks and opportunities across all of our operations – promoting the development of sustainability over the long-term.

Examples of our Sustainability Strategy in action in FY24

Raising Awareness	Holistic Decision Making	Continual Sustainability Assessment
Sustainability and Responsible Investment training for all new employees	Sustainability Committee and Executive Committee provided sign-off of TCFD reports and consulted on approach to the FCA's Sustainability Disclosure Requirements.	MSCI data used to measure the underlying emissions of our Funds with carbon intensity objectives.
Anti-greenwashing advice for communicating our products and services	Collaboration between the Responsible Investment, Investment Risk, and Proposition teams to ensure we meet all regulatory and industry obligations.	Ethical screening data used to ensure our Bespoke portfolios adhere to our client's ethical and values-based preferences.
Anti-greenwashing training for all teams was introduced in FY24		Risk management dashboards being built to help track our progress towards our climate commitments and fulfil climate reporting requirements.
ESG research training for equity research		
Annual update by the Responsible Investment team to the Investment floor on Responsible Investment at TrinityBridge		

Conflicts of interest

As a regulated business, TrinityBridge is required to take appropriate steps to identify and prevent or manage conflicts of interest. These can arise in the course of providing services to clients or where TrinityBridge have any (financial or non-financial) interest in a particular outcome which could disadvantage the client or at the very least not put their best interests first. Our Conflicts of Interest Policy can be found on our website.

The TrinityBridge Compliance team maintains a conflicts of interest register which is reviewed on a periodic basis. The Compliance team may undertake periodic monitoring of the disclosed conflicts. Where a conflict of interest is identified, we will always aim to act in the best interests of clients in accordance with our obligation to treat clients fairly.

We could fall short of being diligent stewards of our clients' capital if at any time our clients are disadvantaged by our organisation or employees. We are therefore particularly conscious of the broad types of conflict that can arise:

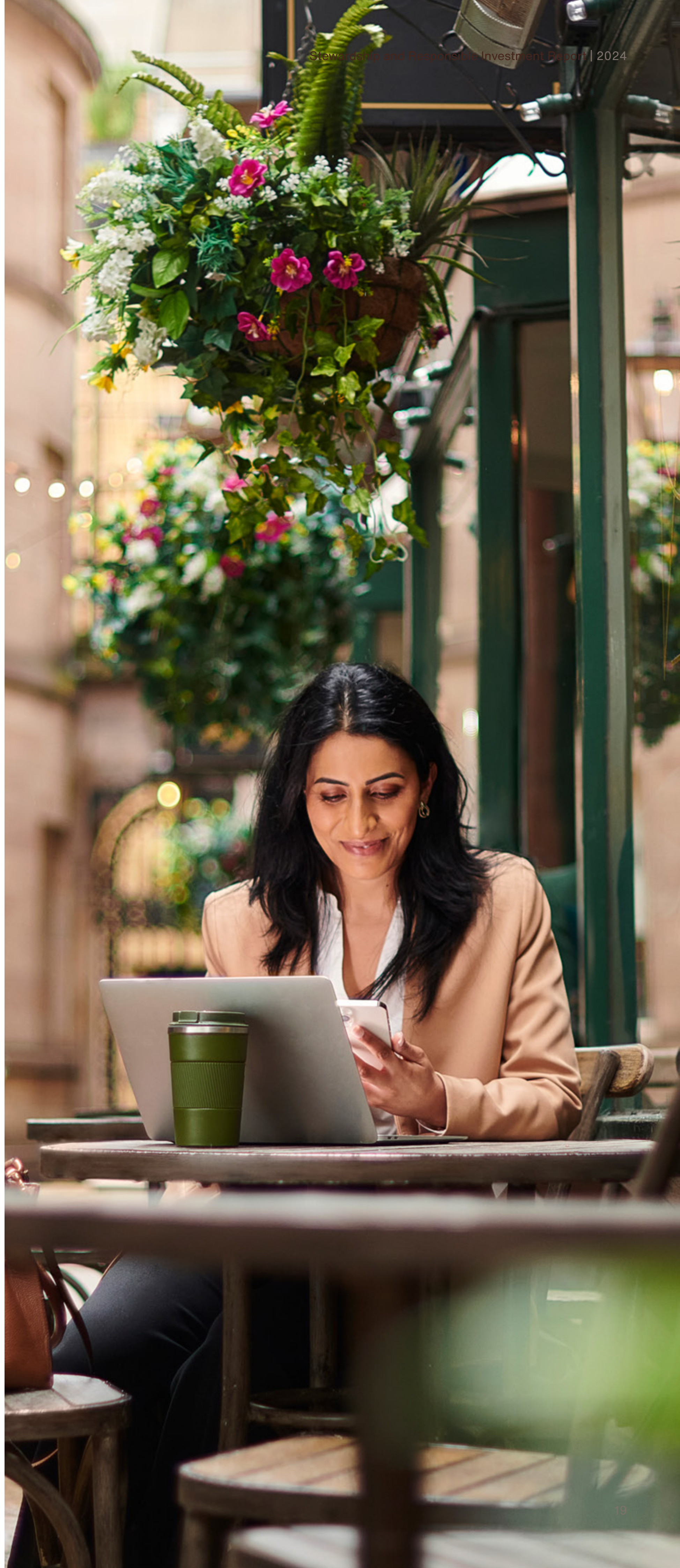
- Where TrinityBridge (or an employee) is likely to make a financial gain, or avoid a financial loss, at the expense of the client
- Where TrinityBridge (or an employee) has an interest in the outcome of a service provided to the client or a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome
- Where TrinityBridge (or an employee) has a financial or other incentive to favour the interest of one client or group of clients over the interests of another client
- Where TrinityBridge carries on the same business as the client
- Where TrinityBridge receives, or will receive, from a person other than the client, an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service; and,
- Conflicts arising from TrinityBridge's own remuneration or other incentive structures.

TrinityBridge has a number of controls in place to make sure that conflicts are appropriately managed when providing services to clients, including:

- Personal Account Dealing policy
- Gifts & Hospitality policy
- Forbidding personal discounts from suppliers, where such discounts are not generally available across TrinityBridge's Outside Business Interests policy
- Order aggregation and allocation
- First line oversight of the use of TrinityBridge discretionary funds within our discretionary management service

More detail on these controls can be found in our Conflicts of Interest policy.

Training on conflicts of interest
Every new employee completes a compliance training module, which covers the management of conflicts. Furthermore, there is an annual refresher of this training that every employee must complete, including a set of assessment questions that must be answered and passed.



Examples of managing potential conflicts of interest

Potential conflict
One of our employees may have a non-financial interest or relationship with a company which we intend to engage with or vote upon. This could create a conflict of interest if this relationship could cause the voting decision or engagement approach to be skewed away from our clients' best interests.

Management of conflict
From a non-financial relationship perspective, no employee may engage in any additional outside employment without prior compliance approval. In certain circumstances, consent may be withheld, or conditions may be imposed. If the employee with the conflict of interest is on the Voting Panel, we require members of the Voting Panel to declare potential conflicts of interest with companies on their watch lists. If a conflict is noted, the employee cannot initiate the vote.

Potential conflict
Our client is a director of a public company we are invested in and we intend to vote against management or the re-election of their directorship. This could create a conflict of interest between the incentives of our client as the director and our duty of stewardship to all the clients' best interests.

Management of conflict
Where our client is a director of a public company which is held in their TrinityBridge investment portfolio, the shareholding is separated into a distinct account that has an execution-only mandate. This is marked on our systems, and we do not vote on this shareholding. If the client wants to vote on their shares they can do so by direct instruction. If their investment manager is due to be the initiator of the vote, the investment manager must declare the conflict of interest and the vote will be managed by the other largest holders or Voting Panel members without a conflict.

Stewardship and Responsible Investment Report | 2024

Example of managing a conflict in FY24

Conflict
The largest internal owner of an issuer indicated to the Voting Panel that they had been instructed by clients to vote a particular way at the issuer's AGM. A potential conflict of interest was identified due to a non-financial interest in the issuer held by one of the Investment Manager's clients.

Management of conflict
The Investment Manager in question recused themselves from voting on behalf of discretionary clients. The Voting Panel member responsible for voting on this issuer consulted other Investment Managers who held the issuer without potential conflicts of interest, to establish a unified approach to the AGM proposals. The aforementioned client requests were sent to our Asset Servicing team to be separated from discretionary holdings, ensuring appropriate processing of all shares.

Stewardship and voting conflicts of interest
Specific stewardship and shareholder engagement conflicts can arise if we are not aligned with shareholders' interests in shareholder resolutions, e.g. if we have a commercial interest that could influence how we vote for a resolution.

If an employee with a conflict of interest is on the Voting Panel, we require members of the Voting Panel to declare potential conflicts of interest with companies on their watch lists. If a conflict is noted, the employee cannot initiate the vote.

On occasions, arrangements made to prevent or manage a conflict may not be sufficient to ensure, with reasonable confidence, that the risk of damage to client interests will be prevented. In this situation the nature of the conflict must be fully disclosed to the client prior to undertaking any business for the client.

Stewardship and Responsible Investment Report | 2024

This disclosure must:

- Be made in a durable medium (i.e. personally addressed to recipient, easily storable and can be reproduced)
- Include a specific description of the conflicts of interest that arise, considering the nature of the client
- Include a description which shall explain the general nature and sources of conflicts of interest, as well as the risks to the client that arise as a result of the conflicts of interest and the steps undertaken to mitigate these risks, in sufficient detail
- Clearly state that the organisational and administrative arrangements established to prevent or manage the conflict are not sufficient to ensure, with reasonable confidence, that the risk of damage to the interests of the client will be prevented; and
- Enable the client to take an informed decision with respect to the service in the context of which the conflict arises

We do not deem disclosure alone as sufficient to manage a conflict. The Conflicts of Interest Policy will be considered deficient if there is an overreliance on disclosure.

In all scenarios, if the level of risk from a potential conflict of interest continues to be too severe, TrinityBridge will decline to provide the service requested.

Market-wide and systemic risks

Identifying market-wide and systemic risks
Identifying and managing market-wide and systemic risks is one of our key objectives as an asset manager. As discussed in this section, our investment philosophy is centred on prudent investment management.

We apply a diversified approach to help us manage risks and deliver returns over a long-term time horizon.

Our risk management framework starts with our long-term Strategic Asset Allocation (SAA). The SAA determines the optimal mix of asset classes in a portfolio for a variety of risk profiles. In order to determine the SAA, we utilise Moody's Analytics, who provide us with long-term return and risk forecasts which we apply to our own asset class assumptions in order to create the optimal mix of asset classes for long-term investment returns at a given level of risk.

To be prudent, all our clients have a risk profile which has a corresponding SAA. We recognise that there can be prolonged periods of time when asset class returns deviate from long-term expectations. Therefore, as active investors, we aim to add further value to our clients' portfolios through tactical asset allocation.

Tactical Asset Allocation (TAA) involves adjusting the weightings of a portfolio relative to the strategic position to actively take advantage of changing economic and market conditions.

By doing this we aim to manage market volatility. We use a framework that focuses on key high-conviction investment ideas taking into consideration macroeconomic issues, systemic and market-wide risks and valuation. Our TAA is determined by our Investment team on a quarterly basis, and can act as a guide for investment managers. The Investment team discusses the key drivers of markets and asset class implications using prevailing data points and seasoned judgement before arriving at a high-conviction view. We take a six-to-twelve-month view when making tactical adjustments, which are intended to improve returns and reduce the risk of our clients' portfolios. Nevertheless, such tactical adjustments do not fundamentally alter the portfolio's risk profile.

Supporting our asset allocation, we aim to add value through investment selection, for which we conduct our own research. Our dedicated in-house research team of analysts carries out robust and in-depth analysis on potential new investment ideas across all asset classes on a global basis. This research includes ESG considerations, as explained further in 'Investment Approach.'

Our research helps us to limit our investment risk by identifying assets that are high quality and liquid. Our research team provides a core investment universe for our investment managers in the form of well-researched and rated (buy, sell or source of funds) securities, from which each manager may find investment ideas to build their clients' portfolios.

To further manage our clients' assets' risks relative to the market, we vet turnover and exposures at monthly Product Governance Review (PGR) meetings for our funds and quarterly Bespoke Governance Review (BGR) meetings for our Bespoke portfolios.

Ongoing monitoring of Discretionary portfolios is managed through the BGR process. The First Line Bespoke Investment Risk team use the Risk Management System to ensure that the client's portfolio has not veered from their objectives and that the strategy is still appropriate for the client. This system ensures compliance with investment limits, restrictions, risk exposure and performance.

The Investment team discusses macroeconomic, political and company risks on a daily basis at our morning meeting as and when they emerge.

Our research analysts host meetings for our investment managers with external industry experts to identify impending market and systemic risks on a regular basis.

Our macroeconomic views evolve over the quarter and are informed by an ongoing series of meetings addressing the key issues identified by the 'core view' voting process, as well as any ad-hoc issues that emerge. The quarterly Macro Forum provides a dedicated opportunity for the investment team to discuss macroeconomic issues and review the information gathered over the quarter.

The Responsible Investment team also conduct thematic research as described in this section. This is communicated via written reports which are also presented to the Investment team. They also guide the research analysts in carrying out bottom-up ESG analysis of our investments to identify material ESG risks. See 'Investment Approach' for more detail on the thematic research and how we analyse ESG risks for different asset classes.

Our Risk team conducts post-trade monitoring. They look at the specific trade history alongside market movements and how the portfolios performed during those times and monitor the risk/return corridors of each portfolio and their liquidity constraints. The functions of the Performance and Risk team are separated into First Line Risk for the unitised funds, First Line Risk for bespoke investment managers, and a Performance team.

Stewardship and Responsible Investment Report | 2024

Example one

Identifying market-wide and systemic risks associated with the UK general election

In April 2024, the UK government announced that a general election would take place on 4 July 2024. As a regime change was likely, we assessed the potential impact on the UK economy, seeking input from multiple key strategists and economists both within TrinityBridge and externally. We discussed the situation in daily meetings and in multiple internal forums, including specific implications for fixed income, equities, managed funds and diversifiers. In particular, we identified dovish messaging on UK interest rates as UK inflation was falling and likely to continue falling. We deemed the risks to diversifier investments as limited to positive, particularly in energy and infrastructure. The key risk we identified was the risk of the UK's credit outlook being downgraded, triggering a negative effect on gilts.

Our effectiveness: Ultimately, we were able to identify the key potential risks with enough time to adequately assess our own exposure. As multi-asset investors, we concluded that our exposure to the UK was balanced with investments in other regions enough to adequately mitigate any potential crystallised risk.

Example two

Identifying market-wide and systemic risks associated with the global technology sector

July 2024 proved to be a particularly challenging month for global technology firms. A global IT outage, the prospect of tighter controls on US technology exports and threats from then-candidate Trump to leave Taiwan undefended amalgamated in July and resulted in a retreat for the sector. At the end of the month, markets faced a second rout, with several catalysts. At the July Federal Open Market Committee (FOMC) meeting, committee members chose to leave interest rates unchanged, but soft business survey and employment data then rattled investors, leading to fears that the Fed was leaving interest rate easing too late and a recession was impending. This also coincided with the Bank of Japan hiking rates sooner than had been expected, which then led to a sharp rise in the yen and a fall in Japanese equities. We discussed our exposure to the technology sector and identified the potential of US recession as a key risk. A revival in inflation would risk the market losing faith in interest rate cuts, enabling the possibility of further increases.

Our effectiveness: In our tactical asset allocation forum, we ultimately concluded that labour market risk had increased but other broad economic activity indicators still looked robust, which was a positive sign for US technology and the US economy more generally. Within our oversight forums, we identified the key risks with sufficient time to assess that formal action made in response was not warranted.

Example three

Identifying market-wide and systemic risks associated with Russia's invasion of Ukraine

Our FY22 and FY23 reports discuss how we identified and managed the risks associated with Russia's invasion of Ukraine. During the FY24 reporting period, we continued to monitor the situation and its accompanying risks. This topic is consistently raised and assessed in internal meetings and communications.

In August 2023, Ukrainian forces intensified missile and drone strikes across the Crimean region. Russia launched a renewed offensive in eastern Ukraine in April 2024, focusing on the Donetsk region, aiming to capture strategic cities and disrupt Ukrainian supply lines. By July 2024, both sides reported increased military engagements and territorial disputes. International concerns over humanitarian impacts continued, triggered by heightened shelling in civilian areas.

We identified key risks as:

- Higher prices and intensified competition in the global market for liquefied natural gas (LNG), exacerbated by Europe increasing its LNG imports through its RePowerEU plan aiming to eliminate reliance on Russian fossil fuels by 2027.
- Fluctuations in oil prices, with increases adding upward pressure on inflation rates in many Western economies; and
- Disruption of energy supplies and resulting price volatility having ripple effects across various sectors, contributing to higher production costs and therefore consumer prices. This situation has further exacerbated inflationary pressures in many Western economies.

Overall, our exposure to Russian securities and debt, including both direct and third-party funds, was found not to be material. We have systems in place to monitor any direct exposure to sanctioned companies and we follow the law by not investing in them. We also installed a ban on buying Russian securities since the invasion.

Our effectiveness: We believe these controls effectively mitigate the risks as identified and we will continue to monitor the situation and its related risks and opportunities.

How our investments are aligned to sustainability risks

We continue to see a transition to a sustainable world as an important trend that presents both positive and negative systemic risks. The integration of ESG risks across our asset classes is ongoing, which is explained further in 'Investment Approach.' Furthermore, our clients can opt to apply an ethical screen or exclusions to their bespoke portfolios, invest with our SRI Service or our Sustainable Funds.

We continue to seek opportunities to engage with the broader industry and provide feedback on initiatives to improve clarity around sustainable investment labels and criteria, with the aim of eliminating greenwashing and creating more clarity for clients.

We do not market our funds in Europe and therefore do not fall under the Sustainable Finance Disclosure Regulation (SFDR).

We use the resources provided by our associations, including the PRI and FCA definitions, to guide us in the development of our responsible and sustainable investment approaches. The FCA published its final policy statement on the UK's Sustainable Disclosure Requirements (SDR) in November 2023, and we have been aligning our funds to the requirements where appropriate. In FY25, our Sustainable Balanced fund obtained a Sustainability Mixed Goals label under the SDR. Looking further ahead, we will monitor the potential extension of SDR to portfolio management.

How we have improved our climate risk management

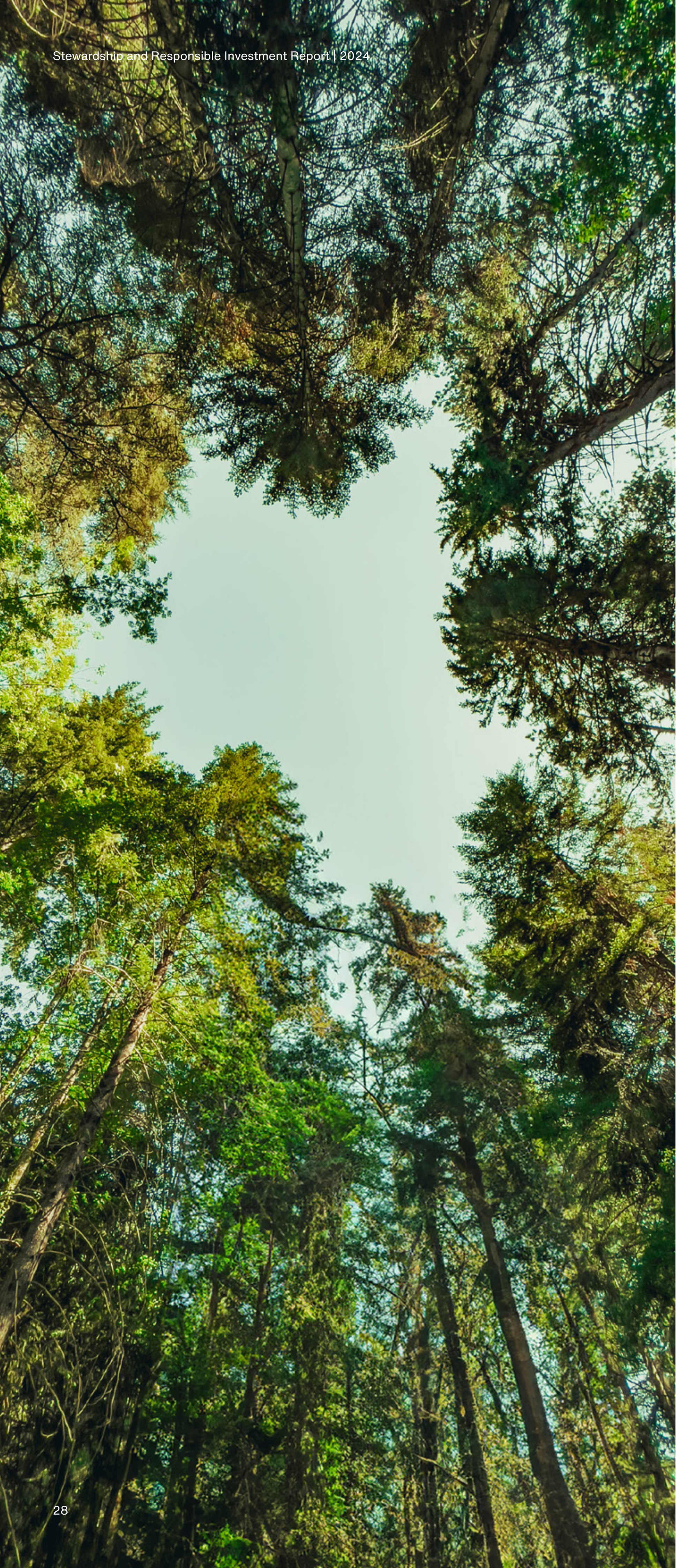
The European Copernicus Climate Change Service confirmed 2024 was the warmest year on record globally, reaching 1.6°C above pre-industrial levels. Exceeding the critical 1.5°C threshold for the first time. Although 1.5°C is a long-run average, we are aware that every increment of warming will increase the chance and severity of hazards.

We are cognisant of the impending risks and opportunities stemming from the physical risks of a warming world and the transition risks associated with a transition to a lower carbon economy. Throughout FY24, we have continued to develop our climate risk management through setting targets, reporting and research. See overleaf.

Key aspects of our sustainability risk management approach

	Target setting	Reporting	Research and risk management
TrinityBridge	See 'Target Setting' section for more details See 'Sustainable Funds' section in the 'Investment Approach' part of this report	First entity-level and product-level TCFD reports published in 2024 Annual reporting to the PRI	MSCI climate change metrics Thematic research ESG analysis

Stewardship and Responsible Investment Report | 2024



Target setting in FY24
At the beginning of FY24, TrinityBridge made its inaugural climate target disclosure to the Net-Zero Asset Managers (NZAM) initiative.
The disclosure was based on the Net Zero Investment Framework. 18% of TrinityBridge's AUM has initially been committed to our climate targets.
The targets disclosed were:

Portfolio coverage target
100% of AUM in material sectors will be considered net-zero, aligned, or aligning by 2050.

Portfolio decarbonisation reference target
Weighted average carbon intensity (WACI) will be 50% below relevant benchmarks for each committed portfolio by 2030 from a 2019 baseline.

Engagement threshold target
By 2025, 70% of financed emissions (Scopes 1 and 2) are either aligned to a net-zero pathway or subject to direct or collective engagement and stewardship actions.

NZAM as an initiative is currently undergoing a review of its purpose and effectiveness across global markets. Meanwhile, TrinityBridge intends to deliver on its commitments. We will be reporting against our targets in FY25.

Task Force for Climate-Related Financial Disclosures (TCFD) reporting in FY24
In FY24, we submitted our first entity-level and product-level reports under TCFD. These reports include an overview of our approach to climate governance, strategy and risk management, as well as the key climate metrics used to assess the exposure our Funds and TrinityBridge as the entity have to climate transition and physical risks. These metrics included: financed emissions, WACI and implied temperature rise (ITR). The entity and product-level reports also include an overview of our approach to understanding climate scenarios and an assessment of the relevant climate value at risk (CvaR) metrics. We will continue to report this information on an annual basis in line with TCFD requirements.

Sustainability Disclosure Requirements (SDR) reporting from FY25
Starting in FY25, we will be reporting on the carbon intensity objectives of our Funds in their consumer-facing disclosures in line with the UK SDR.

Research in FY24
In FY24, our thematic research explored the risks and opportunities stemming from the energy transition.

Therefore, to obtain a more holistic understanding of how our investments might be exposed to the energy transition, our research covered life cycle emissions, sustainable buildings, voluntary and nature-based carbon offsets, energy transition, electric vehicles, and nuclear capacity. Further details on this research as well as other topics can be found in 'Investment Approach'.

Working with wider stakeholders and industry initiatives to promote a well-functioning market and to manage risk
We believe working collaboratively with wider stakeholders and industry initiatives is vital in facilitating and adding greater influence to our engagements with investees and regulatory bodies. By engaging, we can hold both companies and regulators to account and help reduce risks to our shareholders where the risks are localised, and to the wider market where the risks are systemic. Please see 'Engagement' for more detail on our engagement with stakeholders and industry initiatives. In particular, the PRI is a network that provides us with a platform to help promote well-functioning markets. We have also been engaging with the SDR process through regular forums hosted by the Investment Association ('the IA').

We often engage to seek greater disclosure from companies (see 'Engagement') and the result of greater disclosure is a more informed market that functions more efficiently.

We also engage collaboratively on industry initiatives that seek to address broad themes or even systemic issues as a core part of our engagement strategy. In FY22 we joined an industry campaign to address the issue of ongoing costs and charges figure (OCF) for investment trusts.

Governance

Information about governance at TrinityBridge can be found in our FY23 report, on our website. During FY24 and shortly thereafter, we experienced some changes in our governance structure. Firstly, we reviewed the scope of our ESG Committee and decided to rename it as the Responsible Investment Committee to more accurately reflect the scope of our work and the outcomes we want to achieve. Secondly, we no longer have a Chief Investment Officer role. The responsibility previously held by this role has been transferred to the Head of Wealth Planning, who oversees our Financial Planning, Funds, Intermediary Partnerships, Workplace Financial Wellbeing and Investment teams.

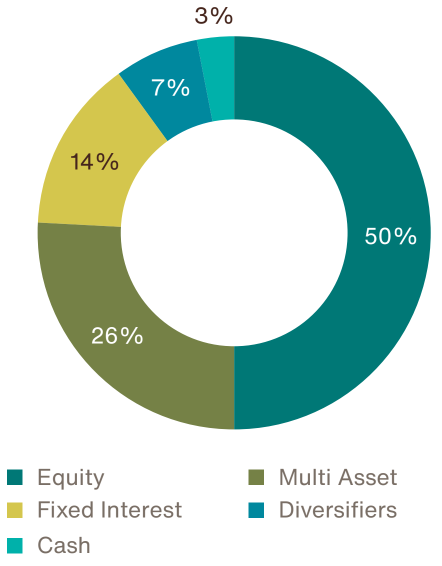
Investment approach

Our clients and assets under management
TrinityBridge's assets under management (AUM) were £19.3bn as at 31 July 2024. This is the combined AUM of our unitised funds and segregated bespoke portfolios, as described in 'Purpose, strategy and governance' which total our complete investment management service. The pie charts display the AUM split by asset class and region. Notably we are predominately invested in equities and in the UK where investments are made in a single region.

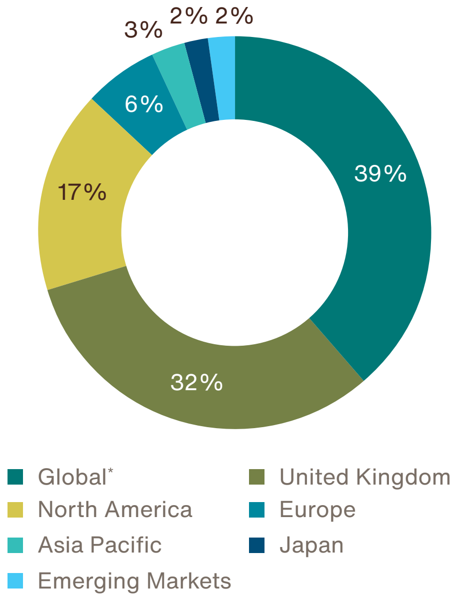
We work with a primarily retail client base of individuals, business owners, families and their advisers, who are looking to preserve and grow their long-term savings and investments, as well as charities and trusts. More than 50% of our clients are based in the United Kingdom. Across our client base we seek to provide an institutional quality investment management service.

The pie charts display the AUM split by asset class and region. Notably we are predominately invested in equities and in the UK where investments are made in a single region.

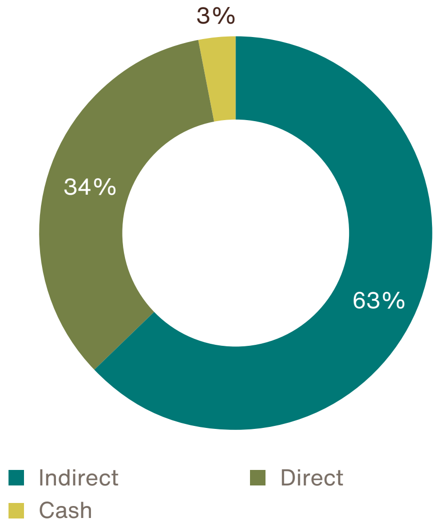
AUM split by asset class, 31 July 2024



AUM split by region, 31 July 2024



Split of AUM by direct and indirect investments



* A fund that is invested in more than one region

Note: Diversifiers include commodities, alternatives and property.

Source: TrinityBridge.

Our investment time horizon and alignment with client needs
Across most of our segregated portfolios and advice business, we engage directly with our clients and ensure that their personal and financial aims and objectives are linked closely to the investment strategy put in place.

For most of our directly advised clients, we expect their investment time horizon to be at least five years and mostly beyond. This is aligned with our understanding of industry practice and allows a client to remain invested through at least one economic cycle. We believe this is appropriate to mitigate the effects of an economic downturn, should the client be invested during one. In many cases, we have relationships and investment strategies which straddle multiple generations within a family and will take that into account when positioning their investment strategy.

We incorporate the five-year time horizon into the investment objectives and policies of each of our unitised funds, across all relevant asset classes. We aim to maximise returns for our clients in these funds over this period.

Listening to our clients
For most of our segregated clients, we have a direct relationship either through one of our financial planners, a bespoke investment manager or both. Via this direct relationship, we can build a strong and thorough picture of our clients' views, needs, requirements and beliefs.

Bespoke investment managers will then use their knowledge and experience to determine the appropriate risk level, asset allocation and stock selection to meet the client's objectives while considering their expressed preferences and beliefs. The investment manager will then confirm the suitability of the client's portfolio on a regular basis, dependent on which service is being provided (see table on the next page). We will also engage with clients on a regular basis to ensure that any changes in their circumstances or views are captured and reflected.

For other clients, whose relationship is intermediated through external financial advisers, we rely on the latter to ensure that the investments are suitable and clients' views are reflected. Our clients who invest directly through our self-directed platform are provided with the information they need to make an objective assessment of the most appropriate investment, including our own funds.

For clients investing in our Sustainable funds, our Socially Responsible Investment (SRI) Service, or who have opted to apply an ethical screen or exclusions to their discretionary portfolio, we ensure that they have a full understanding of the security selection process, through the fund or service documentation or regular meetings, and what may, or may not, be included in their portfolios.

As part of the Bespoke Portfolio Service that we offer, clients can opt to screen out companies that are unaligned to their ethical values. We use Ethical Screening as our service provider for this functionality and our investment managers use a questionnaire to help identify industries or activities clients want to avoid on ethical grounds.

The questionnaire indicates the level of activity involvement that would be screened for as well as the number of companies that would be excluded should the client choose to avoid a particular industry or theme.

Once we have captured Bespoke clients' screening preferences, our Risk team carries out weekly post-trade screening and notifies the investment manager if any trades are in breach. The investment manager will then make adjustments to the portfolio as appropriate.

Frequency of suitability confirmation

TrinityBridge relationship owner	Suitability confirmation period
Financial planner	Annually
Bespoke investment manager	Every 18 months

Integration of ESG issues
Central to our investment philosophy is being an active investor, as illustrated under 'Purpose, strategy and governance'. Being an active investor allows us to make judgements on the materiality of idiosyncratic and systemic environmental, social and governance risks and opportunities for our investments.

We prioritise those environmental, social and governance issues which we deem to be financially material to our investments, on a case-by-case basis. We believe considering material ESG issues is important because they provide an additional information set and more holistic perspective from which the credibility of an investment case can be judged. Our analysis of ESG issues can benefit from our long-term prudent investment approach given these issues often materialise over a multi-year period. Being cognisant of ESG risks and opportunities over an extended period helps to fulfil our stewardship responsibilities and align our investments with our clients' long-term financial goals.

We consider ESG issues through bottom-up fundamental and top-down thematic research.

Top-down thematic research
The bottom-up analysis conducted by our research analysts is complemented by the top-down thematic research conducted by our Responsible Investment team. The thematic research provides investment managers and the wider business with insights into sustainability topics and longer-term social and environmental trends and themes. The research also helps inform our stewardship and collaborative engagement approach where we have identified material issues stemming from these topics or themes. The Responsible Investment team will collaborate with sector-specific analysts as necessary.

Our thematic research across FY24 has been mainly centred on the energy transition. We believe that the energy transition is a multi-decade theme creating investment risks and opportunities now and into the future. As diligent stewards of our clients' capital we therefore have a responsibility to understand the materiality of these issues for our investment decision-making.

Specifically, the research has covered the following topics:

- Electric vehicles - life cycle emissions
- Electric vehicles – grid stress from charging
- Electric vehicles – charging point availability, fire hazard risk and insurance costs
- Sustainable built environments
- Voluntary carbon offset markets
- Nuclear power capacity trends

Demonstrating our intellectual capital

In addition to our work on the energy transition, in FY24 we launched the first of four thematic reports in a new thought leadership series called Intellectual Capital (IC). The series is based on in-depth, in-house research and each report will explore a different long-term structural theme. The series will support client conversations by providing valuable data-driven insights with a best-in-class written report and supporting bite-sized content designed to help clients understand how these long-term themes might affect the economy, industries and companies.

The first report, *Shifting Demographics*, takes a deep dive on the risks and opportunities that an ageing population can create. Driven by growing and ageing populations, migration and education, and wealth standards, demographics are certain to shift over time. These shifts will have material effects on sectors such as healthcare, life sciences and pension services. *Shifting Demographics* is available to download via our website.

Key takeaways of *Shifting Demographics*:

- The global population is rapidly ageing. This creates macroeconomic risks from a decreasing labour supply and an increasingly dependent older population
- A decreasing labour supply, coupled with plateauing workforce participation rates, will precipitate the need for improved productivity (e.g. technological upgrades) to maintain economic growth
- An ageing population also creates investment opportunities across healthcare and financial services, as demand increases for products and services that cater for the elderly
- Empirical evidence from Japan suggests population ageing is deflationary overall. Whilst a shrinking workforce can be inflationary, costs associated with greater longevity weigh on growth, and thus inflation. However, the macroeconomic impact of a global severe ageing event is less well understood or well-studied
- China's population decline is significant from a macroeconomic perspective because of its relative speed and quantum. Its manufacturing economy will be challenged by a labour supply that is in decline and unsupportive concurrent trends in participation rates, migration and education. Unfavourable age demographics mean that future growth in GDP must be supported by capital and technology investment
- The speed of ageing is not uniform across the world. Countries such as India and Indonesia have a time-bound opportunity to capitalise on their attractive age-demographics and increased economic resources. We find that the age-demographic profile of Vietnam's population to be less attractive, with growing dependency ratios and a shrinking share of the population that is of working age
- India will have ~19% of the global working-age population by 2030 but we think the potential of this population will not be fulfilled if the standard of educational attainment and employment rates are not improved. Whilst overall employment rates have improved recently, a greater share of the working age population are now in primary jobs, reducing total labour productivity and acting as a drag on annual growth per capital value added. We do see opportunities from the urbanisation of the population and companies like the private bank, HDFC, are well placed to capitalise on these trends, as demands for banking services increases

Bottom-up fundamental research
We are progressing our integration of ESG considerations across our investment types: direct equity, direct fixed interest, diversifiers and active third-party fund managers. Broad examples of factors in each of the E, S and G categories include, but are not limited to the following:

- Environmental factors – emissions, climate change, biodiversity, resource depletion, waste, pollution, deforestation
- Social factors – human rights, modern slavery, child labour, working conditions, employee relations
- Governance factors – bribery and corruption, executive pay, board diversity and structure, political lobbying and donations, tax strategy

Integration of ESG considerations across our investment types

Investment type	ESG integration	FY24 approach	FY25 future developments and intentions
Equity	Yes	The current framework for initiation notes links the fundamental business drivers with material ESG risks and opportunities, or externalities. Equity analysts completed their additional ESG integration training, which began in FY23, by covering the impact of key ESG issues in the technology, media and telecommunications sector.	Increase AUM with ESG integration coverage as more stocks are initiated on.
Fixed Interest	Yes	The current framework seeks to identify key ESG risks to the investment case, to protect against the downside business case. Fixed interest analysts completed their additional ESG integration training, which began in FY23, by covering the impact of key ESG issues in the technology, media and telecommunications sector.	Increase AUM with ESG integration coverage as more stocks are initiated on.
Third-Party Funds (Active)	Yes	We have sent a standardised questionnaire to ~95% of our core holdings to help collate information on how active external third-party funds are developing their ESG integration and sustainability approaches. To date, we have heard back from 96% of these.	Roll out the questionnaire to an increasing number of our third-party diversifiers. Conduct trend analysis where we have 2+ years of responses from a fund or manager. Utilise the answers as context for future discussions with fund managers.
Diversifiers and Property Collectives	In progress	We continued to send a standardised questionnaire for all hedge fund holdings. The questions are either answered using YES/NO or a quantitative scale which allows holdings to be compared. Supplementary detail is then also provided by the holding.	Future developments remain the same as they were for FY24. We are still aiming to develop a questionnaire for the remaining sub-asset classes of our diversifiers (e.g. private equity, infrastructure etc).

For the investment types that have a formalised process to understand relevant ESG information, the analysis is performed by the analyst (or investment manager) covering the fund, trust or company. We believe this is best practice because the analysts have a deep understanding of their coverage and it allows ESG information to be considered in conjunction with financial information. We aim to integrate ESG analysis as part of new initiation notes, but the extent of ESG analysis can very across different investment teams and investment types.

The Responsible Investment team – our experts on sustainability themes and ESG factors – guide our analysts in the integration of ESG factors in their research process and provide our Investment team with ongoing education about key sustainability issues which are pertinent to relevant sectors. Material ESG factors are discussed in detail within our analysts' research reports and considered in each investment case. In FY24, our analysts completed their externally provided training on in-depth ESG analysis across several sectors.

Geographic variabilities
Where we invest directly, we are predominately developed market investors (i.e. North America, Europe and Japan), with some exposure to financial services and capital good companies in Southeast Asia. Our investment managers will also use managed funds and listed investment trusts where they are available to obtain exposure to other geographic markets or diversifying asset classes.

We are mindful of geographic standards and geopolitical risks (see 'Purpose, strategy and governance') when considering the ESG issues of an investment.

We understand that norms vary between regions and we take this into account from our initial analysis of investments through to our engagements. Whilst we use third-party global ESG ratings to sense check our analysis, we have found that these may not take into account regional nuances and therefore if we have any concerns regarding a third-party assessment of any investment, we will engage directly with the issuer to understand their position further.

How we approach ESG issues across the different asset classes is outlined in more detail in this section. These geographic and asset class differences apply to our engagement, escalation, and voting approaches.

Direct listed equities
Our equity investment research approach focuses on identifying good quality companies, with strong balance sheets, robust governance and competent management, that are priced attractively. An integral part of our understanding of the quality of a business is to consider the risks and opportunities posed to it by non-financial issues.

Our equity research analysts incorporate a qualitative analysis of financially material ESG issues into their initiation reports within a defined section.

The section is structured around an ESG integration framework which asks our analysts to consider the following broad questions:

- What are the key drivers to the business model and the investment case?
- How might ESG issues and externalities affect those drivers and the value of the business respectively?
- What is the likelihood of those ESG issues arising and over what time period?
- What are management doing to mitigate the risks or capitalise on the opportunities?
- How might the above information affect the financial statements?
- Have the answers to the above questions affected the investment case?

To answer the framework our analysts will use proprietary knowledge, third-party ESG data, industry research and company reports. Where the investment case is affected, the analyst will explain how this has contributed to the overall recommendation (buy, neutral or source of funds).

TrinityBridge examples

American energy corporation

Issue
This company has been included in our coverage for several years and in that time our recommendation has shifted between neutral and buy recommendations. Like the wider energy sector, this company has faced growing regulatory pressure to disclose environmental metrics and develop plans to shift towards more renewable energy. This is accompanied by shifts in client demand towards more sustainable products. We decided to refresh our analysis of the company, including a robust ESG analysis.

Process
The last time we carried out an ESG analysis on this company, it was under our previous framework. This was our first refresh of the ESG analysis on this firm since we updated the framework in 2022. Our research identified that the stringent regulatory environment targeted at fossil fuels had accelerated closures of European refiners. This suggested that industry operators were not expecting a return that justified spending as much capital as needed by a refinery and instead were shifting capital towards the construction of refineries that process food waste or convert agricultural products into sustainable fuels. Additionally, global petroleum demand growth was expected to outpace new refining capacity additions from 2025. This created an opportunity for this oil refiner to maintain its capacity to supply refining products in an environment of diminishing overall capacity.

Outcome
We upgraded our recommendation on this company from neutral to buy due to the strong opportunity for this refiner to take a larger share of global refining capacity. Therefore, in our view, as the demand for refined oil products remains relatively strong, the refiner is well positioned to experience economic upside.

European computer game developer

Issue
We identified a potential investment opportunity in a leading computer games business due to impressive profitability numbers, but the governance of the company raised red flags.

Process
We conducted an initial analysis on this company, which raised some concerns. Firstly, a change in the company's year-end date resulted in it reporting outcomes for a 15-month period and comparing these to the prior 12-month period, without proper framing to appropriately contextualise the results. We also noted that the company had a dual share class structure, with the CEO having a 28% shareholding, but approximately 50% of the voting rights. We met with the founding CEO at a conference during the reporting period and learned that the company had been carrying out increasingly larger M&A deals, raising significant equity and debt, whilst acquiring assets at peak valuations during a Covid-19-induced bubble. The company then suffered after a series of poor launches led to restructuring, layoffs, and selling off assets too quickly to raise cash. All of these events suggested to us a lack of transparency in its financial reporting and weaknesses in governance and oversight.

Outcome
Ultimately, our concerns about the company's governance led to a decision not to invest in this company.

Small cap direct listed equities
The ESG data available for small cap equities by third-party ESG research providers is much less prevalent than for larger caps. This creates an opportunity for our small cap investment managers to pursue their own ESG analysis and engagement practice. The main focus continues to be on governance issues. If our analysis uncovers poor governance practice, with respect to the wider market peer groups and third-party analysts' knowledge, it can be a catalyst for written or in-person engagement, voting against management and a driver for not investing initially or divesting.

Our small cap investment managers have established close relationships and direct communication with the executive level management teams of investee companies, which allows for a deeper understanding of their governance and business strategy as well as a better opportunity to influence good client outcomes. Information obtained from these meetings and analysis of governance structures feeds into research and engagement activities and ultimately investment decisions.

Direct fixed income
Our aim is always to grow wealth prudently over the long-term, so our fixed income research process, carried out by our fixed income fund managers, focuses on finding high-quality, liquid bonds. Typically, these will be high quality sovereign and corporate bonds in developed markets. Corporate bonds can be investment grade, high yield or unrated.

Our fixed income investment and credit research process assesses ESG risks in the same way as all other credit risks. Proprietary knowledge, primary research, rating reports, sell-side analyst notes and third-party ESG data and research reports are all used to evaluate an issuer's ESG risks. Any factors deemed to be material risks are included in a distinct 'ESG' section of a recommendation.

For example, sub-optimal board representation or significant exposure to fossil fuels could be treated as a credit risk, for which the team would then consider the likely impact over the short- and medium-term. This may mean we demand extra compensation to hold a bond (i.e. a greater yield though paying less at outset) or opt to not invest in the bond at all.

Our Select Fixed Income fund investments in bonds are focused on well understood issuers, allowing us to gain a deep understanding of both the ESG and credit risks associated with each.

For Select Fixed Income, if a company has persistently poor governance frameworks, a poor track-record of environmental mismanagement or exposure to industries such as coal, then we would be unlikely to invest in the company's bonds. These types of risk can be sufficiently material that they fundamentally change the investment case of a company – rendering the company not investable until improvements are made.

If a company issues a vanilla corporate bond and a green bond with the same risk/return characteristics then – all else equal – we would invest in the green bond. Whilst we appreciate that the standardisation of green bond criteria needs development, we believe green bonds could enjoy greater market demand in the future making their price more attractive. However, we tend not to invest in the green bonds of 'bad actors' in sectors such as coal and tobacco.

Unlike equity holders, our fixed income investors have no board representation or mechanism for voting. This is covered to a greater extent under 'Engagement.' However, we endeavour to use our 'soft' powers effectively where necessary. Within Select Fixed Income, we are robust with management and are clear that we will not invest in those companies with poor track-records on ESG issues.

TrinityBridge example

British building materials merchant

Issue
We refreshed our analysis on a British building materials merchant during the reporting period. The merchant is a cyclical company, and so its trading volumes and prices are closely correlated with UK GDP growth and with house-buying trends in the UK. Due to a weak period in UK home purchases, and its impact on the company, a major credit rating agency threatened to downgrade its credit rating. We wanted to assess whether our previous buy recommendation remained appropriate.

Process
In our analysis, we noted that despite the negative rating trajectory and other commercial headwinds, the management team have repeatedly made decisions that were unpopular in the short term to preserve balance sheet strength, including a short-term cutting of dividends to zero and reduction of capital expenditure.

As bondholders, these actions gave us confidence in the quality of management and oversight of this company. This was further supported by our ESG analysis, which noted strong scores from external ESG ratings companies, and a credible plan to achieve net-zero carbon emissions by 2050.

Outcome
The actions taken by management presented to us a strong governance case. We have confidence that leadership will continue to take action to provide the firm with financial flexibility to protect its credit metrics. We reaffirmed our buy recommendation for this company and remain invested in it.

Third-party funds (active and passive)
We also invest in third-party funds to utilise external expertise to support diversification, or if an investment remit requires them. Our fund manager research team seeks to identify those managers they believe are the best in their sector or region, across all asset classes. Our assessment of third-party funds is based on a four-pillar process, known as the Four Ps: People, Philosophy, Process and Performance. This process is designed to gather relevant information regarding the fund's essential personnel and resources, the strategy of the fund and its competitive edge, and the process by which the fund aims to utilise its competitive edge and generate returns. We also use historic performance data to determine whether the fund's track record reasonably aligns with expectations based on its style and investment universe in differing market environments.

We utilise a sustainability questionnaire to collate information and/or data from third-party fund providers which may guide us in understanding their own approaches to both sustainability at a firm-level and their approach to ESG-integration and engagement at a strategy level. The questionnaire was updated in FY24 and example questions can be found in the 'Voting, rights and responsibilities' chapter. We've requested the questionnaire be completed by 95% of the funds on our 'Core List' to date and we are using the answers to compare third-party funds we may own. Responses may also provide context for future discussions when TrinityBridge's fund managers again meet the third-party fund managers as part of their regular review cycle of strategies held on TrinityBridge's Core List.

We expect our third-party fund managers to consider all relevant risks and we expect ESG concerns to be included in that. We review each strategy on a case-by-case basis and if we perceive third-party fund managers to be ignoring key environmental or social issues, which could reasonably be expected to have potential negative client outcomes, we will view this as a risk. The assessment of governance at the manager level along with how the strategy considers governance factors in the investment process is a critical part of our manager research process.

Highlights of key items that we may consider are:

- **Firm level –** Alignment of interests, sustainability credentials of senior management, decision making, diversity, voting and engagement approach, policies and industry body participation
- **Strategy level –** Employee training, employee incentives for ESG integration, ESG integration process, engagement, reporting and fund labelling

As our third-party fund coverage is international, we consider varying geographical environments and social and regulatory when analysing funds.

Whilst social and environmental factors do not currently constitute explicit factors upon which we base our third-party fund investment decisions, we may consider ESG ratings and/or SDR labelling of funds on our Core List, alongside the items raised in our sustainability-themed questionnaire.

During our investment process we may include comments on the fund manager's ESG approach and we are not precluded from investing in sustainability themed funds. Subsequently, our in-house manager research team will identify and distinguish where external fund managers are running Sustainable, ESG or Impact strategies and list them under these categories in a separate section of our Funds Core List.

For our passive fund range, we seek to add value by actively investing in index-tracking securities, including Exchange Traded Funds ("ETF") and passive unit trusts.

Among other factors, we analyse the engagement strategies of the ETF providers. We aim to actively engage with ETF providers to deepen our understanding of their stewardship policies as we believe that ETFs that actively engage are more likely to outperform ETFs that do not engage with their investee companies. However, we currently do not analyse the ESG issues of the investee companies of the ETFs in which we invest, nor do we engage directly with them.

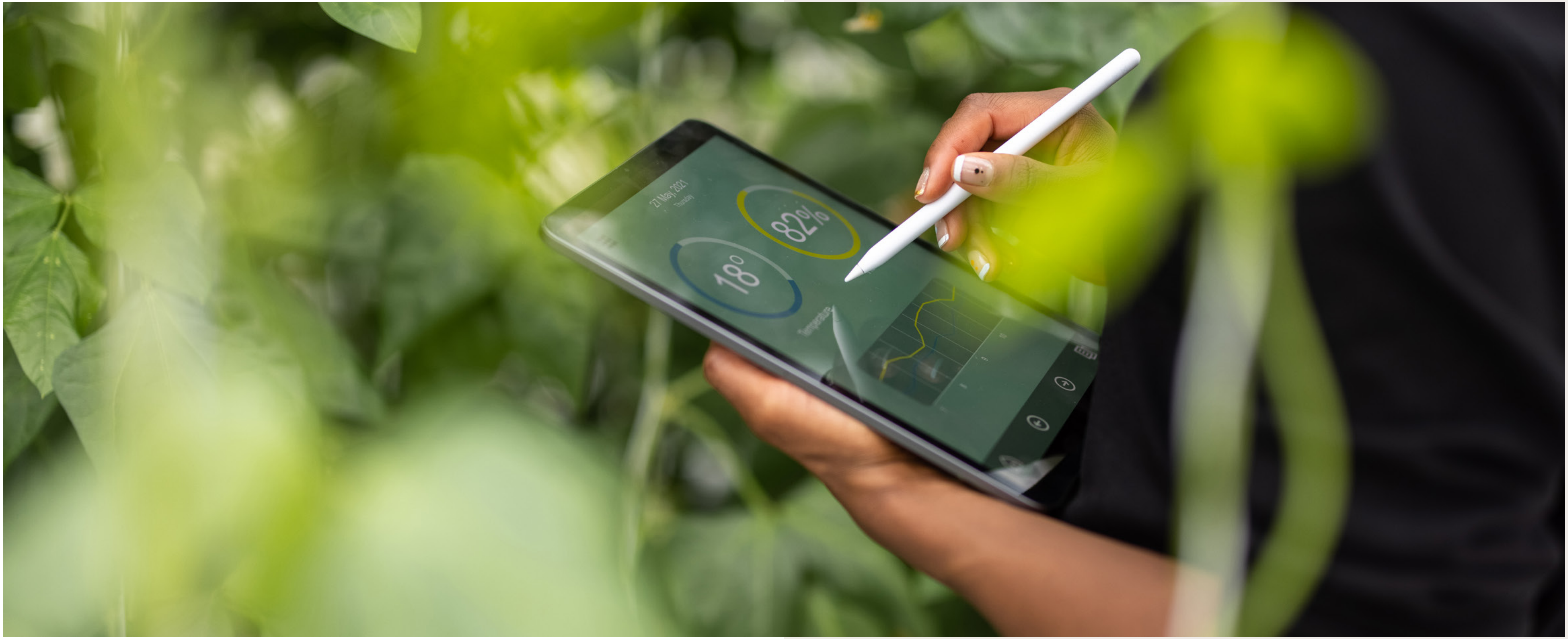
TrinityBridge example

US equity fund with flexible strategy

Issue
We refreshed our analysis of a US flexible strategy fund as part of our regular monitoring. The current manager took over sole control of the fund a few years prior, therefore we were keen to engage with them as part of our continual review and to understand any changes to the personnel and governance.

Process
We met with the fund manager to better understand the investment analysis team, their investment philosophy, the investment processes and discuss the fund's historic performance. Part of our analysis considers how the fund manager governs the fund, and whether this aligns with the overall governance strategy of the managing house.

Outcome
We were impressed by the deep bench of sector and specialist expertise generating analysis for this fund and supporting the sole manager. Fundamental analyst-led research is central to the investment process and many of the analysts also held sustainable investing roles to further support the fund's research capability. The fund seemed to demonstrate a well-balanced blend of competitive advantage with sustainable investment factors and this approach reflected positively in its past performance, further illustrating that sole management had not caused any material governance issues to date. Overall, the process aligns well with our expectations for good fund governance. We upheld our buy recommendation and continue to be invested in the fund.



Diversifiers
TrinityBridge's diversifiers analysts look at the extent of ESG integration at firm-level and strategy-level. We expect our diversifier investment strategies to consider all relevant risks, and we expect ESG concerns to be included in that. We review each strategy on a case-by-case basis and if we perceive diversifier fund managers to be ignoring key environmental, social or governance issues we will view this as a risk.

We use a standardised ESG questionnaire for all hedge fund holdings. The questions are either answered using YES/NO or a quantitative scale which allows holdings to be compared.

The hedge fund managers can then also provide supplementary detail. The questionnaire covers the following areas:

- Firm-level
  - Culture (diversity and inclusion, incentives, commitments and governance)
  - Capabilities (specialist product offering, specialist resourcing)
  - Initiatives (UN PRI, UK Stewardship Code, NZAM, TCFD, SFDR)
  - Voting (voting scope, voting practice)
- Strategy-level
  - ESG integration into investment philosophy
  - ESG integration into investment process
  - ESG integration into portfolio construction
  - Resource
  - Screening

We plan to develop standardised ESG questionnaires for the rest of our diversifier sub-classes, such as private equity and infrastructure.

TrinityBridge example

European renewable energy infrastructure company

Issue
We considered acquiring a new position in an investment company primarily investing in European wind farms and renewable energy infrastructure. The significant share price decline provided us with an opportunity to acquire the shares at levels providing a very attractive return profile.

Process
The company, one of Europe's leading energy infrastructure companies, provides long-term capital to support the energy transition, driving decarbonisation efforts. Our analysis noted that the European opportunity for renewable energy investment will reach €1.3tn by 2030 and €2.5tn by 2050, providing a huge growth opportunity in this market. This growth is being driven both by the European regulatory environment pushing towards decarbonisation and also customer demand for alternative energy solutions.

Outcome
Our analysis identified the financial opportunity presented by this company and the supportive environmental regulatory backdrop. The outcome was underpinned by the environmental factors embedded within the business model driving decarbonisation efforts, mitigating greenhouse gas emissions and enhancing energy security and supply. We decided to invest in this company following a buy recommendation from our analysis.

Our products and services

How our approach to stewardship and ESG integration differs for our investment products
We take a centralised approach to responsible investment, building the integration of ESG factors into our fundamental analysis conducted by our research analysts and investment managers as part of our investment research. However, we also offer investment products and services that prioritise sustainability factors and allow clients to further align their investments to specific values and sustainability themes. To do this, we utilise carbon intensity data, business involvement data, third-party ESG ratings and sustainability impact alignment metrics.

Socially Responsible Investment (SRI) Service
The SRI Service is a multi-asset discretionary portfolio service. Our SRI portfolios aim to maximise returns by investing in global businesses within pre-agreed investment risk constraints and with consideration for wider social, environmental and governance issues. The focus of the investment selection is on the positive alignment of company revenues with the United Nations' Sustainable Development goals (UN SDGs).

In addition to traditional financial analysis, the framework for our SRI portfolios includes three building blocks in the table below:

We take a centralised approach to responsible investment, building the integration of ESG factors into our fundamental analysis conducted by our research analysts and investment managers as part of our investment research.

Avoiding bad actors	Aligning with UN SDGs	Targeting strong ESG profiles
We avoid investment in businesses whose primary revenue comes from products that do harm when used as intended. This includes businesses involved in the manufacture of tobacco and thermal coal because the SRI team believe these sectors are in structural decline. In order to identify these businesses, we use third-party data from MSCI which details Business Involvement Revenue which allows us to minimise exposure to companies contradictory to the achievement of the UN SDGs. We also use Norms Based Research data from ISS Ethix to identify companies which have severe breaches of the UN Global Compact. Breaches are monitored against the following four categories: Labour Rights, Human Rights, Anti-corruption and Environmental Protection.	We identify companies that are positively aligned with the UN SDGs because we believe that these direct equity investments have more sustainable and interesting growth trajectories. We use data from MSCI Sustainable Impact to identify these direct equity investments, screening for the percentage of revenue that aligns with the UN SDGs.	We positively screen for companies that have favourable ESG characteristics because we are seeking to minimise risks from material ESG factors. We use MSCI ESG Ratings to identify which companies have the most attractive ESG profile.

The screening and analysis primarily focus on direct equity investments.

We score the companies based on a combination of the MSCI Sustainable Impact rating and the MSCI ESG Rating. There may be exceptional cases where we disagree with one or both underlying metrics, which are the inputs to the SRI Score. In these cases, a report is written explaining why a different conclusion has been reached. Where we are missing Sustainable Impact or ESG metrics due to data constraints, we conduct our own analysis.

The screening and analysis primarily focus on direct equity investments. For other investment types and asset classes we conduct due diligence and apply a best endeavours approach to the alignment of investment ideals.

There are a variety of sustainable or responsible investment strategies available to investors including sector and regional funds or index trackers. We may invest in funds with strategies that differ from ours, but we try to invest in those that most closely reflect our SRI philosophy. We may invest in funds which do not have ethical exclusion policies in place as long as managers do not have any tobacco or armaments companies in their top ten holdings.

The extent to which a fund meets our SRI philosophy is determined via our SRI funds due diligence process that typically includes a fund questionnaire and a meeting with the manager. The monitoring of all investments is a continuous process.

Bespoke portfolios
Our Bespoke portfolios are designed to meet the specific needs of our clients, including both financial goals and their non-financial values. The dedicated bespoke investment managers can utilise the research from our analysts that integrates ESG factors as set out in this chapter.

In addition, bespoke managers can tailor portfolios to align with their client's ethical or values-based preferences. The Bespoke managers will obtain client requests to avoid certain business activities or sectors through a questionnaire and adhere to these requests during portfolio construction by excluding contravening investments. Often, exclusion criteria (based on global norms, ethics and values) can refer, for example, to product categories (e.g. weapons, tobacco), company practices (e.g. animal testing, violation of human rights, corruption) or controversies.

Carbon-intensity focused funds
We currently have three funds aligned to the UK SDR - two non-labeled funds and one, Sustainability Mixed Goals labeled fund.

Select Global Equity and Select Fixed Income (non-labeled):
Key aspects of the methodology for these Funds:

- Maintaining a lower carbon intensity than the benchmark global index at all times.

Stewardship and Responsible Investment Report | 2024

- Targeting a carbon intensity level 50% below the 2019 benchmark by 2030.
- Exclusion criteria placed on activities including thermal coal, civilian firearms, controversial weapons, gambling, adult entertainment, tobacco product manufacturing.
- Exclusion of companies we believe are in severe breach of Global Norms, based on UN Global Compact.

Please see the consumer facing disclosure documents for more detail on both of these funds:

- Select Global Equity
- Select Fixed Income

Sustainable Balanced
Our Sustainable Balanced Fund achieved the Sustainability Mixed Goals label in FY25.

Key aspects of the methodology for this Fund includes:

- At least 70% of the Fund's securities which have an available carbon intensity will be companies that must demonstrate a current level of carbon intensity that is considered to be sustainable today, being a carbon intensity of at least 50% below the absolute carbon intensity of the global economy in 2019
- Up to 30% of securities with available carbon intensity will be companies that must demonstrate the ability to achieve a level of carbon intensity that can meet a future level of sustainability. These are companies with a current carbon intensity that is on track to reduce by at least 50% from their 2019 baseline by 2030 and which demonstrate a clear ambition to meet an absolute standard of 100% reduction of net carbon emissions from that baseline by or before 2050
- Exclusion criteria placed on activities including thermal coal, civilian firearms, controversial weapons, gambling, adult entertainment, tobacco product manufacturing
- Exclusion of companies we believe are in severe breach of Global Norms, based on UN Global Compact

Please see the consumer facing disclosure document for more detail on this fund:

- Sustainable Balanced

Each of these methodologies is supported by our bottom-up investment research and active engagement approach

Service providers and suppliers

Service providers supporting our ESG integration
We utilise sell-side research brokers and third-party ESG data providers to inform our assessment of the materiality of ESG risks and opportunities to our investment decision making. The third-party research and data are not taken as read for research purposes and instead our analysts will challenge the third-party reports when necessary.

Our research analysts will also utilise external norms research to ascertain whether a company is involved in any unaddressed severe controversies relating to the UN Global Compact Principles. This assessment can drive both engagement and further research if required. In addition, we use ISS as our proxy voting platform and as a provider of corporate governance best practice recommendations. More details can be found on ISS under 'Engagement' and 'Voting.'

Data providers
We use third-party data providers to help us meet our daily needs across the business, including.

- Analysis of ESG issues in investment research (data provider: MSCI, ISS)
- Analysis of climate and emissions data for reporting (data provider: MSCI)
- Impact-alignment reporting (data provider: Net Purpose)
- Ethical screening for Bespoke portfolios (data provider: Ethical Screening)
- Research for voting (data provider: ISS)

How we monitor our data providers
Our data providers are categorised using a risk-based approach including but not limited to their access to our systems and the functionality they provide to the business. Suppliers which help TrinityBridge meet its regulatory requirements are subjected to our highest level of monitoring and due diligence.

We have frequent calls with our third-party account managers and product specialists across our data providers to discuss data issues, product updates and obtain clarification on the data or research they provide.

Our risk teams monitor the weekly data feeds from Ethical Screening. This data is monitored against our rules and restrictions; where our internal monitoring process highlights exceptions, these are investigated by the investment risk team.

The second line risk team identifies where there are ethical flags for which we need more clarity. To do this they sense check the security in question using the ethical data we receive from MSCI Business Involvement Screening metrics, and/or query with our provider, Ethical Screening.

Meeting our needs: Enhancing our data provider capability in FY24
During FY24, we engaged with MSCI to understand how we could better utilise the services provided, to enable more timely monitoring and managing of climate and broader ESG risks which are financially material to our investments. Through this engagement, we are developing automated data feed capabilities which will support us in this aim.

Having an automated feed of MSCI climate and ESG data will improve the ability of our second line risk function to monitor those portfolios which have climate and ESG obligations. The automated data feed will also help us to complete our external reporting obligations on climate risks in our investments.

Supplier relationships and outsourced services
We will use suppliers and outsourced services for many operational business functions where we require expertise or resource.

How we monitor our supplier relationships and outsourced services
For supplier relationships and outsourced services, we own the risk associated with utilising these suppliers. Suppliers are risk assessed from the point of engagement through the whole supplier lifecycle.

In addition to routine monitoring activities, suppliers who pose a greater risk to TrinityBridge are subject to additional periodic monitoring reviews, the scope of which is to assess their continued suitability to TrinityBridge. The key areas of review include but are not limited to: people, process, third-party risk, cyber risk, data protection, technology, business resilience, conduct risk and sustainability.

Findings are documented and reported to the Third-Party Oversight Committee with actions noted and delivery dates agreed.

The review also includes consideration of alternate providers in the event the requirements are not met.

Meeting our needs: Strengthening our outsourced supplier review
In FY23, we introduced an ESG section into due diligence for new supplier onboarding. This allows us to collect data to evidence our progress towards our internal operational goals and helps us to anticipate unforeseen risks in the supply chain. During the reporting period, we expanded the use of the new ESG section into periodic monitoring for some of the suppliers that help us to meet regulatory requirements. Looking ahead to FY25, we will be assessing the output from this survey to strengthen our overall monitoring strategy.

Investment research providers
Collegiate and expert research is a core part of our investment philosophy, as defined in 'Purpose, strategy and governance'. We utilise external research providers for insight and to broaden our coverage. We are mindful to pick research providers that will ultimately enhance our end client's experience.

How we monitor our investment research providers
We run half-yearly evaluations, where the whole Investment team can provide feedback on our provider list, with a focus on areas they find valuable. We ensure the importance of these evaluations are communicated to each individual, and as a result of this we tend to get an 85% completion rate on average.

We use the results from the evaluation combined with consumption data analysis to help determine our service levels with each provider.

All agreements are discussed and approved in our External Research Oversight Committee meeting which takes place on a monthly basis and comprises of members from all investment teams.

This committee is also used to manage free trials, on and off-board providers, corporate access, manage inducements, allocate budget and monitor consumption.

These processes have given us the capability to clearly gauge the firm's research needs, including ESG research, and has resulted in on-boarding, off-boarding and changes in service levels with providers.

Meeting our needs: Quality of research provider delivery in FY24
Overall, the quality, responsiveness and coverage of external research met our needs in FY24. However, there were some changes made to our provider list going into 2024, including offboarding, or reducing service levels with providers who were not sufficiently valued by our research analysts, or were not being utilised effectively in line with our agreements. We also on-boarded providers where trial periods have been successful and their quality was deemed appropriate. Ongoing reviews of our provider list will be conducted throughout the remainder of the year and appropriate changes will be made if and where necessary.

Third-party funds and trusts
Third-party funds and trusts are a core investment class for our Bespoke and Funds parts of our business.

How we monitor our third-party fund managers
Engagement with our third-party fund managers is the main way in which we hold the standard of their service to account. The key aspects of how we engage with the fund managers is covered in 'Engagement,' however this section covers additional points on our monitoring approach.

We reconfirm our investment recommendations on third-party funds on a monthly basis when we update our recommended list.

When we meet with managers on our 'Core List', the discussions help to reconfirm the recommendations and also give us the opportunity to question the portfolio managers on material issues with regards to any of the 4 Ps described earlier in this section: Philosophy, Process, People or Performance. Performance that deviates from what we expect based on the philosophy and process will lead to further questions and due diligence.

If our investment case for the fund is based on the fund manager's competitive edge then we will monitor their motivations and incentives and any change in key personnel on the strategy will raise a red flag and is a potential reason to change our recommendation.

We use the AssetQ platform to help track fund details. AssetQ is a public depository of fund due diligence information which collects information from fund managers in areas such as key persons, team members, risk & liquidity, process and responsible investment details. Within the responsible investment details, we have access to the funds voting and engagement records.

We are conscious that AssetQ's information set is reliant on the voluntary disclosures of asset managers therefore we engage with the fund managers to make sure the information we get from AssetQ is up to date and accurate.

In FY23, we introduced a sustainability questionnaire to collate information and/or data from third-party fund providers which may guide us in understanding their own approaches to both sustainability at a firm-level and their approach to ESG integration and engagement at a strategy level. We've requested the questionnaire be completed by 95% the funds on our 'Core List' to date and we are using the answers to compare third-party funds we may own. Responses may also provide context for future discussions when TrinityBridge's fund managers again meet the third-party fund managers as part of their regular review cycle of strategies held on our 'Core List'.

Meeting our needs: Quality of third-party fund manager delivery in FY24
Examples of how we monitored our third-party fund managers and held them accountable for the service provided during FY24 can be found in 'Engagement.'

We use the AssetQ platform to help track fund details. AssetQ is a public depository of fund due diligence information which collects information from fund managers in areas such as key persons, team members, risk & liquidity, process and responsible investment details.

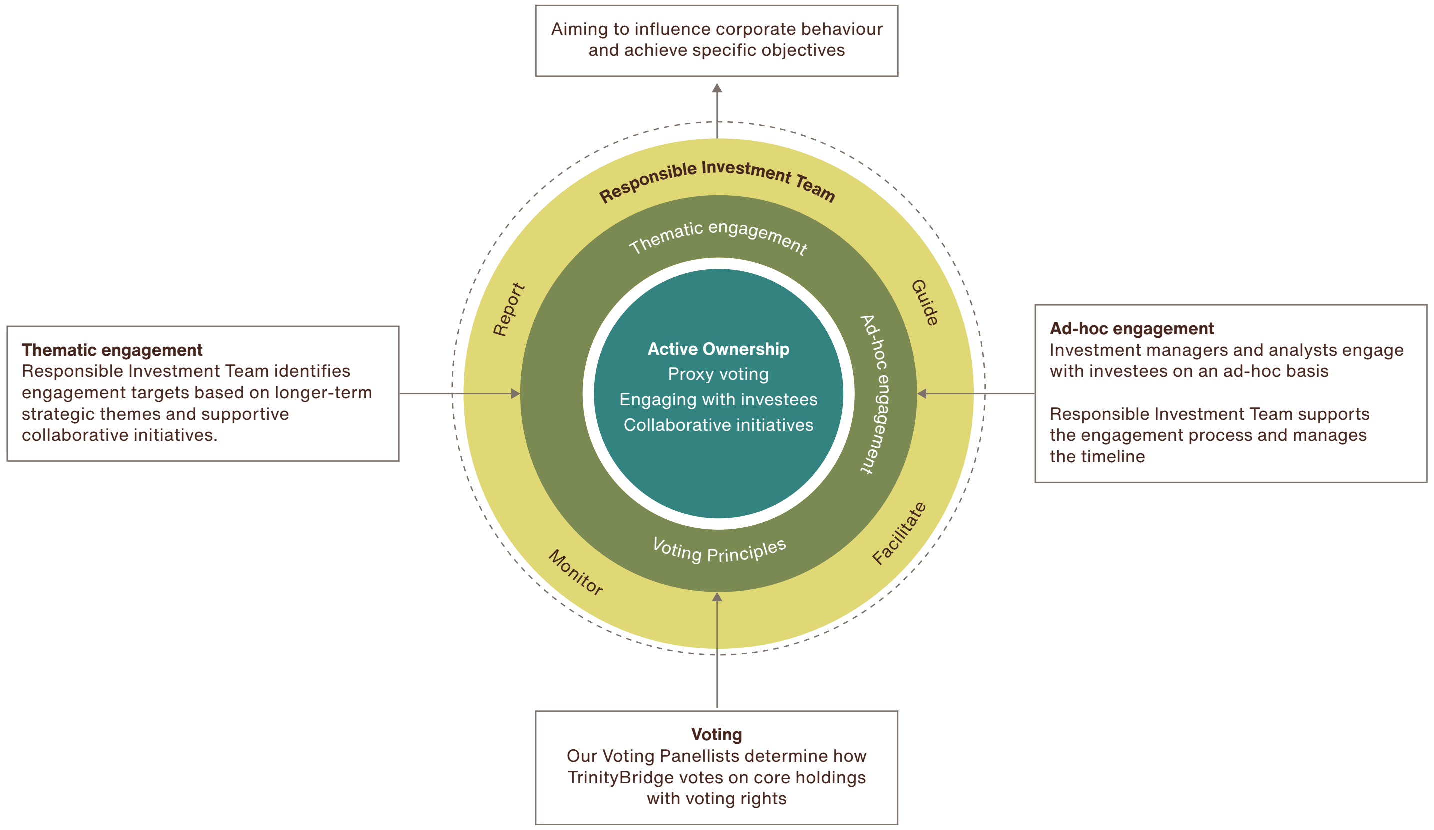
Engagement

Our engagement approach across asset classes

Engaging with the issuers we invest in is integral to our investment process as active managers, for informing our investment research, mitigating against potential investment risks and driving long-term shareholder returns. Engagement not only increases the common understanding between us and our investees but allows us to use our expertise and knowledge to put our clients' interests at the forefront of our actions. We make efforts to engage across all asset classes where necessary, but given the resource intensive nature of engagement we focus either on key themes for engagement (eg climate transition plans) agnostic of asset class or on public companies in which we hold shares with voting rights, where we can have the most influence.

At TrinityBridge, we define engagement as the communications we initiate with our investees for the purpose of influencing corporate behaviour and achieving specific objectives. To be able to make the claim that we were the 'catalyst' for an investee's action (change or impact), we would need to be able to prove our engagement drove investee action that wouldn't have otherwise occurred which is extremely difficult to demonstrate, without confirmation from the investee. Nonetheless, we continued to formalise our engagement processes during the reporting period to help track alignment between our engagements and management decision making or strategy over time. Our engagements are underlined by prior research and we make a distinction between thematic engagements and ad-hoc engagements.

Our engagement approach



Source: TrinityBridge.

Building on the centralised engagement tracker we created in FY23 which helped clarify objectives and track progress for engagement topics, in FY24 we developed a standardised engagement template with a third-party technology provider. The template will be completed by the investment manager/analyst/Responsible Investment team member that is undertaking the engagement.

Standardising the information that we collect and use to track engagements will help with efficiency and the analysis and reporting of engagements. As with the tracker we built in FY23, logging our engagements on the technology platform will support our escalation process, which helps guides the progressive steps that we might use when engaging with an investee.

The previous graphic shows how we engage at TrinityBridge as part of our focus on active ownership.

The three key pillars of our engagement system are 1) thematic engagements, 2) ad-hoc engagements, and 3) voting. Thematic engagements are long-term strategic engagements, typically on sustainability issues. The Responsible Investment team leads the engagement activities in this category.

We have published our Voting Principles for the first time in the 'Voting, rights and responsibilities' section of this report.

Ad-hoc engagements are identified by investment managers and analysts covering holdings and are usually event-driven. Our voting activities are carried out by our Voting Panel, which consists of investment managers and analysts responsible for voting on a subset of holdings where they have expertise.

We focus our voting predominantly on securities within our equity Core List and diversifiers model. We find that having the ability to vote gives us the best leverage when engaging and therefore directly held equities and investment trusts are the most resource-efficient asset class when engaging for change.

Although our approach does not differ between the geographies we are invested in (i.e. predominately developed markets as described in 'Investment Approach'), we are global investors and we are mindful of geographical and sectorial norms which can help orientate our analysis.

We developed our Voting Principles in FY22 to reflect our in-house views on best practice corporate governance and we have published them for the first time in the 'Voting, rights and responsibilities' section of this report. In FY23, we developed a custom research policy with ISS to reflect our Voting Principles which differ from the ISS' Benchmark proxy voting guidelines. We have since received both the benchmark research and our custom research, which both guide our voting activity. See 'Voting' for more detail on our voting processes and activities.

A summary of the methods used for both thematic and ad-hoc engagement can be found in the table below. A traffic light system has been used to indicate how relatively often a particular engagement method was used in FY24. Examples of particular ad-hoc engagement methods by asset class are highlighted under this section.

Methods of engagement and frequency in FY24

Correspondence with Investor Relations or Management	**Meeting with Chair or Board**	**Voting**
Formal Letter to Chair or Board	Collaborative Initiatives	Meeting with Investor Relations or Management
	Open Letter/Co-Signing Letters	

Often | Sometimes | Rarely

Stewardship and Responsible Investment Report | 2024

Thematic engagements
Thematic engagements are strategic as they are driven by our strategy's focus on responsibility as a business. These engagements can be informed by our top-down thematic research and socio-geopolitical events and may be enhanced by selected relevant collaborative initiatives. The latter are discussed in more detail in this section. Thematic engagements are asset class agnostic and can either be targeted at companies or at industry and regulatory bodies.

In FY24, we focused our thematic engagements on two themes: auditor tenure and emission reduction targets. Details of the auditor tenure engagement can be found in the escalation section of this chapter, and an example of engagement on emission reduction targets can be found on the next page.

Ad-hoc engagements
Ad-hoc engagements are tactical and informed by our bottom-up research. Topics for engagement can therefore cover the full spectrum of financial and ESG issues. The covering analyst or investment manager will generally set the objectives of the engagement. Whilst most communication with our holdings is to inform our research and view on the company/investment trust's strategy, we consider the purpose of engagement to be to improve corporate behaviour to ultimately drive returns and/or to reflect our clients' interests.

We encourage ongoing communication between our research analysts and investment managers with our Responsible Investment team with regards to logging their ad-hoc engagements appropriately.

Ad-hoc engagements: Listed equities
Our understanding of a company and its ESG factors informs our engagement and voting. We engage with companies to promote our clients' interests, on topics such as best practice corporate governance, as poor governance can have a negative impact on shareholder returns. The engagement generally starts during the research process and once we are invested will tend to be prompted by internal change in perception of corporate behaviour versus best practice or by issues that arise.

We use our third-party voting platform and research partner ISS, alongside our custom voting research developed from our Voting Principles, for best practice corporate governance voting research. Our Voting Panel of analysts and investment managers determine how we vote in the best interests of clients.

We communicate with our equity holdings in multiple ways, including hundreds of face-to-face and virtual meetings each year for research and engagement purposes. The meetings are a chance to question investor relations or management on issues we believe pose a material risk or opportunity to the business or on ad-hoc issues that arise. For the former, we will look to see if management are equipped to deal with the risk or opportunity and for the latter, we will ascertain whether they have rectified the issue or have plans in place to do so. As described in 'Investment Approach,' engagement is an especially effective tool with our small cap listed equities because we tend to have a larger proportion of ownership in our AIM (Alternative Investment Market) investees. With that larger ownership interest comes more influence and more direct exposure with management teams.

In terms of influence and frequency, proxy voting is our main form of engagement. We use our third-party voting platform and research partner ISS, alongside our custom voting research developed from our Voting Principles, for best practice corporate governance voting research.
Our Voting Panel of analysts and investment managers determine how we vote in the best interests of clients.

Further details on this, the development of our custom research, and our use and relationship with ISS can be found under 'Voting, rights and responsibilities'.

TrinityBridge examples

Ad-hoc engagements: Listed Equities
American insurance brokerage and risk management firm

Issue
We identified issuers in our funds that had not set interim or long-term carbon emission reduction targets and engaged with those with whom we had not already been in contact.

Process
We wrote an email to the CFO of this firm, noting the growing emphasis on corporate sustainability and the potential long-term benefits for efficiency and profitability that can be achieved by setting and working towards carbon emission reduction targets. We did not receive a response, and so a Senior Investment Director wrote a subsequent letter to the Chairman, asking the company directly for their rationale for not setting or publishing interim or long-term targets, and requested that they do so in the future. The CFO responded to this letter stating that they are working with external consultants to understand their own of carbon emissions footprint and will include further information in their 2025 proxy.

Outcome
We abstained on the re-election of the lead independent director at the 2024 AGM. We continue to monitor the firm's public statements on environmental targets, and plan to continue engaging with the firm on this issue. We remain invested in the company.

Ad-hoc engagements: Small cap listed equities
British management consulting company

Issue
We hold a large stake in a British management consulting company and have engaged with them over the previous four years to voice our support for a refreshed Board membership and greater independence (please see our previous Stewardship and Responsible Investment Reports).

Process
During the reporting period, we engaged with the company via email, phone calls, and in-person meetings. Ahead of the company's AGM, our proxy voting research (which was aligned with our custom policy) suggested that we vote against the re-election of two non-independent directors, given that they both sat on the Audit and Remuneration Committees. The membership of these committees was not comprised of enough independent directors to be aligned with UK best practice recommendations for a company of their size. However, one of these two directors had been replaced on the audit committee with a new, independent non-executive director.

Outcome
Although we believe there is still progress to be made towards independence on Board committees and within the overall composition, we were pleased to see progress achieved, and therefore decided to show our support for the changes and voted in line with management on the director re-elections, along with a majority of shareholder voters. The two directors were re-elected and we continue to engage with the company through email and meetings to continue to push for greater independence.

Ad-hoc engagements: Fixed Interest
Whilst we do not possess any voting rights over our fixed interest investments, as financial stakeholders we still can hold management to account on material risks to our investments, including ESG issues. The channels for engagement with our fixed interest investments exist pre-investment and during the holding period, especially for questioning management over material ESG risks.

To improve corporate behaviour, particularly over ESG concerns, the most effective tool we have is to not invest in a specific company's fixed interest securities and informing the company about the identified concerns that led to a decision not to invest.

We are aware that the influence we have by not investing in an issuance is limited by our size and resources. We understand that an increasing number of bond funds within the industry have sustainability objectives or screening requirements within their prospectus, and therefore our hope is that where these restrictions have commonality, they will collectively influence better corporate performance.

Ad-hoc engagements: Fixed interest
Bonds for a consumer credit company

Issue
We are large holders of two of the company's bonds, one of which accounts for approximately 50% of the company's total funding. The bonds were coming to maturity and required the company to refinance. We noted that a leading global credit rating agency had made a statement in regard to a reduction in the company's debt maturity concentrations as a potential catalyst for a credit rating upgrade.

Process
We reached out to the Group Treasurer via email in advance of the maturity date with suggestions on a refinancing structure, referencing comments from the credit rating agency. We proposed a multi-tranche new issue to replace the bond reaching maturity.

Outcome
The company refinanced its bond successfully, and in advance of its maturity date, providing positive liquidity and triggering a credit rating upgrade by the aforementioned credit rating agency.

Stewardship and Responsible Investment Report | 2024

Ad-hoc engagements: Third-party funds (active and passive)
Our manager research process involves engaging with the fund manager before and during investment. We hold circa 350 manager meetings a year, meeting with the manager multiple times before an initial investment and typically on an annual basis thereafter once invested. We log all of our engagements and meetings with managers which allows us to track the frequency of engagement, and the pertinent issues discussed at previous meetings.

We prioritise engagements with existing managers where the issue relates to a material change or negative indication in the people, philosophy, process or performance of the fund. Depending on the manager's response to our engagement on these issues we may either continue to hold and monitor or divest. We can set alerts on our AssetQ platform, used for manager due diligence, to inform us of relevant issues at the manager or fund level (e.g. when the size of the Fund falls by 10%).

As explained in 'Investment Approach,' we are using a sustainability questionnaire to collate information and/or data from third-party fund providers which guides us in understanding the approaches to both sustainability at the firm-level and the approach to ESG-integration and engagement at the strategy level. Responses to this may provide context for future engagements with fund managers.

TrinityBridge examples

Ad-hoc engagements: Third-party funds
UK fund with a dynamic strategy

Issue
A UK-based fund with a dynamic strategy in which we were invested announced the departure of its lead investment manager. This prompted an immediate review of our position in the fund, as we wanted to reassess whether the fund's strategy would continue to align with our managed portfolios with the lead investment manager being replaced.

Process
We met with the fund's new management team in person to discuss potential changes to the fund's approach, style and investment process. We also learned that other members of the management team were leaving in addition to the lead investment manager.

Outcome
After assessing the new vision for the fund, we decided that our conviction in the holding was meaningfully impacted and that the fund no longer fit within our managed portfolios. We therefore divested from the fund in March 2024.

Ad-hoc Engagements: Diversifiers
Listed real estate investment trust

Issue
We had concerns around a lack of management action taken whilst the trust was trading at a discount to Net Asset Value (NAV).

Process
We emailed the Chair with suggestions on how to close the discount to NAV. Given the Group had been able to sell its retirement properties at nearly 30% ahead of NAV on an individual basis, we proposed a complete sale of its retirement portfolio. We also suggested that the proceeds from the sale of the retirement portfolio should either be recycled into the shared ownership portfolio, or that the shared ownership portfolio also be sold and the investment trust wound up.

Outcome
Management were responsive to our engagement and the trust later announced its intention to wind up and sell all its assets.

Collaborative engagements and initiatives

Utilising collaborative initiatives and engagements to increase our influence over issuers as an asset manager is a core focus of our strategic engagement approach. The initiatives we have joined are reflective of our strategic approach to responsible investing and are informed by our thematic research. It is an area we continue to evolve, and it is a product of our responsible investment and stewardship methods developing over time.

The Principles for Responsible Investment (PRI) collaborative engagement platform remains one of the main resources we can use, as a signatory, to find information on collaborative initiatives and where we have been able to speak to leaders of initiatives including other investors.

Crucially, we will always remain mindful of our Conflicts of Interest Policy and industry guidance on competition law to ensure we avoid collusive and concert actions.

Net-Zero
Building on our energy transition research and consolidating our commitments as a business, we became signatories to the Net Zero Asset Managers (NZAM) initiative in FY23 and made our inaugural disclosure of aligned climate targets in FY24. To support this, we committed to reach net-zero emissions by 2050 across all assets under management. Despite NZAM recently launching a review of the initiative, our targets remain unchanged.

One of those targets is for 70% of financed emissions (Scope 1 and 2) of our committed assets to be either aligned to a net-zero pathway or subject to direct or collective engagement and stewardship actions. The percentage increases to 90% through to 2030. We have been engaging with the companies that expose us to the most carbon intensive operations in the first part of FY25 and will be reporting on the progress in the future.

Just Transition
In line with our belief of the importance of a 'Just Transition', we have been endorsers of the Statement of Investor Commitment to Support a Just Transition on Climate Change since FY23.

This initiative states that we believe that strategies to tackle climate change need to incorporate the full environmental, social and governance dimensions of responsible investment.

We understand that as investors we can play an important role in helping the transition produce inclusive and sustainable development.

We have based a considerable amount of our thematic research around the theme of a 'Just Transition' (see reports from previous years). In FY24, we focused on the energy part of the 'Just Transition' - please see more details under the 'Investment Approach' section.

PRI Advance
Central to our approach to a 'Just Transition' is the protection of jobs, livelihoods and human rights as we progress to a lower carbon economy. To support this we have been endorsers of the Advance initiative since FY22, and we publicly support the PRI Advance Investor Statement.

Advance is a 5-year initiative organised by the PRI to advance human rights through investor stewardship, targeting improvement in corporate behaviour by encouraging investors to have a human rights due diligence process and human rights policy.

During the reporting period, we reviewed our approach to human rights and published an updated Stewardship and Responsible Investment Policy to reflect this. Our ESG Frameworks for equities and fixed income include flagging and assessing severe human rights and UN Global Compact breaches.

The initiative's initial focus is on the mining and renewables sectors. We have focused on human rights in our thematic research, and prior to the reporting period wrote a research paper specifically on human rights in the mining industry.

We are on the waiting list to become a participant of the PRI Advance initiative, should any spaces open in the working groups for companies we are invested in, or should the initiative expand to other sectors and companies. For more information on our application to this initiative, please see Principle 10 of our FY22 Stewardship and Responsible Investment Report.

Global investor statement on workplace mental health
In early in FY23 we became a signatory to CCLA's global investor statement on workplace mental health, in support of our research on health and wellbeing.

We believe that positive mental health practices are crucial to employee wellbeing, and can be beneficial to businesses, investors, and society. The Corporate Mental Health Benchmarks provide an analysis into how more than 200 of the world's largest listed companies approach and manage workplace mental health, based on their published information. They have a UK benchmark and a Global benchmark, each comprising approximately 100 companies. Each year they evaluate the public information provided by these companies and place them on a tiered system to encourage improvement.

As collaborators in this initiative, we are encouraged to engage with companies in lower tiers that we are invested in, to encourage them to strengthen their approaches whilst sustaining a structural focus on workplace mental health.

During the reporting period we embarked on our first collaborative engagement with this initiative, engaging with one of our holdings on their mental health practices and publications. Please see details on this engagement on the next page.

Stewardship and Responsible Investment Report | 2024

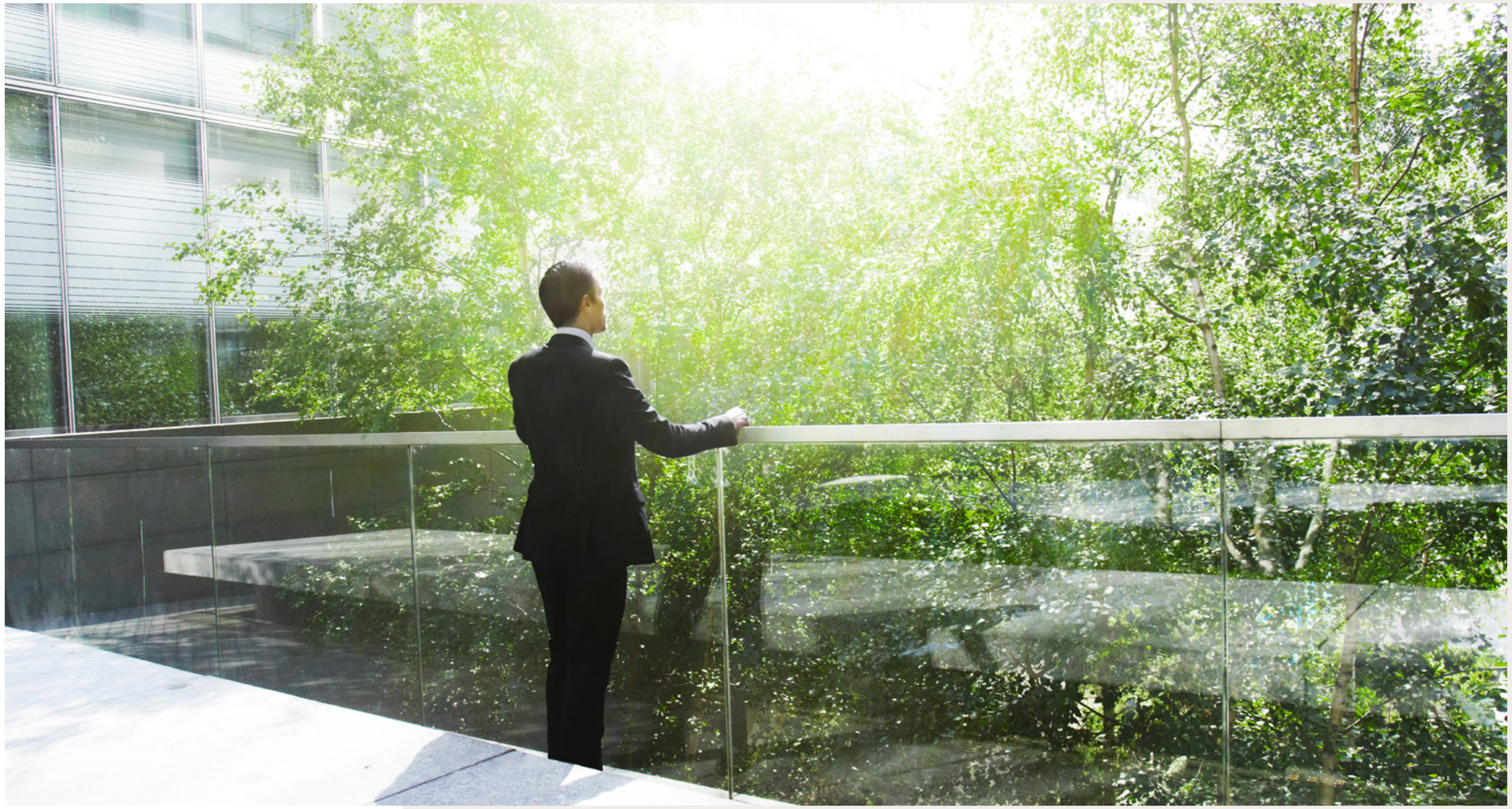
TrinityBridge example

British food company

Issue
As signatories to the Global Coalition on Workplace Mental Health, we work on a collaborative initiative with other asset managers, encouraging companies to strengthen their approaches to workplace mental health, based on their position on the CCLA Corporate Mental Health Benchmarks. We identified a company from the lowest scoring tier of the 2023 UK Corporate Mental Health Benchmark within our holdings.

Process
We engaged with this company during the reporting period to further understand their approach and to encourage improvement in their internal practices and public disclosures. We emailed their Investor Relations team, and they shared their progress in the area and responded all our further questions. They acknowledged that the benchmarking report had made them aware that they could do more to disclose their internal practices.

Outcome
The company added a dedicated section in their annual report to reference how they support colleagues and added their mental health policy to their corporate website. They shared these new publications with us, alongside the recognition that they need to improve reporting on colleague support systems. We remain invested in this company and will continue to monitor the improvements made in mental health employee support and track their performance in the next CCLA Corporate Mental Health Benchmark.



Collaborative engagements on systemic issues
We are also able to engage collaboratively when we perceive there to be a systemic issue that affects issuers within our broader investment universe. The following example illustrates our work alongside industry networks and the Government.

Engaging UK government on Investment Trusts' OCF

Issue
The Ongoing Cost and Charges Figure (OCF) for Investment Trusts were not representative of the costs of their operating company peers.

Process
In FY22, we became involved in an industry campaign to tackle the issue. This has included supporting representatives of the campaign who have met with the Association of Investment Companies (AIC), having collated stakeholder evidence to improve cost disclosure (specifically to exclude synthetic costs from the OCF, and to disclose them separately).

In December 2022, the government released a consultation paper on Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation and we had been advised by the AIC and Investment Association to engage with the consultation.

Throughout the reporting period we have been encouraging the funds we meet and invest in to ensure their calculations are as efficient as possible and that they are engaging with the FCA on the Future Disclosure Framework. We have also been continuing to educate clients on the matter.

We have campaigned to get government and regulator support to remove all London Stock Exchange-listed Investment Companies and REITs from the scope of regulations designed for open-ended products in retained EU law (AIFMD, MiFID and PRIIPs) so that investors don't have to double count their costs and market-makers are no longer disproportionately penalised acting as liquidity providers to the sector. In January 2024, we submitted our consultation response to His Majesty's Treasury regarding investment trust cost disclosures.

Outcome
In September 2024, we received recognition that listed closed-ended investment companies deserve bespoke treatment in our legislative and regulatory regime, with the government and FCA announcing plans to reform UK retail disclosure rules and to exempt investment trusts temporarily from assimilated EU law requirements.

Escalation of our engagement efforts

As diligent stewards of clients' capital we need to be clear about our intentions and the scope of our engagement practices. We want to set expectations and help our investee issuers develop strategies to manage important and material issues. If progress is not satisfactory through engagement with the company, whether one-off or ongoing in nature, and where an issue presents a material risk to our clients' investment, we can escalate our engagements. The issues for which our engagement can be escalated are not limited to those captured within ESG factors and include, amongst others, performance, key person concerns and market or systematic risks.

In general, we will prioritise the issues based on the size and probability of the potential risk posed to our clients. We will also consider the time period over which the issue might materialise, whether we are escalating in reaction to a current event, to mitigate an impending issue, or to protect our clients' interests over the longer-term. As stated in 'Investment Approach' and 'Engagement,' we are predominantly developed market investors so our engagement efforts, and therefore escalation activities, are focused on those geographies. However, where we are invested in emerging markets (typically via managed funds or listed trusts) escalation may be required as well. In these circumstances, we will be mindful of geographic norms when considering how the asset affects and is affected by the environment, society and internal governance.

Our escalation approach is the same across all of our investments with the exception of the standard caveat for fixed interest where investors do not possess any voting rights. We have an engagement escalation process which helps guide our actions when we engage with issuers. Our methods of engagement include meeting with management and/or investor relations teams; formal and informal correspondence and calls with companies; meeting with the Chair or Board; proxy voting at AGMs and EGMs; writing open letters to the issuer; co-signing letters with other investors or taking part in collaborative initiatives for engagement.

Depending on the approach that we take, there are different processes. These include working with our Legal or Compliance teams or requiring approval from our Head of Wealth Planning. Our engagement escalation process document outlines which steps are required for each of these approaches.

We have outlined below how our engagement approach can lead to various escalation methods:

Informal conversation(s)
We can bring any potential issue(s) identified to our routine conversations with the issuer. Speaking with an issuer's Investor Relations representative/team is often the first point of contact when an issue needs clarifying or further details need to be obtained. If they, or another member of staff from the issuer, are able to provide us with satisfactory solutions or answers to our questions, there may not be a need for further engagement on the issue.

Meeting with management or the board
Meet with management or the board to discuss the issue and propose solutions to them that we consider best practice. Although we meet with company management, boards, or directly with fund managers in the normal course of due diligence, for this to classify as engagement - the reason for our communication needs to go past information gathering, to requesting a change.

Formal correspondence
This level of engagement is typically used as a way of powerfully reflecting and protecting our clients' interests. We will typically classify engagement correspondence as formal when we have had internal meetings with multiple TrinityBridge colleagues about the issues concerning us, and sign-off from our Senior Investment Directors and/or Head of Wealth Planning. The issues addressed through this method of engagement will often be either imminent, high risk or high impact to their interests. We will send the company an email or letter to discuss the specific issue(s) we are concerned about and the change(s) we wish them to make.

Indicating our intention to vote
In all of the above engagement approaches, we may choose to indicate to the issuer our intention to vote at their next general meeting, and how this is affected by their actions (or lack thereof).

Meeting actions
There are multiple ways we can use Annual or Extraordinary General Meetings (AGMs and EGMs) to bring to attention the issue(s) we are concerned about:

- Ask questions – We can use these meetings as a forum to ask questions of concern
- Shareholder resolutions – We may table or support shareholder resolutions where we consider these to be in the best interest of shareholders
- Voting – We can hold individual directors to account for shareholder outcomes alongside voting against resolutions we do not think are in the best interests of shareholders by using our vote. As shown in 'Voting,' we can vote against management when a resolution is not in the best interests of our clients and their capital

Writing an open letter
We can write an open letter that is viewable by the public to reflect our client interests and to give our engagement a greater chance of influence as it allows other shareholders to support our views.

Litigation
Legal action may be considered in extreme cases. This could be legal action from TrinityBridge, or TrinityBridge deciding to support a third-party, an investor or a civil society organisation in their legal action.

Divesting
At any point in our holding of a company, we can choose to reduce our holding or divest entirely. Divesting is the last resort of escalation as it ultimately limits our ability to engage and therefore the possibility of influencing the issuer's practices.
We may reduce our holding or divest entirely if the issue is persistent, material or showing no signs of improvement and therefore presenting a risk to our clients' capital.

Stewardship and Responsible Investment Report | 2024

TrinityBridge examples

Engagement escalation: Direct listed equities
Multiple issuers

Issue
To protect the integrity of reports and accounts, we believe it is best practice corporate governance for auditors to not have tenures exceeding 10 years. Therefore, we do not support proposals to ratify auditors with a tenure of more than 10 years.

Process
We regularly monitor the auditor tenure of the listed equities issuers in which we are invested and engage via email to request that they undergo a tender process if their auditor is approaching or has exceeded a tenure of 10 years. Where issuers do not respond, or where we are dissatisfied with their rationale, we respond to notify the issuer that we will vote against auditor ratification or abstain if a tender process has been announced.

Outcome
Our custom voting policy, which was introduced in FY23, reflects this stance on auditor tenure. This is a stricter approach to ISS' Benchmark proxy voting guidelines. We voted against over 50 proposals to ratify auditors in FY24, where no tender process had been announced by the issuers.

Engagement escalation: Small cap direct listed equities
British publicly listed leisure company

Issue
The company had recently increased the number of independent directors and had appointed a new independent Chair, but these members were still outnumbered by executive and non-independent Board members. Additionally, one particular director was remunerated well in excess of their fellow non-executive directors, including further performance-related options. This prompted concerns around the appropriateness of their remuneration in the context of independence concerns.

Process
We have engaged with this company over many years of our being invested in it, through emails, regular phone calls and previously attending AGMs in person to raise the above concerns and push for change. During FY24, we met with the Executives twice and with the Group's nominated adviser and broker. We were pleased to see that the company had increased its independence by appointing a new independent Chair during the reporting period. However, we remained concerned about the Board remaining majority non-independent, with one of these non-independent directors receiving disproportionate remuneration.

Outcome
In the absence of adequate justification of this remuneration package in question, we voted against the election of this director, in line with 12.74% of votes. Therefore, the director was re-elected. We will remain vigilant of this Board's composition and will continue to engage in future as we remain invested.

Engagement escalation: Third-party funds
We do not give external fund managers a mandate to manage our money on our behalf. We invest in third-party funds as products, therefore these external fund managers have freedom to determine their own engagement and escalation processes with underlying investments. We may therefore engage with the third-party fund managers to hold them to account on their strategies, but not with the underlying investments of the funds.

Engagement escalation: Diversifiers
European real estate credit investor

Issue
The closed-ended investment company was trading at a discount to NAV. Following a shareholder consultation, the Board announced their intention to commence a share buyback program to help close the discount. However, three months after this announcement, the company had not bought back any shares.

Process
We wrote to the Chair via email and asked for the Board's rationale for the lack of action, asking for further clarity on when, and if, they intended to proceed. We questioned the Board on their shareholder engagement activity and asserted that we wanted to see excess cash being used to fund the share buyback program before new investments were made. We later met with the Chair in person to reiterate these concerns ahead of the company's AGM.

Outcome
The firm subsequently initiated the share buyback program, but we felt it was insufficient and had no clear capital allocation policy. We voted against the re-election of all Board members at the firm's AGM, but they were all successfully re-elected. We remain invested in the company and will continue to engage on this point.

TrinityBridge example

Engagement escalation: Diversifiers
British music rights investment and management company

Issue
We were dissatisfied with the performance of the company and its Board. We believed the company would be better served under alternative management. The company had announced the stepping down of the Chair of the Board and Chair of the Audit and Risk Management Committee but had not given a clear indication as to when a new Chair would be appointed. We believe it is imperative shareholders have confidence in incoming board members and should be engaged in the process of their recruitment. We also wanted to see further turnover on the Board with a commitment to a strategic review of the company.

Additionally, the company had proposed a sale of part of its portfolio to a private vehicle which we did not believe was in the best interest of shareholders as we considered it a highly discounted transaction that would harm shareholder value and potentially impair the NAV.

Process
We sent a letter to the Board explaining our concerns and asking them to consider them before their forthcoming AGM and EGM. We noted our suggestions for further turnover on the Board, a new management team and why we were opposed to the sale of the portfolio or the initiation of a wind-up process. We then informed the Board of our voting intentions at the approaching meetings. The departing Chair sent us an email acknowledging receipt of our letter, noting our voting intentions and explaining that the start of a strategic review of the company that had been announced could potentially address some of the issues we had raised.

Outcome
We voted against the re-election of all existing directors and against the continuation of the company in its AGM to express our dissatisfaction and to signal the need for change. We also voted against the proposed sale of part of its portfolio at the EGM. The proposed sale was cancelled as the majority of shareholders also voted against the company's continuation at the AGM.

Once the new Chair was appointed, we had a meeting with them to understand their view on what had gone wrong with the company, and how they planned to address the pertinent issues. We felt reassured that the new Chair understood why investors had lost trust in the company and that they were proactively tackling the issues upon their appointment. They planned to bring another person onto the Board and were appointing new auditors to make sure issues were addressed and shareholders could regain confidence. They also commissioned a third-party independent valuation of their portfolio and a due diligence report. We continued to view the asset class as attractive and to see upside from the outcome of the strategic review and its lowered share price at the time.

Later in the reporting period, after a bidding war, a cash offer was made on the company which represented an attractive premium to the unaffected price and the consideration of which provided certainty of value for shareholders. Alongside most shareholders, we voted to approve the sale, which went ahead after the vote.

Stewardship and Responsible Investment Report | 2024

Voting, rights and responsibilities

As outlined under 'Engagement,' we are multi-asset investors across direct equities, fixed interest and diversifiers. We seek to exercise our full rights and responsibilities across each of the asset classes on behalf of our clients and as stewards of their capital to produce outcomes that are in their best interests. We divide our resources between each asset class partly based on where we have the most in-depth research, the amount of invested capital and availability of required expertise and knowledge.

Our Stewardship and Responsible Investment Policy is also our Voting Policy.

Listed equities and trusts rights and responsibilities

Voting is the core part of exercising our listed equity rights and responsibilities. We take an active approach to voting in the best interests of our clients based on our expertise and knowledge. We closely monitor forthcoming voting proposals of the core issuers we invest in on a weekly basis, and vote via proxy or by attending meetings. We focus our voting predominantly on core holdings within our bespoke portfolios and unitised funds. A list of these core shares and trusts that are in scope for voting is maintained every quarter. We do not have any lent stock.

We have used ISS as our proxy voting service provider since 2019 (our first voting season) and we execute our voting decisions via their platform. Our Responsible Investment team monitors upcoming votes and keeps the Voting Panel informed of upcoming votes they are responsible for. We subscribe to ISS insights on corporate governance best practice and voting recommendations. However, we do not always vote in accordance with ISS's voting recommendations as our research analysts and investment managers conduct their own analysis to ultimately determine the best way to vote, reflecting their knowledge of the company and our clients' greatest interests. Over time we have developed our own views, diverging slightly from ISS' Benchmark proxy voting guidelines, leading to the development in FY22 of a set of Voting Principles that reflect TrinityBridge's views on best practice corporate governance.

Stewardship and Responsible Investment Report | 2024

With these voting principles, ISS created a custom policy in early FY23, which we have used as part of our voting research since the FY23 voting season. We are publishing our Voting Principles for the first time in this report.

Voting Principles
Remuneration

1. CEO's variable short and long-term compensation should be largely performance conditioned
2. Total compensation can be large but should not be excessive; the targets should always be stretching and disclosed with malus/clawback provisions in place
3. Performance metrics should be appropriate and balanced across criteria and timeframes
4. We aim to stand behind a global standard but are mindful of common practices within sectors and geographies; compensation peer groups should be relevant
5. A well-designed compensation scheme doesn't require retrospective adjustments

Ownership

6. Management and boards should have a material and proportionate investment in the company
7. We will apply additional scrutiny to forms of increased corporate control

Board composition

8. Whilst being mindful of common practices within sectors and geographies, boards should have adequate levels of independence and diversity, with board members able to fulfil their obligations with respect to time and expertise

Auditor

9. There should be sufficient auditor turnover to minimise familiarity risk

Environmental and social

10. We will support proportionate disclosure of material environmental and social issues; where relevant, we encourage companies to have adequate climate transition plans

These ten principles reflect our views on best practice corporate governance. However, individual voting decisions are the responsibility of our Voting Panel members and are assessed on a case-by-case basis. Members retain discretion for each voting decision based on their view of shareholders' best interests, taking into account their specific knowledge of the issuer, sector and geography.

Each voting decision is taken by the Voting Panel, comprised of asset class heads, analysts and fund managers from across the investment team. The panel member covering the stock or trust will indicate their voting intention and rationale in an email form sent to the Voting Panel, which must be seconded by another panel member by filling out a form before the vote is submitted. These forms are logged for our records. When a vote is submitted by the Voting Panel on the front end of the ISS platform, it then goes to the back end of the platform managed by our Asset Servicing team, which sits within Operations. The Asset Servicing team are included on the Voting Panel emails, which serve as notification once a vote has been approved and instructed in the ISS platform by the Voting Panel.

The Asset Servicing team also receives daily emails from ISS of votes that have been input and are awaiting authorisation. The Asset Servicing team confirms proper approval has taken place for vote submission, allocates the shares appropriately (e.g. excluding any execution-only and advised holdings), and then authorises the vote to ISS for processing. As assets are continuously traded, the Asset Servicing team manages the approval of votes in line with the cut-off dates of different custodians, to ensure the correct amount of shares are being voted for each submission. The Asset Servicing team process voluntary and mandatory events for assets within our custody and for external assets where we are the appointed investment manager.

For our clients with execution-only mandates, the Voting Panel members are not responsible for following up on these holdings. This is the responsibility of the investment manager to their client. If a Voting Panel member is notified of an execution only vote, they should tell the Investment Manager to contact the Asset Servicing team directly. This is important to preserve the Voting Panel's independence and reduce any influence that could cause a conflict of interest. This also allows for clients to direct votes in line with their beliefs, even when it overrides our house policy. Any holdings where the client is deemed to have a conflict of interest must be marked as execution only. This includes where the clients or their immediate family members are directors of the business held. Investment Managers must contact the Asset Servicing team directly about this.

In some cases, the Voting Panel may deem a vote to be a "major vote". This means that the vote is potentially controversial and highly publicised. Where this is the case, the Voting Panel member responsible for the vote will share an analysis and voting recommendation to the investment managers that hold the security to seek their approval before submitting the vote.

We generally do not differentiate our voting practices between geographies. We aim to stand behind a global standard but are mindful of common practices within sectors and geographies. The covering analyst will take geographical norms into account in their rationale where they have a material effect on the voting decision.

For our Bespoke offering, we do not vote on companies based in certain countries that require a signed power of attorney from the beneficiaries prior to participating in the vote. This is a small subset of countries, and the full list of excluded countries can be provided upon request.

Our voting record (01/08/2023 – 31/07/2024)
During the financial year 1 August 2023 to 31 July 2024, we voted at 306 company meetings/voting events. The voting record reflects all votes, including those instructed by our clients for their execution-only holdings. We voted on a total of 4075 proposals, of which 154 were shareholder proposals. We voted 3671 proposals (90.1% total votes) "FOR", and 329 proposals "AGAINST" (8.1% total votes). 1.5% of total proposals were voted "ABSTAIN", "WITHOLD", or "DO NOT VOTE".

For our unitised funds, we voted at c.73% of the meetings within scope of our voting policy. During the reporting period we changed our voting thresholds for listed equity and investment trust securities. The thresholds moved from voting on securities with >£1m discretionary AUM to voting on securities within our equity core list and alternatives model. If necessary, we will vote on holdings in our portfolios and funds that fall outside of these core lists. The reasons why meetings within scope of our voting policy have been missed are typically owed to technical issues but can also include research delivery issues we encountered with ISS, or a missed deadline by the Voting Panel.

During FY24 we worked to ensure holdings in the system were classified correctly as either in-scope or out-of-scope for voting. We have also updated our voting thresholds to condense our voting parameters, optimising our capacity and strengthening our stewardship efforts with core companies. We wanted to ensure that our voting is supported by internal issuer knowledge and research.

We voted 229 proposals (5.6% total votes) against ISS's benchmark policy recommendation, and we voted 297 (7.3% total votes) proposals against company management recommendations.

Usually management recommends shareholders to vote "for" proposals, but in some cases, typically if there is a shareholder proposal, management may recommend shareholders vote "against" the proposal.

We will vote against management's recommendation if our internal research and analysis shows that management's recommendation does not follow best practice corporate governance principles and cannot be justified as being in the best interests of shareholders.

By voting against a management team's recommendation we are signalling where we would like to see change in the company.

We are still voting mostly in line with management, however, the proportion of our votes against ISS' recommendations and against management have slightly increased from FY23. We usually vote in line with management as we invest in companies with good quality management, underpinned by robust analysis from our equity analysts. As we continue to build our internal view, with the regular review of our voting principles and custom policy, we may see a larger divergence in our alignment with ISS in the future.

TrinityBridge voting statistics FY24

Category	Number	Percentage
Number of meetings/voting events voted at	306	
Number of proposals voted	4,075	100%
Number of votes cast “for”	3,671	90.1%
Number of votes cast “against”	329	8.1%
Number of votes cast “abstain”	26	0.6%
Number of votes cast “withhold”	26	0.6%
Number of votes cast “do not vote”	14	0.3%
Number of votes cast “one year”[1]	9	0.2%
Number of votes cast against ISS recommendation	229	5.6%
Number of votes cast against Management	297	7.3%
Number of votes cast against TrinityBridge policy	155	3.8%
Number of votes cast on Shareholder Proposals	154	3.8%

1 ‘One year’ is an option for ‘say on pay’ votes, and ‘say on climate’ votes. This is a non-binding advisory vote that allows shareholders to express how often they would like companies to hold votes on these issues, and the options are typically to re-evaluate every one, two or three years.

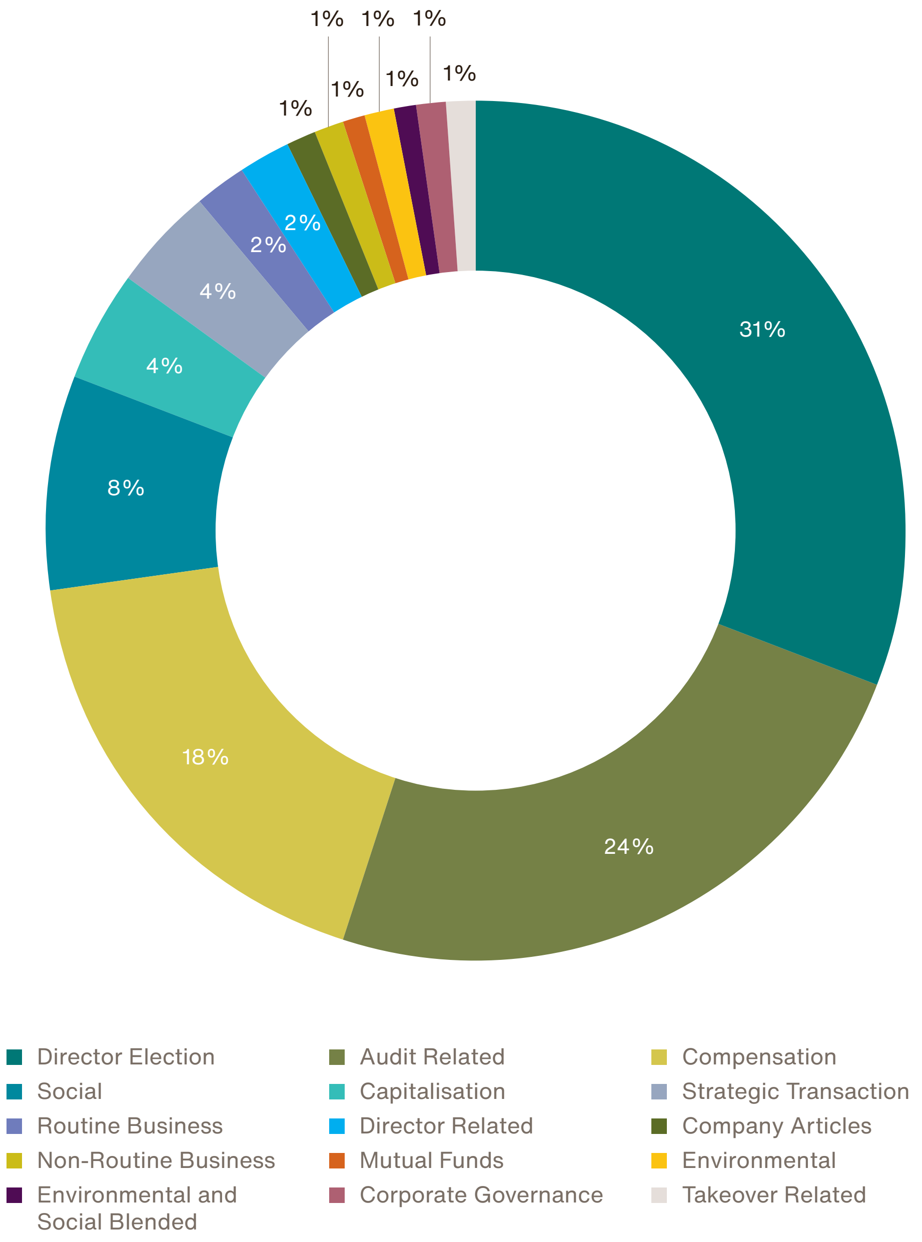
Source: TrinityBridge.

Categories of votes against management
The chart opposite shows a summary of where we voted against company management teams, and it includes shareholder proposals. Categories consist of “director election”, “compensation”, “audit related”, “social”, “capitalisation”, “corporate governance”, “director related”, “non-routine business”, “routine business”, “strategic transactions”, “company articles”, “environmental”, “environmental & social blended”, “takeover related”, and “mutual funds”.

The largest category was “director election”, constituting 31% of total votes against management. This increased from 23% in FY23. Reasons we may vote against the election of a director is if the director is not fulfilling their duties, is over-boarded, or has had their independence called into question. In FY24 we introduced to our custom policy the guideline to vote for shareholder proposals that request an independent Chair.

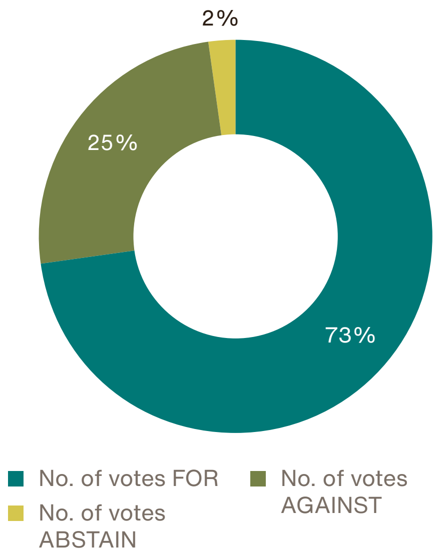
The second largest category of votes against management was “audit related”, mainly due to the introduction of our custom policy in FY23, which includes guidelines on auditor tenure.

Categories of votes against management

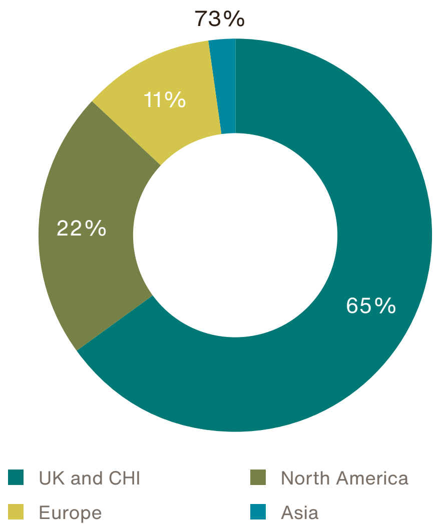


Source: TrinityBridge.

Shareholder proposal votes



Meetings by Region



TrinityBridge voting outcome examples

TrinityBridge thematic voting examples

Multiple issuers
Ratification of Auditors

Issue
Corporates with auditors with a tenure of more than 10 years currently putting their audit out to tender.

Details
Our custom voting policy, which was introduced in FY23, includes our stance on auditor tenure. To protect the integrity of reports and accounts, we believe it is best practice corporate governance for auditors to not have tenures exceeding 10 years. We found multiple of our holdings had auditors with a tenure of more than 10 years, where the issuers had commenced the tender process of the auditor.

Outcome
Our policy is to vote against proposals to ratify auditors where the audit firm has a tenure of 10 years or more, however, if a tender process is to take place over the next year, we will generally abstain. We therefore abstained on a number of these proposals.

Multiple issuers
Board chair independence

Issue
We saw several shareholder proposals across our holdings requiring issuers to have an independent Board Chair.

Details
Our custom policy did not originally include a guideline to require an independent Board Chair, and our voting research was driven by ISS' Benchmark proxy voting guidelines. We found that when reviewing our voting data, we had mostly voted in favour for these shareholder proposals, This was despite various recommendations from ISS' Benchmark proxy voting guidelines, as we believe having an independent Board Chair is best practice corporate governance.

Outcome
We updated our custom policy in FY24 to include this issue, therefore going forward our standard policy will be to support shareholder proposals that require an independent Board Chair, unless our Voting Panel decides otherwise on a case-by-case basis.

Vote not in line with ISS example

American technology and payments firm
Executive Remuneration

Issue
The proposed CEO incentive package did not align with what we understand as industry best practice.

Details
Our custom policy differs from that of ISS in that we believe CEO equity pay mix should be at least 40% performance-conditioned based according to our research on industry best practice. This company's remuneration report was proposing an equity pay mix of less than 40% attributable to performance conditions.

Outcome
We voted against ISS, but in line with our own policy, against the ratification of the executive's remuneration. Overall, approximately 90% of votes were cast to approve this executive's remuneration.

Vote not in line with policy example

British multinational consumer goods company
Multiple director re-elections

Issue
We had concerns regarding governance and oversight of the Board.

Details
We had concerns about poor governance and lack of strong oversight driving share price underperformance, as evidenced by ongoing consumer litigation and legal activity. Furthermore, multiple non-executive directors had been on the Board for nearly 10 years. This raises the risk that directors will not be able to challenge the company or each other as effectively as they could with fresh perspective.

Outcome
We voted against ISS' benchmark policy (and against management) on the re-election of multiple directors whilst voting in favour of newer Board appointments. Ultimately, all directors were re-elected to their positions.

Stewardship and Responsible Investment Report | 2024

Vote against management examples

American multinational technology firm
Commission report on child online safety and harm reduction

Issue
A shareholder proposal requested annual report on performance of company towards the improvement of child safety.

Details
The proposal highlighted the negative impacts of social media on children, increasing the risks of poor mental health, exploitation, and cyberbullying. The proposal requested that the Board of Directors adopt targets and publish an annual report with quantitative metrics that track the company's progress towards harm reduction towards children. The Board of Directors classed the proposal as unnecessary and duplicative given existing technologies to verify user age, identify and remove harmful content and quarterly reporting that tracks online safety.

Voting outcome
We voted for this shareholder proposal and against management as we believe shareholders would benefit from increased disclosure around child safety. Our voting was aligned with ISS' recommendation. Ultimately 18% of votes were in favour of this proposal, thus it did not pass.

American payments firm
Report on lobbying payments and policy

Issue
A shareholder proposal requested an annual report to promote transparency in company lobbying.

Details
The proposal expressed the need for shareholders to be able to assess whether the firm's lobbying is consistent with its expressed goals and shareholder interests. The proposal requested that the company prepare an annual report disclosing the company's policy and procedures on lobbying, both direct and indirect, including a description of management's decision-making process and the Board's oversight for making payments to lobbying firms or tax-exempt organisations that write and endorse model legislation.

Voting outcome
We voted for this proposal and against management as we believe shareholders would benefit from enhanced disclosure on lobbying activity. The proposal did not pass, however, with 25% of votes cast in favour of this proposal, it will have sent a strong signal to management and the Board on shareholder discontent on the matter.

British investment manager
Executive officer compensation

Issue
The issuer asked shareholders to approve their annual remuneration report.

Details
We had concerns about the proposed remuneration plan for the executive officers. The CEO had received a significant bonus award despite a lack of disclosure on specific pre-agreed performance targets attached to the award. Additionally, the CFO was granted a one-off award during the financial year, which we believe was not supported by compelling rationale.

Voting outcome
We voted against the remuneration report because of our concerns. Overall, nearly 88% of votes were cast in favour of approving the remuneration report.

Vote withheld example

American multinational conglomerate
Director election

Issue
We had concerns with the quality of climate-related disclosures from the firm.

Details
The conglomerate, which through its subsidiaries is involved in the insurance sector, was identified as one of the world's largest corporate greenhouse gas emitters, but did not have appropriate targets for emissions reduction, and specifically lagged behind peers within the insurance sector. The Board believes that this disclosure is unnecessary as climate risk is included in its enterprise risk management framework, and its pricing model adequately considers climate risks and opportunities.

Voting outcome
We voted "withhold" (this was the only option on the ballot to express our discontent with management) on the re-election of the lead independent director as we believe the Board should be held accountable for not adequately disclosing climate change-related risks and opportunities. This vote was aligned with ISS' recommendation. We also voted in favour of a shareholder proposal at the same meeting proposing the company report on measuring and reducing GHG emissions associated with its insurance businesses. Ultimately, the director was re-elected with 86% of votes, and the shareholder proposal only received 21% of votes in favour, so it did not pass.

Vote abstained example

British industrial parts manufacturer
Director re-election

Issue
We had concerns with the workload capacity of directors.

Details
We identified that a director who was up for re-election also served in various roles for other publicly-listed companies. We were concerned that this could compromise his ability to commit sufficient time to his directorships in this company.

Historically this director had provided a lot of value to the Board, with deep subject-matter expertise. Furthermore, through broker engagement, we learned of his intention to step down from another role, which would lessen the burden on his time.

Voting outcome
We abstained from this vote to note our awareness of potential constraints on this director's time. Ultimately, 84% of votes were cast in favour of his re-election.

Vote against a shareholder proposal example

American multinational apparel and home retailer
Supply chain oversight

Issue
A shareholder requested an independent report on the effectiveness of social compliance in supply chain.

Details
The shareholder proposal requested that the Board commission an independent report on the effectiveness of social compliance efforts throughout the company's supply chain. Our assessment of this company showed that it already provides sufficient disclosure around its human rights due diligence processes. Its Code of Conduct expressly prohibits merchandise vendors from using forced, child and prison labour, and that this is monitored through its targeted factory audit program.

Voting outcome
We voted against this shareholder proposal as we believed that the company's existing business model, audit processes and disclosure framework adequately mitigate the risks of human rights violations and would allow the company to cease relationships with offending brands quickly and effectively if violations are identified. Approximately 80% of shareholders also voted against this proposal, so it did not pass.

Vote for a shareholder proposal examples

American multinational technology and software company
Strengthen reporting of gender and racial pay gaps

Issue
The shareholder proposal requested that the firm report on median pay gaps across race and gender.

Details
The proposal highlighted that best practice in pay gap reporting includes both unadjusted median pay gaps, assessing equal opportunity to high paying roles, and statistically adjusted gaps, assessing pay between racial and ethnic groups and between men and women, performing similar roles. The company was reporting statistically adjusted gaps, but not unadjusted median pay gaps, which are recognised as the leading pay inequity figure by the US Census Bureau, US Department of Labor, the Organization for Economic Cooperation and Development (OECD), and International Labour Organization (ILO), and are required to be reported in the UK and Ireland. This proposal would have also extended the pay gap reporting to include US-based staff.

Voting outcome
We voted for this shareholder proposal as we believed shareholders would benefit from the increased disclosure and being able to better challenge the company's progress on diversity and inclusion initiatives. Whilst the proposal did not pass, a significant 31% of votes were cast in its favour.

American multinational technology conglomerate engaged in e-commerce
Report on efforts to reduce plastic use

Issue
This shareholder proposal requested that the firm issue a report describing how the company could reduce its plastics footprint, setting goals for overall plastic packaging reduction to significantly reduce ocean plastic pollution.

Details
The proposal noted the rising cost of the risk posed by plastic pollution, citing a Pew Report which identified that some governments are beginning to charge corporations for the cost of waste management for the packaging they produce. Should the US enact such a policy, the cost posed to corporations could be approximately $100 billion.

Voting outcome
We voted for this shareholder proposal as we believe shareholders would benefit from increased disclosure on how the company is managing risks related to the creation of plastic waste. With 23% of votes in support of this proposal, it did not pass.

Fixed interest rights and responsibilities
For our listed bond investments, we will review the prospectus as part of our due diligence and engage with management where we have questions. However, we only invest directly in listed bonds so do not make requests to amend issuance or bond documentation.

Third-party funds (active and passive) rights and responsibilities
The rights and responsibilities that we can exercise over our active and passive third-party funds are a combination of the rights that we have for both equities and fixed interest. For our listed trusts, we can exercise our rights and responsibilities through voting, as demonstrated in the following example, whilst for vehicles not yet listed, we can exercise our rights and responsibilities through requests to adapt the fund documentation. For fund managers of non-trust vehicles, we introduced a sustainability questionnaire in FY23 and have since received responses from 91% of the funds on our 'Core List.' The questionnaire was updated in FY24 and the questions include but are not limited to:

Firm-level questions

- Does the firm have a responsible investment policy?
- Is the firm a signatory to any voluntary reporting frameworks on climate, stewardship, or governance?
- How diverse is the firm's senior leadership?
- Does the firm report on its gender pay gap?
- What is the firm's approach to stewardship and proxy voting?
- Does the firm report against the Task-Force on Climate Related Financial Disclosures and is there a net-zero carbon commitment for the business?

Fund-level questions

- How is responsible investment implemented, and how does the relevant team collaborate with fund portfolio managers and analysts?
- How are investment professionals and other staff on the fund trained on responsible investment?
- Does the fund have any sustainable or impact ratings, labels or strategies? Does sustainability affect the fund's investment philosophy or process?
- How does the fund consider ESG risks and opportunities in stock selection and exclusion criteria? How is this considered through regional and industry lenses?
- What external data providers are used to assess ESG factors? How is the quality of this data reviewed internally?
- How do you undertake engagement with holdings? How are engagements tracked and assessed for effectiveness?
- Do you escalate engagements if required? Have you ever divested following engagement?
- Does the fund report in line with any climate-related frameworks? Does it have a net-zero carbon commitment?

Stewardship and Responsible Investment Report | 2024

TrinityBridge example

British property investment company

Issue
We have been engaging with a property company investing in distribution centres across Europe for a couple of years on their discount to NAV, dilutive equity raises and for buying assets at premium prices.

Process
Over the reporting period we have engaged with them by speaking to the Chair of the board and have escalated the engagement by voting against the re-election of the board, and against the authorisation to issue equity. We then engaged further to propose they sell the company or its assets to a bidder close to NAV, to drive the closure of the discount to NAV.

Outcome
The company is now in the process of being sold and has currently received two bids.

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