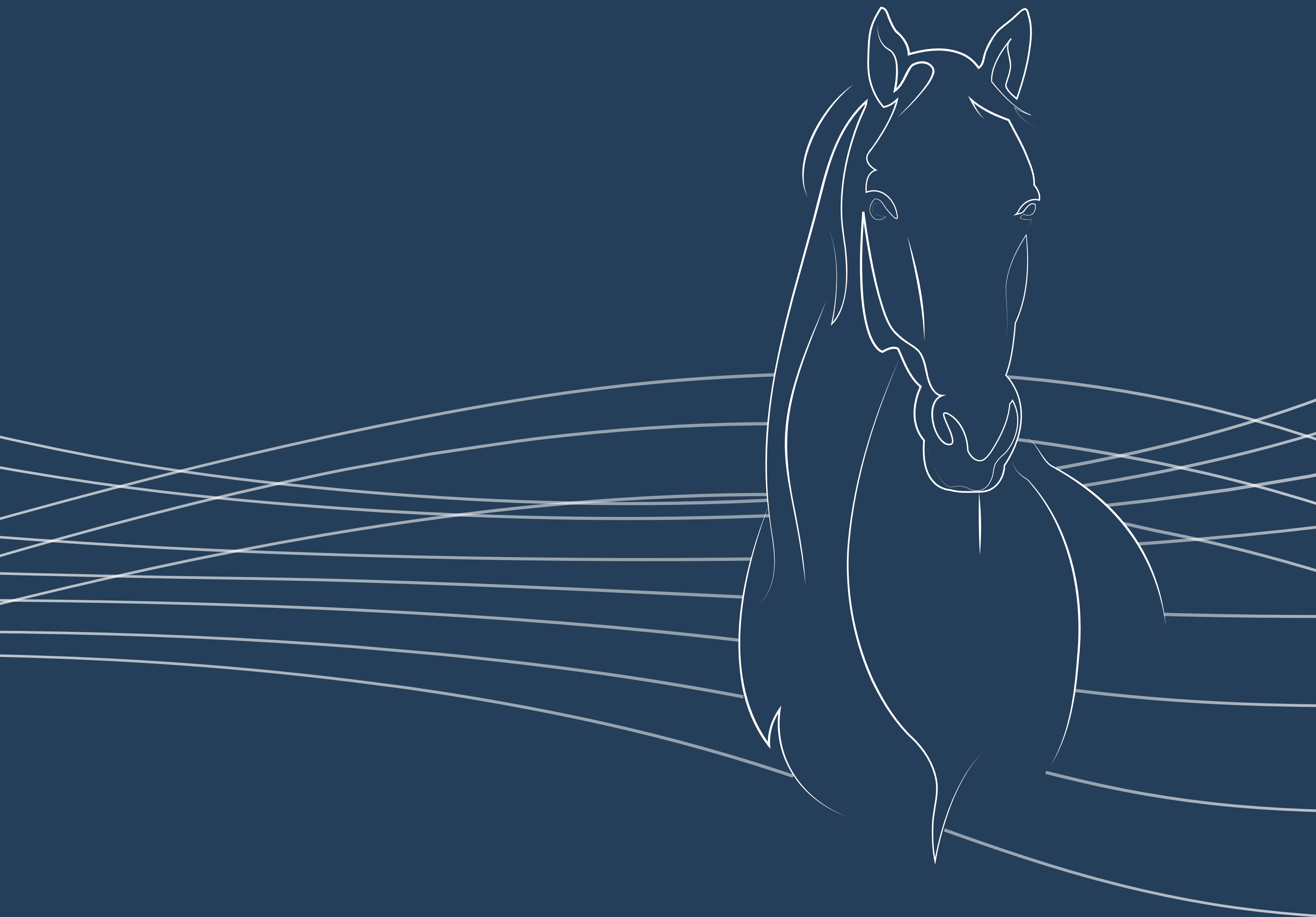
TROY
ASSET MANAGEMENT



UK Stewardship Code **Report**

2023

All data as at 31 December 2023, unless stated otherwise.

Contents

Foreword

Welcome to Troy Asset Management's ("Troy") 2023 UK Stewardship Code Report.

Troy's purpose is to preserve, grow and be a responsible steward of our clients' irreplaceable capital over the long term. Since our foundation in 2000, Troy has continually pursued this purpose and the alignment of our interests with those of our clients. Stewardship is central to this aim and at Troy we are long-term owners of the businesses in which we invest. We are constructive, outward looking and collaborate with fellow shareholders to ensure that the boards of our investee companies are held to account. Long holding periods allow us to deepen our understanding of companies over time and promote the role of active ownership in our process.

Our approach to stewardship has evolved significantly since 2000. Each market cycle has played its part in that evolution. Experience has reinforced our view that companies without strong corporate governance, that are not proactively managing their social impact and environmental footprint, will likely suffer from greater regulation and declining support from customers and shareholders. We believe the way in which a business approaches Environmental, Social and Governance ("ESG") risks and opportunities also provides a valuable insight into a company's culture and the time horizon of its strategy.

We believe that a properly integrated and client-focused approach to ESG will deliver better outcomes for investors over the long term. A company's approach to the environment, combined with the way in which it manages its social impact, will continue to underpin its licence to operate, which is essential to long-term value creation.

Sebastian Lyon

Founder and Chief Investment Officer

On behalf of Troy Asset Management Limited

Principle 1

Purpose, strategy and culture

Signatories' purpose, investment beliefs, strategy and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Context

Troy is an independent investment boutique whose purpose since inception has been to preserve, grow and be a responsible steward of our clients' irreplaceable capital over the long term.

Troy was founded in 2000 by the late Lord Weinstock and Sebastian Lyon, on the premise that what matters to many investors is the real return generated by their assets. The objective was to create a fund management business that would serve investors who shared this same philosophy.

Lord Weinstock was the Managing Director of the General Electric Company ('GEC') for over three decades. He transformed the firm, increasing its turnover from £100m in the early 1960s to £11bn on his retirement in 1996. GEC held significant cash reserves on its balance sheet reflecting its conservative, long-term approach. Under his stewardship, the business expanded in a cautious and deliberate manner seeking long-term value for shareholders through careful capital allocation. This measured, longer-term approach to value creation is one of the characteristics which defines Troy's investment philosophy and is deeply rooted in the investment decisions we make.

Troy believes that a portfolio which suffers fewer and less destructive drawdowns will be in a better position to compound returns over the long run. All of Troy's strategies continue to emphasise absolute over relative returns and seek to protect and grow the real value of investors' capital over the long term. We believe that the integration of ESG analysis and active ownership is essential to identifying what we consider to be the highest quality assets. As detailed further under Principle 7, these comprise a select universe of equities, developed market government securities, gold-related investments and cash.

As at 31 December 2023, Troy managed £12.8 billion of assets, across a range of Multi-Asset, UK Equity Income, Global Equity and Global Equity Income strategies. Additionally, we offer an exclusions-based ethical capability in our Multi-Asset, UK Equity Income and Global Equity Income strategies. We conduct thorough research and manage concentrated and low-turnover portfolios. Stewardship is promoted by our risk-averse approach, focus on high-quality, sustainable business franchises and long holding periods. In seeking to minimise the risk of permanent loss of capital, Troy:

1. Adopts a conservative approach, favouring the highest quality assets and avoiding unnecessary complexity, with our view of valuations driving asset allocation and security selection.
2. Invests in exceptional companies that can grow at sustainably high returns.
3. Seeks to capture the compounding power of these great businesses through concentrated portfolios and long holding periods.
4. Places a heavy emphasis on understanding the material risks to any investment case, specifically avoiding:
    - Weak business models (business risk);
    - Excessive debt (financial risk);
    - Very high valuations (valuation risk); and
    - Poor corporate behaviours (ESG risk).

This approach embeds the integration of ESG analysis into our fundamental research process and our stewardship of our clients' assets involves an active programme of monitoring, engagement and voting.

Troy's culture is one of intellectual honesty, curiosity and independent thinking. We promote a collegiate and collaborative workplace and aim continuously to improve the service we provide our clients. New ideas are freely promoted and working assumptions are openly challenged. Diversity of thought is highly valued. In a rapidly changing world, it is through the support and development of our people that we will adapt and succeed, all the while remaining focused on our purpose of long-term capital preservation and growth for our clients. The majority of the company is owned by employees, directors and the Employee Benefit Trust. Our Fund Managers are co-investors in the funds they manage, further aligning their interests with our investors.

Activity

Stewardship has long been an important component of Troy's approach and is recognised as such by all of Troy's employees. Our approach is to integrate ESG analysis and all aspects of stewardship into our investment process. The contributions of Investment Team members to this endeavour forms an integral part of the performance review and remuneration process.

As long-term investors, patience is a virtue we have sought to cultivate and reward. Our long holding periods and low staff turnover combine to deliver a high level of accumulated in-house knowledge across the Investment Team which contributes positively to the stewardship of our investors' assets.

Investment in high-quality equities is at the core of Troy's investment strategy. With corporate behaviour and ESG identified as key qualitative elements of quality, we have adapted our process in response to the environment in which our companies operate. We recognise that the materiality of environmental and social factors has increased as consumers and regulators have sought to differentiate between those companies acting in a responsible and sustainable way and those which are not. The availability of relevant information and data has also improved. These changes have resulted in a commensurate increase in our actions and focus on stewardship in our investment process.

During the year, we conducted thematic research on several ESG-related issues to which our portfolios are materially exposed. This research has informed and prioritised our engagement efforts. We have also participated in various collaborative initiatives, as detailed further under Principles 4 and 10.

Experience has taught us that culture and stewardship are inextricably linked. As such, we recognise that it is important that we provide our investors with an insight into Troy's culture and how it underpins our approach to stewardship. Troy is committed to continuously investing in the firm's culture, actively managing and supporting it through various initiatives.

In 2022, Troy conducted a cultural review programme to address areas we believe are important to the firm's development and future success. In 2023, we reviewed the outcomes of these workshops and made several positive changes, including to our parental leave benefits and flexible working policies. We believe that these initiatives contribute powerfully to fostering a spirit of inclusion and enable senior management to understand the needs of all employees as the firm develops and grows.

Troy supports a wide variety of environmental and social initiatives both in the UK and overseas, details of which can be found in our Troy Sustainability and Social Responsibility Report. We are committed to improving the way we operate and manage our business. In recent years, we have given greater prioritisation and consideration to our own modest operational footprint. For the fourth year running, Troy has been recognised as carbon neutral[1] by Carbon Footprint Limited, a leading independent carbon consultancy business. Whilst the measurement of Troy's carbon footprint and offsetting of our operational emissions is an important step, we recognise that the reduction of gross emissions is the real long-term aim.

[1]Operational carbon neutrality as defined by Carbon Footprint Limited, which excludes portfolio emissions.

2020

102.66 tonnes of CO2 emissions

Offset through projects supporting the reduction of deforestation in Brazil, borehole rehabilitation in Uganda and the planting of 29 trees in the Great Rift Valley, Kenya

2021

38.26 tonnes of CO2 emissions

Offset through planting 38 trees in the Great Rift Valley, Kenya

2022

101.81 tonnes of CO2 emissions

Offset through the Malawi biomass cookstoves project and voluntary planting of 225 trees in the Great Rift Valley, Kenya

2023

197 tonnes of CO2 emissions

Offset through the Southern Cardamom REDD+Project and voluntary planting of 235 trees in the Great Rift Valley, Kenya

Source: Troy Asset Management. Operational carbon neutrality as defined by Carbon Footprint Limited, which excludes portfolio emissions. Annual emissions calculated to 30 April (Troy's financial year end). Troy offset its market-based scope 2 emissions rather than its location-based scope 2 emissions. In 2021, we switched to a green energy tariff which has negated all location-based scope 2 emissions.

Troy seeks to extend its positive influence beyond our immediate sphere into the wider community through our philanthropic activity. Troy has a history of supporting charitable causes dating back to 2010 when the company only had 12 employees. Each year, our Board of Directors (the "Board") sets aside a meaningful allocation for charitable activities. In 2013, a Charity Committee was formally established to promote wider employee engagement in decision making and membership of the Charity Committee rotates on a biennial basis. Additionally, every employee is invited to play a part in Troy's charitable activities. On an annual basis, each employee nominates a charity in which they or their family have a particular interest and a portion of Troy's annual charity budget is allocated accordingly. Troy's financial support for charitable causes has exceeded £2.4m since 2011.

Troy achieved a Platinum Award in 2023 under the Payroll Quality Giving Mark, awarded by the Charities Aid Foundation (CAF). Payroll Giving is a unique and valued form of fundraising because it provides charities with regular income, helping them plan ahead.

Source: Google images, 31 December 2023

In 2023, Troy sponsored over 80 charities in the UK and overseas. The charities we sponsor support a broad range of causes, including education and mentoring for young people, mental health, the rehabilitation of prisoners, and the distribution of surplus food to those most in need. More recently, Troy's Charity Committee extended its focus to environmental initiatives and, in particular, charities helping to address climate change concerns and global biodiversity.

Whitley Fund for Nature (WFN) is a UK fundraising and grant-giving charity, which supports conservation leaders working in their home countries across the Global South to find local solutions to the global biodiversity and climate crises.

The Royal Botanic Gardens, Kew is a world-leading charity dedicated to plant science and conservation. Troy has supported the Landscape Ecology Programme: Nature Unlocked which includes scientific research on climate adaptation and mitigation, with a particular focus on how carbon accumulates or is released in different environments.

The Brilliant Breakfast is an annual, nationwide event where the funds raised help The Prince's Trust support disadvantaged young women to change their lives for the better, through education or meaningful employment. Troy has used the breakfast as an opportunity for female colleagues to discuss gender diversity in the workplace.

City Harvest puts surplus food to good use in a sustainable way by delivering free food for over 1 million meals a month to 375+ charities, including children's programmes, food banks, refuges for women fleeing domestic violence, families fleeing war-torn countries, and local groups across London welcoming the elderly and isolated.

African Gifted Foundation is an educational charity which funds The African Science Academy, a school outside Accra in Ghana, that provides the opportunity for gifted young women to gain science, technology, engineering and mathematics (STEM) A levels, allowing them to access higher education.

The Longford Trust is about second chances for those who have spent time in prison. The Longford Scholarship programme supports young people looking to rebuild their lives through education after serving a prison sentence.

Outcome

Our consistent approach, low turnover and long holding periods allow our understanding of investee companies to deepen over time through research, monitoring and engagement, resulting in high conviction investment ideas. The compounding of returns over time has, in turn, delivered positive investment growth for our investors. Our long holding periods make ESG risks and opportunities increasingly relevant to the investment case for the businesses we own, thereby promoting the importance of stewardship in our processes.

We assess our effectiveness in serving the best interests of clients and beneficiaries using a variety of measures. Since Troy was founded, we have been careful to maintain the same well-communicated and distinctive investment approach and have demonstrated the discipline to practice it through multiple investment cycles. This has delivered enhanced risk-adjusted investment returns, including lower volatility and less severe drawdowns relative to the comparator indices. This is well illustrated in Table 1 which shows annualised performance since inception (net of fees) for Troy's principal investment strategies alongside maximum drawdown as a proxy for capital preservation. Together these metrics show Troy's effectiveness in both protecting and growing our investors' assets since inception in line with our philosophy.

TABLE 1: Annualised performance and maximum drawdown since strategy inception

	Inception year	AUM	Annualised performance since inception		Maximum drawdown since inception	
			Troy Strategy	Comparator Index	Troy Strategy	Comparator Index
Troy Multi-Asset Strategy	2001	£8,939m	+6.6%	+5.4%*	-13.7%	-45.6%*
Troy UK Equity Income Strategy	2004	£1,837m	+6.7%	+7.0%*	-28.1%	-45.6%*
Troy Global Equity Strategy	2013	£653m	+12.2%	+11.5%#	-21.7%	-26.1%#
Troy Global Equity Income Strategy	2016	£1,356m	+6.5%	+10.5%#	-18.9%	-26.1%#

*FTSE All-Share Index TR #MSCI World Index NR. Source: FactSet, net of fees since inception to 31 December 2023. Past performance is not a guide to future performance. Inception: Troy Multi-asset Strategy (31/05/2001), Troy UK Equity Income Strategy (30/09/2004), Troy Global Equity Strategy (31/12/2013), Troy Global Equity Income Strategy (01/11/2016). The information shown relates to a mandate which is representative of the relevant Troy strategy. Maximum drawdown measures the maximum observed loss from a peak to a trough prior to a new peak forming. All references to benchmarks are for comparative purposes only.

Additionally, over recent years the increased demand from our investors for ethical versions of our main strategies has been recognised and met by the launch of the Troy Ethical UK Equity Income Strategy in January 2016, the Troy Ethical Multi-Asset Strategy in March 2019 and the Troy Ethical Global Equity Income Strategy in November 2021. Annualised performance and drawdowns for these strategies are shown in Table 2.

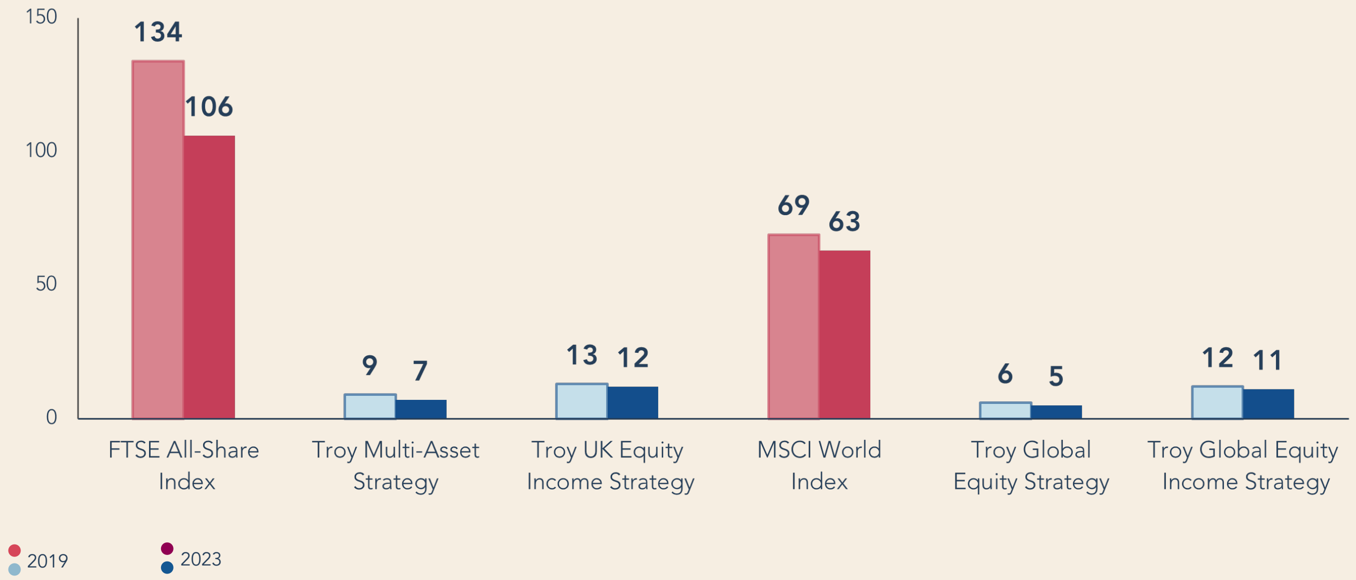
TABLE 2: Annualised performance and maximum drawdown since ethical strategy inception

	Inception year	AUM	Annualised performance since inception		Maximum drawdown since inception	
			Troy Strategy	Comparator Index	Troy Strategy	Comparator Index
Troy Ethical Multi-Asset Strategy	2019	£812m	+5.9%	+7.9%*	-8.9%	-35.3%*
Troy Ethical UK Equity Income Strategy	2016	£222m	+4.8%	+6.8%*	-25.4%	-35.3%*
Troy Ethical Global Equity Income Strategy	2021	£30m	+2.8%	+4.6%#	-10.4%	-15.3%#

*FTSE All-Share Index TR. #MSCI World Index NR. Source: FactSet, net of fees since inception to 31 December 2023. Past performance is not a guide to future performance. Inception: Troy Ethical Multi-Asset Strategy (22/03/2019), Troy Ethical UK Equity Income Strategy (06/01/2016), Troy Ethical Global Equity Income Strategy (01/11/2021). The information shown relates to a mandate which is representative of the relevant Troy strategy. AUM of the ethical strategies is already included in the AUM for the non-exclusion bases strategies in Table 1 above. Maximum drawdown measures the maximum observed loss from a peak to a trough prior to a new peak forming. All references to benchmarks are for comparative purposes only.

Another way of assessing how effective our strategies have been in serving the best interests of clients and managing the climate-related risks our portfolios are exposed to can be seen in Table 3. This shows the carbon footprint (defined as tons of carbon dioxide emitted per US$1 million invested) for Troy's strategies. All of Troy's portfolios have a carbon footprint that is significantly lower than their respective comparator indices which means they are less exposed to the costs and risks of transitioning to a low carbon economy.

TABLE 3: Portfolio Carbon Footprint (Tons CO2e / $M Invested)*

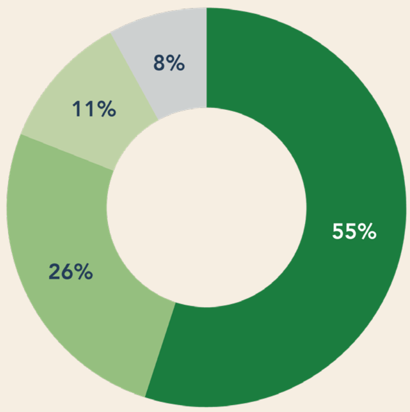


*Carbon footprint calculated using market capitalisation.

Source: MSCI ESG Manager, portfolio holdings as at 31 December 2023 and data as at 4 January 2024. Asset Allocation subject to change. The information provided is based on calculations relating to corporate securities only. Where the fund holds other asset classes, such as cash or government bonds, these are excluded from the portfolio. The information shown relates to a mandate which is representative of, and has been managed in accordance with, the relevant Troy Strategy. All references to benchmarks are for comparative purposes only.

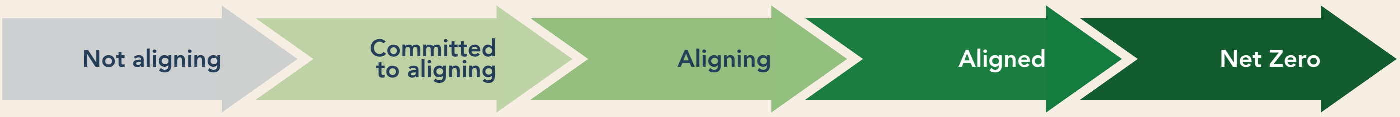
Troy's investment approach typically avoids capital intensive and highly cyclical businesses, including investments in assets that are more exposed to transition-related climate risk. In 2022, Troy's Investment Team conducted a number of iterative assessments of each equity holding's alignment with a net zero pathway. In accordance with the requirements of our Climate Change Mitigation Policy and our commitment under the Net Zero Asset Managers initiative (NZAM), each company has been plotted along an alignment maturity scale informed by the Net Zero Investment Framework[2] methodology.

Current Alignment with Net Zero by 2050 as at 31 December 2023



Source: MSCI ESG Manager.

Troy has categorised all equity holdings along an alignment maturity scale in accordance with the Institutional Investors Group on Climate Change's (IIGCC) Net Zero Investment Framework methodology. This reflects our commitment under the Net Zero Asset Managers initiative to ensure our investments are on track to meet global ambitions of net zero emissions by 2050 or sooner. We currently have engagements underway with all holdings deemed 'not aligning'. Our goal is to move all holdings along the climate maturity scale with the ultimate objective of achieving net zero. For further information please see Troy's Climate Change Mitigation Policy.[3]



To ensure the best interest of clients and investors are being served, Troy regularly assesses a range of additional factors in addition to performance, carbon emissions and alignment with net zero. These include product suitability, third-party fund assessments, fund flows, the tenure of client relationships, investor meetings and presentations, and investor feedback from these many interactions. This analysis informs all aspects of the development of our business including product development, product governance, resourcing and client servicing. Independent value assessments are carried out across Troy's UK retail funds by the Authorised Corporate Director ("ACD") on an annual basis. Their assessments review fees, performance, risk management and reporting to investors to ensure that our funds are serving their best interests. These assessments are subsequently reviewed and acted upon, if necessary, by Troy's Product Governance Committee.

Troy regularly updates its investors through online webinars, seminars and the provision of fund factsheets, investment reports, quarterly investment commentaries and quarterly Responsible Investment reports. In addition, we provide fund ESG reports that disclose climate-related metrics, engagement examples and voting activities over the quarter.

In March 2023, we published our first Climate Report using the framework set out by the Task Force on Climate-Related Financial Disclosures (TCFD), outlining climate risks and opportunities for Troy's business and our investment process.

Finally, Troy has been a signatory to the United Nations' Principles for Responsible Investment (UN PRI) since 2016 and the outcome from Troy's latest UN PRI Assessment Report is used by the firm as a third-party assessment of our stewardship activities. Troy received four out of five stars for our submission in relation to the 2022 calendar year in all areas for which we were graded.

[2]For further details of the Net Zero Investment Framework, please see methodology here.
[3]This Policy outlines the consideration of climate risk in our investment decision-making process for mandates which meet the criteria under Article 8 of the European Union's Sustainable Finance Disclosure Regulation.

Principle 2

Governance, resources and incentives

Signatories' governance, resources and incentives support stewardship.

Governance

Troy's independent structure, robust governance model, and strong cultural values form the foundation of our approach to effective stewardship of our clients' assets. We remain a privately-owned company and we have always sought to maintain a simple but effective organisational structure, overseen by the Board, which has, strong representation by Non-executive Directors with a diverse range of industry backgrounds.

Our governance structure, summarised below, has evolved as the business has grown. Troy's Board has established a number of committees to which it delegates responsibility. Each committee has its own terms of reference and committee members are selected from the relevant areas of the business to ensure that each committee has the appropriate level of knowledge and experience to discharge its responsibilities.

TABLE 4: Troy's Governance Structure and Committees

Board of Directors	**Headline responsibilities**
Chaired by Troy's Non-executive Chairman Membership comprises Executive and Non-executive Directors	• Meets quarterly • Oversight and control of the management of the firm • Sets the strategy of the firm • Responsible for stewardship activities and compliance with our Responsible Investment & Stewardship Policy
Executive Committee	**Headline responsibilities**
Chaired by Troy's Vice Chairman Membership drawn from Executive Directors, Senior Fund Managers, Legal and Business Development	• Meets at least four times each year • Implementation of strategy and business plans • Ensuring the firm's culture and values are maintained • Ensuring the firm's systems & controls are operating effectively
Audit Committee	**Headline responsibilities**
Chaired by Independent Non-executive Director Membership drawn from Non-executive Directors	• Meets at least twice each year • Oversight of financial reporting • Oversight of audit of internal controls • Appointment & review of external auditor
Remuneration Committee	**Headline responsibilities**
Chaired by Independent Non-executive Director Membership drawn from Non-executive Directors	• Meets at least twice each year • Oversight of the firm's Remuneration Policy • Oversight of incentives and remuneration, including senior management remuneration
Risk Management Committee	**Headline responsibilities**
Chaired by Troy's Chairman Membership drawn from Investment, Business Development, Risk, Operations, Legal and Compliance	• Meets at least twice each year • Management and implementation of Troy's risk management framework • Oversight of the firm's Risk Management Policy • Oversight of conduct risk

Responsible Investment & Climate Committee	Headline responsibilities
Chaired by Deputy Head of Research Membership drawn from Investment, Business Development, Risk, Operations, Legal and Compliance	• Meets quarterly • Responsible for the implementation of the firm's Responsible Investment & Stewardship Policy and activities • Committee members approve amendments to the Responsible Investment & Stewardship Policy • Responsible for the review of relevant service providers • Annual report to the Board • Reviews and monitors engagement and voting
Charity Committee	**Headline responsibilities**
Chaired by Troy's Vice Chairman Membership drawn from Investment, Business Development, Risk, Operations, Legal and Compliance	• Meets at least twice each year • Responsible for the implementation of the Charitable Giving Policy
Product Governance Committee	**Headline responsibilities**
Chaired by Chief Operating Officer Membership drawn from all areas of the business	• Meets at least twice each year • Responsible for implementing the firm's product strategy • Reviews the firm's product governance processes and procedures • Reviews proposed new products and proposed amendments to existing products • Periodically reviews existing products
Trade Oversight Committee	**Headline responsibilities**
Chaired by Chief Operating Officer Membership drawn from Investment, Business Development, Operations, Legal and Compliance	• Meets quarterly • Monitors trade execution quality for all asset classes • Provides challenge and oversight of the trade execution process • Oversees the operational systems and controls in place across the trade lifecycle

As at 31 December 2023.

Our approach to the governance of stewardship activities has developed as the materiality of environmental and social factors has increased. In 2018, we created a Responsible Investment Committee. Following a review of our governance structures in 2020, we extended the committee's remit to include climate and the enhanced Responsible Investment & Climate Committee (RI&CC) subsequently became a sub-committee of our Executive Committee.

Troy's Head of Research is ultimately accountable to the Board for our responsible investment and stewardship activities and, together with the Chief Investment Officer (CIO), supervises the Deputy Head of Research who chairs the RI&CC.

The Deputy Head of Research is responsible for Troy's Responsible Investment & Stewardship Policy and the implementation of the associated systems, processes and training required to deliver Troy's responsible investment objectives, as governed and overseen by the Responsible Investment & Climate Committee. On an annual basis, the Deputy Head of Research formally reports to the Board on Troy's approach to responsible investment, including progress made on integration, voting, engagement, service providers, training and governance.

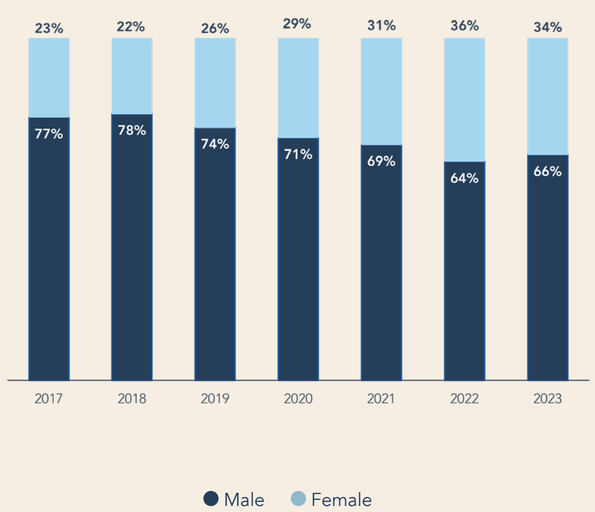
Resourcing and Diversity

Our people are the core of our business. We maintain our reputation for high standards of business conduct by setting, monitoring and upholding the cultural values and ethics of the firm. We invest in training and development to build a culture that generates excellence and diversity of ideas, including in relation to our stewardship activities. Troy is committed to creating a culture where respect and understanding are fostered, and where the diversity of peoples' backgrounds and circumstances is positively valued. Embedding these principles is central to the long-term success of our investment approach and to the benefit of our clients and investors.

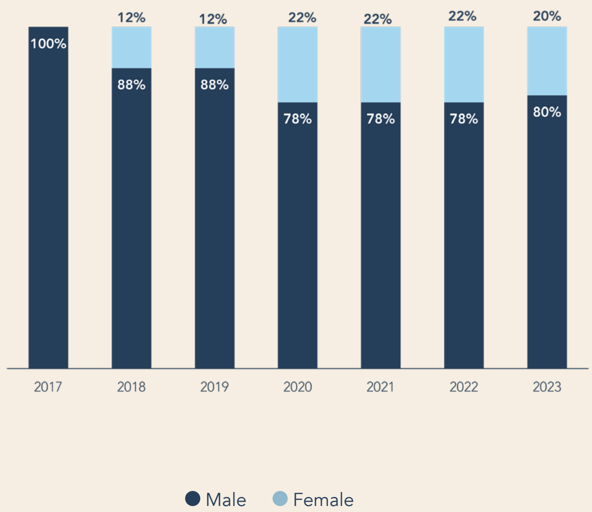
We seek to encourage diversity across a wide range of characteristics, including gender, age, ethnicity, experience and education. Troy's Diversity & Inclusion and Equal Opportunities Policy aims to ensure that no job applicant or employee receives any less favourable treatment on grounds of age, disability, gender, race, nationality or ethnicity, religion or beliefs, pregnancy or maternity, marital status or civil partnership or sexual orientation. It further aims to ensure that individuals are selected, promoted and treated on the basis of the individual's own skills, abilities and performance, and all employees are encouraged to take advantage of the opportunities available to progress their career within the firm. An inclusive culture promotes employee happiness, aligning their individual goals to those of the business, which in turn supports staff retention and development.

Whilst employee turnover at Troy is well below industry average (at only 3% on average over the last 5 years), the success and growth of our business in recent years has enabled us to effect change in the diversity of our workforce. By gender, approximately two thirds of new hires over the past three years have been female. We would expect this trend to continue, allowing us to approach gender parity over the medium term. Over this same term we are also committed to improving our diversity on a broader range of characteristics as part of our wider commitment to diversity and inclusion.

Firm Gender Breakdown



Board Gender Breakdown



Troy's Investment Team comprises 14 members who are collectively responsible for the integration of ESG into Troy's research and analysis as well as engagement and voting. The Investment Team at Troy benefits from a wide variety of qualifications across a range of disciplines including business and finance, politics, history, languages, engineering and sciences. A number have studied internationally; two team members have MBAs/ Masters in Finance and two have PhDs. All have further professional qualifications (predominantly CFA) or are currently working towards those qualifications. Most Investment Team members have worked elsewhere prior to joining Troy, bringing diverse experiences and knowledge of different approaches and working practices. In terms of age, our youngest Investment Team member is 25 and our oldest is 56. The mean age is 40.

From a gender perspective, we have one female Investment Analyst and two female Fund Managers, one of whom is also a co-founder of the charity GAIN (Girls Are INvestors). GAIN seeks to promote diversity within the fund management industry by increasing the number of female applicants for entry level investment roles. At a firm wide level, 34% of Troy's workforce is female. GAIN is one of Troy's preferred recruitment channels for its Investment Team's internship programme with the objective of further improving the gender diversity of our team.

Case study

Troy is a founding sponsor of GAIN, a charity co-founded by Charlotte Yonge, the Fund Manager of the Trojan Ethical Fund. GAIN seeks to promote diversity within the fund management industry by increasing the number of female applicants for corporate entry-level investment roles.

GAIN inspires young women with a strong network of female role models, who speak in secondary schools and universities around the UK on the many benefits of investing as a career. By creating an environment in which members of our team can pursue such initiatives, Troy is able to build a richer culture, improve diversity through our industry and promote ideas such as collaboration and social impact that are closely linked to the tenets of stewardship.

Since 2022, Troy has supported Sponsors for Educational Opportunity (SEO) London, a UK-registered charity delivering educational, training, and mentoring support to young people from under-represented and under-served backgrounds. Troy also uses SEO London as a recruitment channel for its Investment Team's internship programme.

Training

Under Troy's continuous professional development programme, all members of staff are encouraged to develop their understanding and knowledge of stewardship and responsible investment matters. For members of Troy's Investment Team, we also host industry experts to cover sustainability topics and present on salient ESG topics. In 2023, we hosted Philip Lambert, CEO of Lambert Energy Advisory Ltd (LEA), which is one of London's leading Energy M&A and Strategic Advisory firms, having been advisors on over $100 billion of landmark Energy M&A transactions in recent years.

- **External Consultants:** Members of the Investment Team have previously received training in voting and engagement by an external consultant and key members of the Investment Team have had extensive training via third party ESG data providers we use.
- **Responsible Investment Bodies:** Troy regularly makes use of training, webinars, seminars and conferences provided by ESG focused industry bodies including, but not limited to, Investor Forum, IIGCC, NZAM, CA 100+ and the UN PRI.
- **Internal Training:** Members of our Investment and Business Development Teams receive internal training covering issues such as the evolution of Troy's ESG integration. In 2023, these focused on diversity and equity.
- **External Courses:** Various members of the Investment and Business Development Team have also completed The CFA Institute Certificate in ESG Investing to expand their knowledge and understanding of ESG issues.

ESG Integration

ESG analysis is fully integrated into Troy's investment process and carried out by Troy's Analysts and Fund Managers. Troy has an investment universe of companies that meet our quality and risk criteria. Troy's strategies all share the same investment philosophy and all stocks held across Troy's mandates are taken from the central investment universe. Analysis of ESG factors is a core component of Troy's fundamental research and an important determinant of which companies make it into Troy's investment universe.

Our bottom-up research aims to understand how ESG factors may affect the revenue growth, profitability, and value of each company. We assess each company on its individual exposures to ESG factors, aided by third party research and our own materiality analysis. ESG analysis is embedded in our in-house research notes and often forms part of our monitoring process during meetings and reviews, which is particularly important given that materiality changes over time. Governance and climate risk are systematically reviewed as part of the annual AGM voting process. Stock specific ESG integration also informs our engagement and voting activities where we feel a company is performing inadequately on a material ESG factor.

ESG risks are considered alongside other types of risk such as business risk, financial risk and valuation risk. We seek to avoid investing in a company that is exposed to ESG risks which we consider to be intolerably high, particularly where our analysis reveals that such risks are not adequately managed and may impair our ability to generate positive risk-adjusted returns for our investors.

In addition to company-specific ESG analysis, we conduct thematic research on ESG risks and opportunities that affect a number of holdings and may be more systemic in nature. This is particularly useful when developing our understanding of rapidly evolving social and environmental factors. Our thematic research allows us to identify leaders and laggards on a given ESG topic and guides our understanding of best practice, often informing our engagement activities in areas such as supply chain labour risk, modern slavery, water security and climate change.

Third Party Research

Troy retains responsibility for all aspects of stewardship including its engagement and voting decisions, except in cases where segregated account clients maintain voting rights. The external research and data we receive in relation to ESG is used only as an input to our own primary research. Troy does not outsource voting decisions or engagements to any third party.

To supplement internal research, we use various external research resources to assist the team in understanding ESG risks and issues associated with portfolio investments and in carrying out stewardship activities:

- Each member of the Investment Team has access to MSCI ESG research which is provided by way of MSCI ESG Manager. This service provides qualitative analysis of ESG factors, for both corporate and sovereign issuers, alongside ESG ratings for both. Troy also subscribes to MSCI's climate data and CVaR tool and receives additional climate data from sources such as company filings, Carbon Disclosure Project (CDP) and Climate Action 100+.
- ISS Europe Limited assists with the execution of our voting activities and provides us with research in relation to voting through the ProxyExchange Platform. ISS Europe Limited also provides research by way of its Norms-Based Research product in relation to breaches of the 10 principles of the UN Global Compact.
- Moody's ESG Solutions provides analysis which assists us in monitoring the behaviour and activities of companies and provides screening for our portfolios which are invested subject to exclusion criteria.
- Bloomberg provides access to all types of financial and non-financial data, with increasing availability of ESG-specific metrics.
- Our Investment Team has access to a wide variety of third-party research publications, some of which are dedicated to Responsible Investment and Stewardship.

Troy's Responsible Investment & Climate Committee is formally mandated to review and approve the appointment of responsible investment and climate-related service providers, thereby ensuring that the external systems and data we utilise in our process as described above remains best suited to our needs. Due diligence is carried out on all providers prior to onboarding and on a periodic basis thereafter.

Incentives

We seek to ensure a close alignment of interests between all members of staff and our investors and clients. This helps to ensure that we put the best interests of clients and beneficiaries first by reducing the potential for the interests of employees and investors to diverge. We encourage all members of staff to invest in the firm's funds and each Fund Manager invests a material proportion of their annual remuneration in Troy's funds.

We are committed to maintaining remuneration structures that promote effective risk management, responsible business practices and do not encourage excessive risk taking. The Remuneration Committee implements, oversees and administers all the firm's remuneration arrangements, including the discretionary annual bonus scheme and any share-based incentives.

As noted above, our long-term approach to investment means that we have developed an investment process where stewardship is an integral part of the investment decision-making process. Remuneration is linked to performance. However, we do not attach pay schemes to explicit targets and no element of remuneration is formulaically linked to investment returns. A discretionary annual bonus scheme is operated on the basis of the firm's financial performance and the individual performance of eligible staff over time. Members of the Investment Team are also assessed on their contribution to the firm's responsible investment and stewardship activities as part of the firm's annual appraisal process.

To ensure that the firm's remuneration structure encourages effective risk management, the firm requires any individual who receives bonuses in excess of a certain threshold to defer a proportion of their after-tax bonus. To further align staff interests with those of clients, investors and shareholders, the amount of any bonus required to be deferred must be applied to the purchase of shares in Troy or funds/investment trusts to which the firm has been appointed Investment Manager. The shares purchased must be held for a minimum of three years from the date at which the bonus is paid to the relevant individual. By doing this, we seek to mitigate the risk of a Fund Manager being incentivised to take inappropriate risks for short-term gains.

Outcome

Since Troy's inception, robust governance oversight of our investment approach has delivered long-term value for clients as shown under Principle 1. Our long-term approach to investing is underpinned by the integration of stewardship into our investment decision-making. This is embedded in our culture and reinforced by our remuneration structure and equity alignment. As our approach to stewardship has developed, we have recognised the need to increase the resources dedicated to it.

Over recent years, Troy has invested significantly in people, processes and technology to support our stewardship framework. We have contracted with multiple data and technology providers to supplement our internal ESG research. We have enhanced our internal processes, including our engagement methodology, responsible investment reporting to clients and proxy voting. These measures have substantially strengthened our internal stewardship resources and capabilities.

The Responsible Investment & Climate Committee oversees the continuation of Troy's climate strategy, including our approach to climate change mitigation and our targets under the Net Zero Asset Managers initiative (NZAM). Other responsibilities include the oversight of regulation affecting Troy, such as the UK's Sustainability Disclosure Requirements (SDR) and ongoing adherence to the EU's Sustainable Finance Disclosure Regulation (SFDR). The Committee also oversees the publication of Troy's Climate Report, UK Stewardship Code Report, and submissions to the UN PRI.

Finally, at the end of 2022, Troy approached ISS to create a custom Voting Policy to provide Troy's Investment Team with customised voting recommendations, particularly where we found ourselves frequently voting against ISS's recommendations. This also promotes consistent voting across Troy's strategies for such issues as Chair independence, director tenure, CEO/Chair separation and a minimum of 30% female representation at board level. Troy's custom Voting Policy came into effect in 2023.

Principle 3

Conflicts of interest

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

Context

We believe there are three core types of conflicts of interest which may affect our business. These are: (a) between an employee and the firm; (b) between the firm and its clients; and (c) between two or more clients of the firm. How we seek to identify and prevent potential conflicts of interest and, where necessary, put in place measures to manage any such conflicts is specified in Troy's Conflicts of Interest Policy. This Policy is reviewed and updated by Compliance at least annually. Examples of conflicts relating to stewardship are detailed in Troy's Responsible Investment & Stewardship Policy.

Activity

Each department within the firm maintains a register of conflicts of interest. The register outlines the potential or actual conflict and the controls which the firm has in place to mitigate or manage such conflicts. Named people within the relevant department are responsible for that register, which is reviewed at least annually with Compliance. Each departmental register is combined to form an overall register of conflicts which is maintained by Compliance.

On a quarterly basis, the Compliance Team reviews the consolidated conflicts register and reports any new conflicts to the Executive Committee. In addition, the Compliance Team produces a report for the Board at least annually summarising the register and the most material conflicts affecting the firm. The potential for additional conflicts of interest is also considered on an ad hoc basis, such as each time Troy takes on a new client or considers launching a new fund.

We have identified various potential conflicts of interest and one actual conflict relating to stewardship, each of which is recorded in our conflicts of interest register. As described in the second Case study below, one of Troy's Non-executive Directors is also a Director of a business which Troy invests in. This conflict of interest could influence our stewardship activities, such as voting. The Case study highlights the controls in place to ensure that this conflict is effectively managed.

We seek to ensure a close alignment of interests between all employees and our investors and clients. Our approach to personal account dealing further evidences our mitigation of the potential for the interest of employees and investors to diverge. Whilst investment in Troy funds is encouraged, personal account dealing more widely has the potential to lead to conflicts of interest. Troy prohibits members of staff from purchasing any investments in listed securities (excluding investment trusts and collective investment schemes) which limits the possibility of such a conflict arising. Adherence to the Policy is monitored by our Compliance Team.

A further example, featured in the first Case study below, relates to the identification and management of any possible conflict in proxy voting instructions that may arise between Troy's strategies.

In summary, we seek to ensure the interests of clients and investors are always put first. This is achieved through a combination of Troy's Conflicts of Interest Policy and procedures, together with our culture and encouragement of good behaviours, alongside regular staff training and other firm policies.

Case study: Voting Conflicts

We recognise that wherever possible it is preferable to ensure consistent voting on any resolution and that voting is incorporated as part of Troy's wider engagement with companies. However, Troy manages four main strategies, each with different investment objectives and policies. The firm is aware of the potential for conflict in relation to voting on behalf of specific strategies with differing objectives. For example, our income strategies may have a preference to receive dividends, whereas growth mandates may opt for share buybacks or reinvestment of profits. In all instances, each manager is required to instruct voting on the assets they manage and may, if warranted, vote on the assets within their own strategy independently from others, although this is uncommon.

In 2023, we strengthened our voting process by creating a custom Voting Policy with ISS to ensure consistent application to voting on certain corporate governance issues. Troy's stance on these issues are informed by best-practice standards and the corporate governance codes of the jurisdictions in which we invest. Troy's standardised process for voting is that, prior to a General Meeting, the relevant Investment Analyst will review agenda items and the voting recommendations, which will be recommended based on Troy's custom Voting Policy and our proxy voting provider's research and recommendation. A voting note will be written by the Investment Analyst which records analysis as necessary, and the vote recommendation and rationale.

This voting note is then circulated to all Fund Managers who hold the stock within their portfolios, to review and confirm whether they agree with the proposals. Each Fund Manager considers the votes based on the specific objectives of each investment mandate and has the autonomy to choose to cast votes against the analyst's recommendations should they consider it to be in the best interests of their respective investors to do so. In such an event the rationale is recorded. There were no instances of such a conflict arising in 2023.

Voting recommendations on shareholder proposals are not currently included within this policy as their more nuanced nature often requires an analysis of the wider context and implications for long-term shareholders. Voting on such proposals is therefore done on a case-by-case basis.

Case study: A Troy Non-executive Director is a Director of a Business within Troy's Investment Portfolio

Troy's Investment Team maintains an investment universe of c.160 equities which have been researched and are monitored by Troy's Investment Team. All equity investments held within Troy's portfolios are selected from this investment universe. We previously reported that a Non-executive Director of Troy also holds directorships at two companies within Troy's investment universe and that Troy had invested in one of these companies, which was recognised as an actual conflict, particularly in relation to engagement and voting. To manage the conflict, the Compliance Team set up a 'watchlist' with Troy's third-party proxy voting adviser, whereby the Compliance Team is notified each time the company AGM requires voting.

In line with Troy's standardised process for voting, the relevant Investment Analyst will review the agenda items and the voting recommendations, which will be recommended based on Troy's custom Voting Policy and our proxy voting provider's research and recommendation. A voting note will be written by the Investment Analyst which records analysis as necessary, and the vote recommendation and rationale. The voting note must be sent to the Compliance Team for review to ensure that votes have been cast in line with Troy's custom Voting Policy and have not been unduly influenced by the conflict. Once satisfied, the Compliance Team will confirm that the conflict has been effectively managed and the Investment Analyst will circulate to all Fund Managers who hold the stock within their portfolios, to review and confirm whether they agree with the proposals. Should the Fund Manager choose to cast votes for their holding against the analyst's recommendations, the rationale will be provided and reviewed by the Compliance Team.

The Compliance Team will also review the ESG analysis and consider whether the appropriate engagements have been conducted. Additionally, all engagements are reviewed and overseen by Troy's Responsible Investment & Climate Committee, adding an additional layer of oversight.

Principle 4

Promoting well-functioning markets

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Activity and Outcome

As noted under Principle 1, Troy's investment approach seeks to minimise the risk of permanent loss of capital. The identification of risk, and our mitigation of it, is therefore a central part of both the management of our business and our approach to the investment of our clients' assets.

Troy's Risk Management Committee is responsible for the identification, oversight and management of risk across all aspects of our business, ensuring that appropriate measures are in place. The Risk Management Committee seeks to identify, quantify and mitigate a broad spectrum of risks including: investment risk, liquidity risk, counterparty risk, operational risk, business risk, compliance and legal risk, financial risks (including currency risk and interest rate risk), conduct risk and ESG risk, which includes both physical and transition risks arising from climate change.

From an investment perspective, in addition to our efforts to avoid material stock specific risks through in-depth research and the ongoing monitoring of our investments, our approach also includes the identification of and response to market-wide and systemic risks.

In our Multi-Asset portfolios, the team evaluates asset class valuations and considers the influence market-wide risk factors like inflation, interest rates, and currency fluctuations could have on future returns. Troy's Multi-Asset Strategy aims to preserve and grow investors' capital in real terms over the long run. This is achieved through a cautious, dynamic asset allocation approach based on our view of equity valuations, the selection of high-quality securities, and an understanding of the impact of market-wide and systemic risks. The core of the portfolio comprises liquid developed market equities. In addition to equities, other asset classes are selected on the basis of:

- risk diversification (e.g., gold-related investments and government bonds)
- safety and optionality (e.g., short-dated treasury bills and cash)
- inflation protection (e.g., index-linked government bonds and gold-related investments)
- currency hedging (e.g., forward FX contracts to reduce/ eliminate unwanted currency exposures in the portfolio)

For Troy's equity strategies, we adopt a fully invested approach. Market wide risks are in part addressed by picking resilient businesses and the attention paid to valuation (as discussed further under Principle 7). A consideration of ESG risks and opportunities is integrated into our research, whilst we also conduct thematic research to address systemic risks like climate change and biodiversity loss. Our research guides our engagement with investee companies.

Climate change is a significant systemic risk, impacting Troy, our investee companies and the wider economy. As a firm, we manage the transition risks associated with the shift to a low-carbon economy. As a single-office investment management firm located in London, Troy has a relatively small operational carbon footprint. The climate-related risks associated with the assets we manage on behalf of our investors will be far greater in magnitude than those we face operationally.

We include climate risks in our central risk register and integrate climate analysis into our investment process. While our exposure to high-impact sectors remains limited given our bias towards capital-light and non-cyclical businesses, we analyse the greenhouse gas emissions and associated mitigation strategies of all investee companies in order to limit our exposure to unmanaged climate-related risks. Our selective approach results in lower exposure to carbon-intensive industries compared to benchmark indices, with emissions averaging approximately 90% below the index average.

TABLE 5: Carbon Emissions by Sector: Troy's Investment Strategies vs Respective Comparator Index

	MSCI World Index*	Troy Global Equity Strategy vs Index	Troy Global Income Strategy vs Index	FTSE All-Share Index*	Troy Multi-asset Strategy vs Index	Troy UK Income Strategy vs Index
Utilities	796	Not Invested	Not Invested	160	Not Invested	-6.3%
Energy	320	Not Invested	Not Invested	404	Not Invested	Not Invested
Materials	388	Not Invested	Not Invested	332	Not Invested	-93%
Industrials	46	-99%	-89%	83	-99%	-94%
Consumer Discretionary	16	-98%	+310%	69	Not Invested	-33%
Consumer Staples	32	-18%	-68%	18	-32%	-58%
Communication Services	7	-89%	-99%	33	-96%	Not Invested
Health Care	5	-27%	-45%	5	-10%	+14%
Real Estate	11	Not Invested	-26%	5	Not Invested	-88%
Information Technology	4	-66%	+39%	2	+27%	-85%
Financials	7	-93%	-96%	2	-86%	-73%
Overall	63	-93%	-83%	106	-93%	-88%

*Emissions measured in metric tons of CO_2 emitted per $1m invested.

Source: MSCI ESG, portfolio holdings as at 31 December 2023 and data as at 3 January 2024. Past performance is not a guide to future performance. Asset allocation subject to change. The information shown relates to a mandate which is representative of, and has been managed in accordance with, the relevant strategy.

When carrying out fundamental analysis for prospective investments, we consider the vulnerability of a company and its business model to climate-related risks and establish how well positioned it is to take advantage of opportunities arising from the transition to a low-carbon future. Initiation notes, which are internal research notes completed for all investments within Troy's investment universe, have a dedicated section on ESG risks and opportunities with specific prompts relating to the company's exposure to both physical and transition climate risks. Climate-related factors considered in Troy's proprietary research may include but are not limited to:

- Carbon pricing and increased regulation
- Global energy supply and demand mix
- Disruptive technologies
- Net zero alignment and transition plans issued by companies
- Direct and indirect physical risk

As long-term investors, we expend a considerable portion of our research effort monitoring existing holdings by regularly reviewing financial releases, meeting management, and assessing non-financial factors such as progress on decarbonisation. We conduct an annual governance and climate review of all holdings as part of our AGM and voting process.

To monitor the extent of risk exposure, we also support our own initial analysis with MSCI's climate data which takes into consideration a company's sector (carbon intensity, proneness to stranded asset risk or disruption risk) and geographical location (regulatory changes, carbon price introduction and physical risk exposure). This enables a better understanding derived from combining the quantitative carbon performance, transition and physical risk exposure data from MSCI with the qualitative analysis undertaken by Troy's Investment Team. Climate issues identified in our research process are further explored during meetings with the management or sustainability teams of the companies concerned. During 2023, we carried out a supplementary in-house piece of analysis on the transition plans of our most carbon intensive investee companies using the Climate Action 100+ benchmark.

Our approach to climate risk continues to evolve. Like others in our industry, we are developing and using new tools to understand and respond to climate change and we recognise the role that collaborative action can play in achieving this, as discussed below and in further detail under Principle 10. Troy published its first Troy Climate Report in accordance with the TCFD recommendations in March 2023 to provide our stakeholders with information on Troy's approach to and management of climate-related risks and opportunities.

Collaborative Industry Bodies

In recent years, Troy has evolved its collaboration with wider stakeholders and industry groups to promote well-functioning markets. Whilst Troy has always sought to be a responsible market participant, the aftermath of the Global Financial Crisis and our recognition of the increased urgency to address climate change have meant that Troy has taken a more active stance in addressing the systemic aspects of ESG risks.

This includes expanding membership in collaborative engagement and policy-focused organisations, aligning with TCFD recommendations, and joining initiatives like NZAM, CDP, IIGCC, and CA 100+. Troy's ongoing participation in the UN PRI since 2016 underscores our commitment to integrating ESG factors into investment processes and promoting a resilient financial system. By engaging with industry initiatives, Troy aims to enhance policy-making and engagement with market participants and companies.

United Nations' Principles for Responsible Investment

Signatory of:

As part of the Firm's commitment to responsible investing, Troy became a signatory to the UN PRI in September 2016 and, as such, aims to make a positive contribution to the establishment of a sustainable economic and financial system. In 2023, Troy received four out of five stars in all areas where we were graded for the 2022 calendar year.

The Investment Association (IA)

The IA is the trade body for UK investment managers. It works closely with the UK government, regulators, the European Commission, and other international bodies, to help shape the environment in which their members operate. Troy participated in the IA Investment Management Survey which is a critical data collection exercise and is a key source for industry participants, government and regulators.

UK Stewardship Code

Signatory of:

Troy is a signatory to the UK Stewardship Code 2020. The Code is a set of 12 Principles for asset owners and asset managers. It sets high expectations for how asset managers invest and manage money on behalf of UK savers and pensioners, and how this leads to sustainable benefits for the owners of assets as well as the economy, the environment and society.

Independent Investment Management Initiative (IIMI)*

Troy is a member of the IIMI (*formerly New City Initiative), a think tank that offers an independent, expert voice in the debate over the future of financial regulation. The IIMI gives a voice to independent, boutique firms to contribute to well-functioning markets and Troy is an active participant of the IIMI and attends various webinars and networking events.

Carbon Disclosure Project (CDP)

CDP is a not-for-profit charity that, over the past 20 years, has created a system that has resulted in unparalleled engagement on environmental issues worldwide. Please see case study below for examples of Troy's contribution to this initiative.

Task Force for Climate-Related Financial Disclosures (TCFD)

IIn recognition of the importance of the systemic risk posed by climate change and its influence on future returns, Troy has committed to implementing the recommendations of the TCFD. Troy published its 2022 Climate Report in early 2023 and will publish its 2023 report by June 2024.

The Institutional Investors Group on Climate Change (IIGCC)

The IIGCC is the European membership body for investor collaboration on climate change and the voice of investors acting for a prosperous, low-carbon future. Please see case study below for examples of Troy's contribution to this initiative.

Net Zero Asset Managers initiative (NZAM)

NZAM is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to supporting investing aligned with net zero emissions by 2050 or sooner. Troy published its Net Zero targets in July 2022.

Climate Action 100+

Climate Action 100+ is the leading collaborative engagement platform aimed at addressing systemic climate risk. Troy joined the initiative in early 2021 and became an active participant in an engagement with Unilever which is ongoing.

The Investor Forum

The Investor Forum, founded in 2014 as a direct recommendation of the Kay review, has two objectives: to make the case for long-term investment approaches and to create an effective model for collective engagement with UK companies.

Girls Are INvestors (GAIN)

Troy is a founding sponsor of GAIN, which aims to promote diversity within the fund management industry by increasing the number of female applicants for entry-level investment roles. Troy's support of charities such as GAIN help promote diversity and inclusion to the benefit of the wider industry.

Sponsors for Educational Opportunity

Sponsors for Educational Opportunity (SEO London) is a UK-registered charity delivering educational, training, and mentoring support to young people from underrepresented and underserved backgrounds.

Case study: Nature-Related Systemic Risk

Nature and Biodiversity Loss – TNFD and CDP

Natural capital in many ways forms the foundation for all other types of capital. It delivers essential services crucial for businesses and people, including providing resources (food, water, timber), regulating climate and disease, and supporting nutrient cycles and crop pollination. Over time, human activities have stressed natural ecosystems and reduced biodiversity. This degradation poses both business and financial risks, ranging from the increasing scarcity of critical raw materials to less stable supply chains.

New policies to protect the natural environment will impact many of our investee companies. For example, the EU's law on deforestation-free products, which impacts various sectors like agriculture, energy, construction, and infrastructure, ensures products consumed in Europe will not contribute to deforestation or forest degradation.

Our integrated responsible investment approach seeks to mitigate investment risks by assessing the exposure of the underlying companies in which we invest to nature-related risks and the potential implications of strained access to natural resources. Similarly, sourcing commodities linked to deforestation poses growing reputational risks to many businesses, particularly those that rely on their brands for success, such as consumer staples companies.

In 2019, we first explored the topics of plastic use and palm oil and have since explored other nature-related themes such as biodiversity loss, water stress and deforestation. Our aim is to gauge the efforts that portfolio companies make to mitigate their impact on nature and prevent damage to natural ecosystems. This serves to safeguard the resilience of their businesses while mitigating regulatory and reputational risks.

Throughout 2023, we had discussions with investee companies whose sourcing practices had the potential to detrimentally affect natural ecosystems. Given their reliance on nature for manufacturing, these companies also face significant financial risks from land degradation, a warmer climate, less rainfall, and biodiversity-loss. We addressed this issue in meetings with key players in our consumer staples portfolio, such as Unilever, Nestlé, Procter & Gamble, Reckitt Benckiser, Diageo, Pernod Ricard, and Heineken.

Haphazard and inconsistent disclosure by companies continues to be an impediment to carrying out effective research and understanding the extent of unmitigated sustainability risks to which we are exposed via our investment in companies. We firmly believe that transparency and disclosure of nature-related risks and opportunities are a critical first step in promoting well-functioning markets, allowing investors to better integrate nature-risks into their analysis and decision-making. In September 2023, the Task Force on Nature-related Financial Disclosures (TNFD) released its highly anticipated disclosure framework. This is a global initiative pushing businesses to disclose and manage their impact on nature. We have begun to encourage investee companies to utilise the framework for their disclosures.

In 2023, for the third year running, Troy participated in a series of collaborative engagements as part of the CDP's Non-Disclosure Campaign (discussed further under Principle 10). Troy was the lead signatory on three out of eight disclosure requests made to different companies: AJ Bell, Nintendo, PZ Cussons, Safestore, CME Group, London Metric Property, Roche, and InterContinental Hotels (IHG). We engaged with Nintendo, PZ Cussons and IHG on nature disclosure requests. We anticipate that nature-related themes will receive increased attention in the coming years and become a greater focus in our stewardship efforts.

Principle 5

Review and assurance

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

Activity

Troy's policies play an important role in setting a clear framework which promotes and enables effective stewardship. These include Troy's Responsible Investment & Stewardship Policy, Responsible Investment Governance Policy, Climate Change Mitigation Policy, Voting Policy & General Voting Guidelines, Conflicts of Interest Policy, Remuneration Policy, and Diversity & Inclusion and Equal Opportunities Policy. We also have internal process documents such as our climate change mitigation analysis process which provides the Investment Team with detailed information in relation to the practical implementation of this policy. All compliance policies are reviewed on at least an annual basis by the Compliance Team in conjunction with relevant persons within the business and are signed-off by the relevant committee or the Board. These reviews involve the business seeking continually to improve our policies and processes and to ensure that they meet Troy's regulatory obligations and are being implemented as intended.

The principal policy that relates to our stewardship activities is our Responsible Investment & Stewardship Policy. This is updated at least annually with input from our Compliance Team and Head of Research and signed off by the Responsible Investment & Climate Committee. Over recent years, the Policy has evolved to enhance the effectiveness of our stewardship activities, including developing our guidance on how to assess corporate governance practices, as well as our approach to climate change in response to becoming a signatory to the NZAM initiative.

Troy considers training vital in enhancing knowledge and the integration of new ideas into Troy's policies and processes. Training and webinars were also provided by a number of external service providers and responsible investment bodies including the UN PRI, IIGCC, Investor Forum, MSCI ESG Manager, Climate Action 100+ and a number of sell side research providers.

The firm receives both internal and external assurance to ensure that policies and processes are compliant and implemented effectively. Troy's Compliance Team carries out monitoring in line with the firm's risk-based compliance monitoring plan. Monitoring considers Troy's adherence to regulatory requirements and the firm's policies. Additionally, Troy's Compliance Team maintains a full risk register (including ESG, RI and climate change risks), as overseen by Troy's Chief Operating Officer who is the Director responsible for Troy's risk management framework. The risks which are assessed to be the most significant are considered further in Troy's 2023 Internal Capital and Risk Assessment (ICARA). Both the risk register and the ICARA are reviewed, at least annually, by the Risk Management Committee and the Board.

Troy's Responsible Investment & Climate Committee is responsible for the oversight and governance of responsible investment and stewardship at Troy and also plays a significant role in the assurance and assessment of our stewardship activities. The Committee met quarterly during 2023 and reviewed the following:

- An overview of votes cast
- All ongoing engagements
- The progression of all climate engagements with 'not aligning' companies pertaining to our commitment under SFDR as specified in our Climate Change Mitigation Policy

- The continued implementation of our NZAM commitment
- Any responsible investment related policy changes
- Regulation affecting the industry related to ESG/sustainability

Where Troy has made formal commitments to integrate governance analysis and engage on climate issues in relation to our commitments under SFDR, Troy's compliance function monitors adherence to Troy's Climate Change Mitigation Policy.

Furthermore, our internal governance structures described under Principle 2 are overseen by our Board and benefit from the scrutiny of Troy's four independent Non-executive Directors, providing additional assurance. The Chair of the Responsible Investment & Climate Committee formally reports to the Board on an annual basis and Troy's approach to responsible investment, including ESG integration, engagement and voting activity undertaken by the Investment Team is specifically covered.

Given the size and nature of our company, Troy does not have an internal audit department. Our approach therefore is for our operational and control processes to be audited by an independent third party. On an annual basis, Troy engages an external auditor to carry out an internal controls assurance (Type 1 AAF 01/20 report). As part of this audit, Troy's processes and controls for proxy voting were independently reviewed during the year to ensure that proxy voting was conducted according to Troy's policies and were processed completely and accurately and within the agreed timescales. No exceptions were noted in relation to these processes.

Further, the outcome from Troy's latest UN PRI Assessment Report is also used by the firm as a third-party assessment of our stewardship activities. In 2023, Troy received 4 out of 5 stars for our submission in relation to the calendar year 2022 in all four modules for which we were graded. UN PRI reporting has become an important tool for us to assess our own responsible investment policies against those of our peers and has allowed us to identify actions that can move us further towards best practice.

Finally, as a delegated Investment Manager, Troy works closely with, and is subject to regular due diligence by its clients, some of which are regulated ACDs and Alternative Investment Fund Managers. Troy is required to complete due diligence questionnaires, provide policies as requested and meet with such clients and investors where they have the opportunity to ask further questions. Most recently, Troy worked closely with the ACD of Trojan Investment Funds, the Management Company of Trojan Funds (Ireland) plc and UK and Irish legal counsel when creating our Troy Climate Change Mitigation Policy in efforts to categorise certain proprietary funds as 'Article 8' under SFDR. This provided external assurance as to the robustness of the policy, its effective implementation and adherence to regulatory requirements.

We believe this internal governance and external assurance of the core elements of our stewardship approach are material, relevant and proportionate to the size of the business and the relative simplicity of the investment approach.

Since inception, Troy has worked hard to ensure that our investors and clients understand our investment process. This requires clear and concise reporting which provides information and data presented in a way that is fair, balanced and easy to understand. Our approach in relation to reporting on stewardship is no different. Since 2019, we have prepared reporting relating specifically to stewardship activities. Through feedback provided during our interactions with investors and clients, this reporting has been enhanced significantly in recent years. We publish a quarterly Responsible Investment and fund-level ESG Report, which provide further insight into our stewardship activities, summarises areas of thematic research which are currently in focus and provides in-depth examples of recent notable engagements. Stewardship reporting is included as standard in our materials for investor meetings and incorporates the provision of carbon emissions data and net zero alignment analysis of investee companies, as well as voting and engagement activity conducted during the period.

In March 2023, we published our first Troy Climate Report using the framework set out by the Task Force on Climate-

Related Financial Disclosures (TCFD), outlining climate risks and opportunities, primarily to transition risk, in both our business and our investment process.

Troy has a formal review process in place for our client reporting, including factsheets, investment reports, presentations and the quarterly reports described above. All such communications are required to be submitted to the Compliance Team who check and approve the reports prior to publication to ensure that, amongst other things the content is fair, balanced and not misleading. Our annual UK Stewardship Code Report undergoes the same review process.

Outcome

Troy's policies and procedures are subject to regular review with the objective of continuous improvement. At the end of 2022, Troy approached ISS to create a custom Voting Policy to provide Troy's Investment Team with customised voting recommendations, particularly where we found ourselves frequently voting against ISS's recommendations. This also promotes consistent voting across Troy's strategies for such issues as Chair independence, director tenure, CEO/Chair separation and a minimum of 30% female representation at board level. Troy's custom Voting Policy came into effect in 2023 and is available to investors on our website. This approach is in-keeping with evolving industry best practice and is informed by corporate governance codes of the jurisdictions in which we invest.

When it comes to shareholder resolutions, we do not want to be too prescriptive on how individual resolutions should be voted (on the basis that each situation may present unique circumstances). Troy has supported a number of shareholder resolutions over the course of the year.

Principle 6

Client and beneficiary needs

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

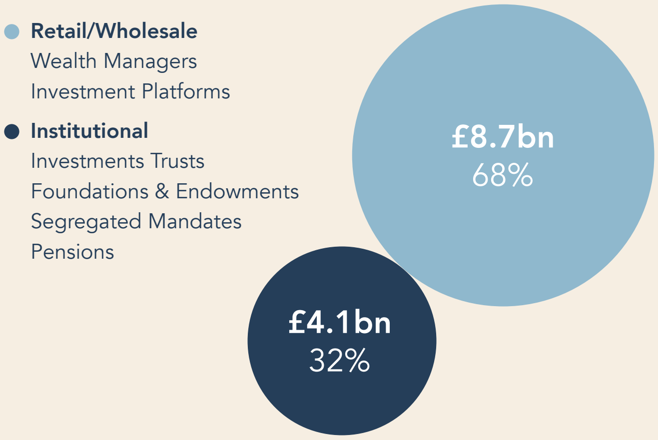
Context

Troy manages a number of open-ended investment companies, investment trusts and segregated mandates across four strategies. Our underlying investor base includes both institutional investors and a broad range of retail investors predominantly invested through wealth managers, independent financial advisers and retail investment platforms in our pooled vehicles.

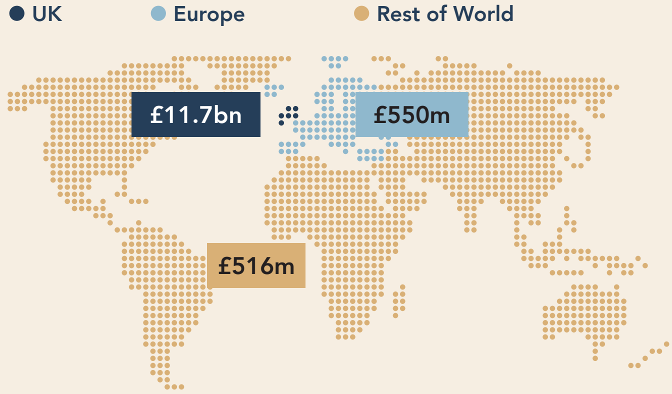
Stewardship is an integral part of the investment process for all of the assets managed by Troy. The long holding periods associated with our approach require a strong commitment to stewardship and lead to a preference for high-quality businesses which demonstrate the ability to grow sustainably over the long term. It is Troy's belief that the importance of stewardship increases materially over longer-term investment horizons such as ours.

TABLE 6: Breakdown of Troy's assets by investor type / domicile and asset class / region.

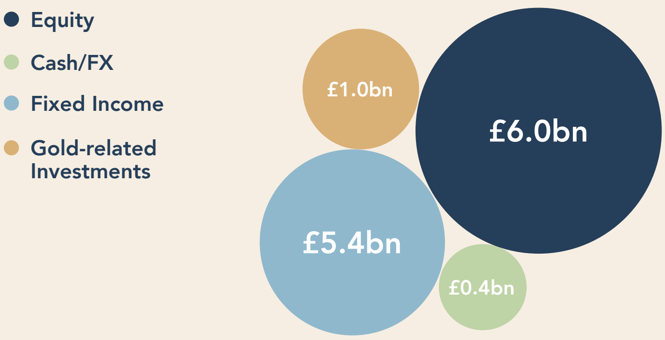
AUM (£) by Investor Type



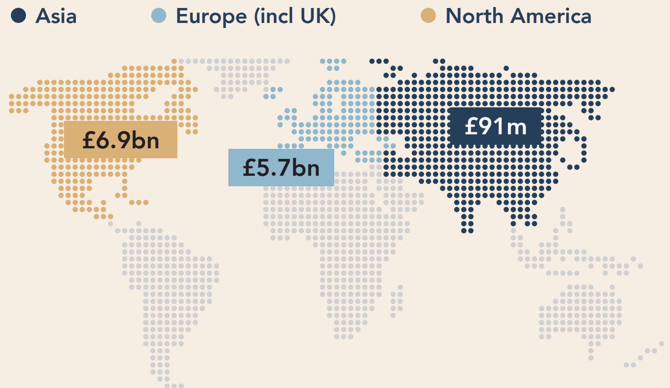
AUM (£) by Investor Domicile



AUM (£) by Asset Class



AUM (£) by Region (unhedged)



Source: Troy Asset Management Limited as at 31 December 2023

Where Troy's Multi-Asset Strategy invests in fixed income, it is through the sovereign debt of developed nations. Troy's commodity exposure is to gold, primarily through physically-backed Exchange Traded Commodities (ETCs).

Our long holding periods allow for an in-depth understanding of investee companies, which deepens over time through research, monitoring, and engagement, thereby increasing our investment conviction. The compounding of returns over time has, in turn, delivered a favourable outcome for our investors. Moreover, our long holding periods make ESG risks and opportunities material to the investment case for the businesses in which we invest, further promoting the importance of stewardship in our beliefs and processes. Investee companies acknowledge our long-term approach and the calibre of our research, resulting in strong access to, and engagement with, management teams.

Activity

Troy's investment approach was informed at inception by a clear understanding of our founder investor's views and investment requirements. Lord Weinstock's stated objective of seeking long-term absolute returns, whilst avoiding the distraction of short-term market noise and benchmarks, set the approach which Troy has maintained to this day. Over the past 23 years, Troy has clearly and consistently communicated this investment philosophy in its reporting and in meetings with prospective clients, thereby seeking to attract like-minded investors.

The majority of Troy's assets under management are via open-ended collective funds and investment trusts, each with a significant number of underlying investors. Consequently, it is generally not possible to adapt our investment approach to the specific requirements of individual clients, unless it is considered that such requirements reflect the development of best practice to the benefit of Troy's wider client base.

Given the evolution of investor demand and priorities over recent years, we have taken account of market developments and client feedback with respect to changing needs, specifically in relation to reporting. Additionally, Troy's Compliance Team is responsible for ensuring that Troy's regulatory obligations are met.

Troy has an experienced Business Development Team with eleven full time members focused on understanding and meeting the needs of Troy's client and investor base. This includes meeting regularly with investors across the wealth management and institutional community and responding to data requests and due diligence questionnaires throughout the year. Troy also arranges a number of seminars, webinars and meetings hosted by the relevant Fund Manager for investors. These provide an effective and regular format for us to interact with and collect feedback from a range of investors. Troy's Business Development Team reviews client feedback and requirements from meetings, telephone or email communications at their monthly team meeting and agrees upon any actions required.

Many of Troy's existing investors have built holdings in Troy's funds over a number of years and know the Team and investment style very well. When taking on a new mandate or relationship, Troy is careful to enquire about any specific client stewardship requirements. Troy's understanding of its clients' needs benefits from having low staff turnover and the long-term relationships it has with clients.

In recent years our investors have, in general, focused increasingly on responsible investment and Troy's stewardship activities. Our focus on these areas, both in terms of our approach and our reporting, has been enhanced to meet our investors' changing preferences and needs. We update our Responsible Investment & Stewardship Policy at least annually, publish it on our website and provide it to prospective investors and consultants during their due diligence. The Policy fully articulates our approach to stewardship. We have a dedicated Responsible Investment page on our website, where we publish Troy's complete voting records and provide a voting and engagement disclosure document, with further detail for investors around significant votes (in line with the disclosure requirements under the Shareholder Rights Directive II).

Over time, we have developed new funds and strategies, some of which have been specifically designed to meet the increased demand from clients for ethical variations of our principal strategies, the most recent being the launch of the Trojan Ethical Global Income Fund. The launch of these ethical funds was in direct response to interaction with and feedback from our investors, which was discussed under Principle 1. For separately managed accounts, by agreement, Troy is able to incorporate client-specific restrictions or guidelines.

When implementing the regulatory requirements of SFDR, Troy sought the views of the ACDs and Boards of our Investment Trusts, both of which are representatives of the underlying investors. We also sought the views of a number of underlying investors themselves before determining our response to the regulation.

To report in a transparent and coherent way to our investors, we publish monthly fund factsheets, quarterly reports, a quarterly firm-level Responsible Investment and fund-level ESG report, and interim and annual reports for our collective vehicles. Troy's quarterly Responsible Investment Report provides quantitative and qualitative information for investors about Troy's firm-wide voting and engagement activities. In March 2023, we published our first Climate Report using the framework set out by the Task Force on Climate-Related Financial Disclosures (TCFD), outlining climate risks and opportunities, primarily to transition risk, in both our business and our investment process.

We maintain detailed records of engagement and voting activity which provide clarity around objectives for each engagement, progress made and final outcomes. This provides the framework for us to report to our investors in a clear and transparent manner on an ongoing basis.

Outcome

During the year, our evaluation of how effective we were in soliciting the views of our clients was predominantly informed through feedback and interaction with many of our investors and their advisors. In 2023, we hosted a total of seven webinars for investors in Troy's collective investment vehicles, each ending with an open-format Q&A session. Investors have also expressed their views and interacted with us following receipt of Troy's monthly factsheets, quarterly commentaries and investment reports, or in response to meetings, phone calls and emails.

Additionally, and with the purpose of providing detailed updates on our processes and stewardship activities, Troy actively manages a programme of meetings with the various intermediaries and platforms who have direct relationships with many of Troy's underlying investors. These meetings also provide a forum for Troy to understand where the disclosure and reporting requirements for their clients' needs are changing and where additional information is required.

Troy has seen a marked increase in interest from investors in climate analysis and reporting. In response, we have developed suitable client reporting materials, noting that all client reporting is verified to be accurate, fair and balanced by Troy's Compliance Team. Troy's responsible investment reporting has been enhanced significantly at firm and fund level and now provides further insight into our stewardship processes. The reports include summaries on thematic research projects, voting, engagement, climate, and net zero alignment data. Stewardship reporting is also included as standard in our materials for investor meetings.

Troy became a signatory of the NZAM initiative in 2021 and we published our first formal climate-related targets in July 2022 under the Paris Aligned Investment Initiative's 'Net Zero Investment Framework'. Alongside our long-term commitment to investing in alignment with net zero emissions by 2050 or sooner, we have set the below interim target for our equity holdings:

- Portfolio Coverage Target: 100% of portfolio companies must classify as aligned or aligning to a net zero pathway by 2030 (80% by 2025).
- Portfolio Decarbonisation Reference Target: Emissions (tCO_2e/\$m) to be reduced by 50% by 2030, against a 2019 baseline.
- Engagement Threshold: 40% of financed emissions to be subject to direct or collective engagement by 2025, unless already aligned to a net zero pathway. All not aligning companies also to be subject to direct or collective engagement.

Our approach is supported by an active ownership strategy that prioritises engagement over divestment. The above targets, supported by our engagement activity, represent the initial steps along our journey towards alignment with the goals of the Paris Agreement. We look forward to updating you on our progress against these targets and are currently working in partnership with the wider industry to accelerate the transition towards global net zero emissions in order to play our part to help deliver the goals of the Paris Agreement and ensure a just transition.

We believe the above methods to be effective in communicating the outcomes of our stewardship activities with our investors.

Principle 7

Stewardship, investment and ESG integration

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

Since its foundation, Troy has sought to deliver attractive risk-adjusted returns by prioritising the avoidance of permanent capital loss, investing for long-term growth and emphasising quality within our process. As long-term investors, we must be confident that any business in which we invest is sustainable and can generate growing amounts of cash long into the future. We therefore invest in companies with high returns on invested capital that are sustained by durable competitive advantages. We tend to avoid cyclical and capital-intensive businesses and favour predictable and less economically sensitive ones. While the global equity index includes c. 3,000 stocks; Troy's selected investment universe covers c.160 companies, and we invest in fewer than 100 of these across our investment strategies. Rather than employing a separate ESG team, our analysts and fund managers adopt an integrated approach whereby ESG factors are a component of fundamental analysis. Our aim is to evaluate how these factors can either help or impede a company's ability to generate sustainable returns and growth over the long term. To achieve this, we combine in-depth stock specific analysis with thematic ESG research as described below.

Our highly selective and long-term approach allows us to conduct deep, proprietary research prior to investment and then monitor companies closely over the course of our ownership. We judge each company on its individual merits and do not have a prescriptive checklist for assessing ESG factors. Nevertheless, our integrated approach towards the fundamental analysis of ESG factors is a key component of assessing the durability of a company's competitive advantages and its prospects. The ESG factors we focus on are specific to each company and industry and depend on our view of their materiality. They include, but are not limited to, the following factors:

Climate Change	Natural Capital	Product Safety & Responsibility	Human Capital	Corporate Governance
• Carbon pricing • Energy mix • Technological disruption • Net zero alignment • Physical risk	• Natural resource management • Biodiversity • Pollution • Waste • Circularity	• Product use and harm • Chemical use • Data privacy • Cyber security	• Human rights • Workplace culture • Employee treatment and empowerment	• Board effectiveness • Management capability • Corporate behaviour • Business ethics

Whilst environmental and social issues are often specific to companies and industries, corporate governance considerations can be applied more broadly. We place significant weight on corporate governance, believing that good quality governance underpins successful and sustainable companies. In our experience, companies that are well-managed and properly governed tend to be far-sighted, closely aligned with their stakeholders and better able to navigate a changing world and sustain high returns on invested capital over time. They recognise that their licence to operate is closely linked with their behaviour as a responsible corporate citizen, and consequently act with broader social and environmental considerations in mind. In assessing the quality of corporate governance, we look for:

- A long-term mindset and true alignment of interests between management and shareholders through equity ownership and/or remuneration policies that incentivise long-term profitability and wealth creation
- An independent and diverse Board of Directors that provides effective oversight and challenge to management
- A record of disciplined and value-enhancing capital allocation

- Coherent and effective risk management, including material social and environmental factors and a plan to mitigate climate risk specifically
- A willingness to engage and interact openly with shareholders
- Clear, transparent and appropriately audited disclosure of financial results

As discussed under Principle 4, we believe that climate change is a systemic issue that should be given material consideration by the management of all businesses in which we invest. Companies will bear a growing cost for their carbon emissions in the coming years and businesses that are unprepared for the transition to net zero face a real threat of increasing costs, declining profitability and a loss of market share to more dynamic and forward-thinking competitors.

Troy has conducted a number of thematic research projects to identify and prioritise particular ESG issues faced by its investee companies. The aim of our thematic research is to enhance the depth of knowledge on specific ESG topics and research emergent ESG issues. Examples of thematic research topics explored over the reporting year include climate change, nature-related risks, responsible drinking and child labour in cocoa supply chains.

As long-term investors we expend a considerable portion of our research effort on monitoring existing holdings. We monitor financial releases and meet with management regularly to build our knowledge of a company and to ensure our investment thesis remains valid. Where ESG performance or management activity diverge from our expectations, we will engage either with management or the relevant board representatives, with a clear engagement objective, as detailed under Principles 9 and 11. This process is also critical to deepening our understanding of the companies in which we invest. We are active owners, voting on all proxies and conducting regular company meetings to further our understanding.

Despite a desire to hold our stocks for the long term, we also exercise a robust sell discipline. We sell holdings when:

- The investment thesis changes
- The quality of a company (including ESG performance) deteriorates
- Valuations become too expensive
- We have better ideas
- We are wrong

Whilst Troy's investment strategies may hold differing underlying asset classes and investments, they all share the same long-term investment philosophy, equity research process and approach to responsible investment and stewardship. We manage four strategies: Multi-Asset, UK Equity Income, Global Equity and Global Equity Income, and as a consequence of this shared approach there is a degree of commonality in the equity holdings across our different strategies.

Troy's Multi-Asset Strategy invests in equities, fixed income and commodities. Its fixed income investments are held in the sovereign debt of developed nations. Our ESG analysis of this fixed income exposure focuses on the issues which we believe pose the greatest risk to investors' capital over the investors' 5+ year time horizon. These include, but are not limited to, the following areas:

- The damage that ESG failings can have on a country's reputation and its ability to issue debt, with particular attention to political stability, political rights and civil liberties
- The strength of the rule of law, particularly in relation to bribery, extortion and corruption
- Current account and fiscal balance, debt rating and outlook

- The risk of censure or legal action relating to breaches of regulation and conventions relating to social standards of practice and discrimination and/or environmental standards
- The sovereign's mitigation of climate-related risks including a review of the international climate conventions that the sovereign is party to, their Nationally Determined Contributions (NDCs) under the Paris accord and the presence of a net zero ambition

We prefer to own the government debt of strong and stable countries, believing that doing so increases the resilience of Troy's Multi-Asset portfolios during times of crisis and is thus better suited to the objective of preserving and growing clients' irreplaceable capital over the long term. Troy currently invests in US and UK government debt.

Troy's Multi-Asset commodity exposure is primarily to gold bullion. This exposure is largely through physically-backed Exchange Traded Commodities (ETCs) and physical bullion via an allocated account. Troy's preferred ETCs are 100% backed by physical gold and increasingly hold gold that meets the post-2012 London Bullion Market Association (LBMA) standards for responsible sourcing. We believe that having exposure to gold provides real diversification benefits for clients and investors, making Troy's Multi-Asset Strategy less correlated to global equity markets and better able to preserve our clients' capital.

The equity holdings in Troy's mandates are drawn from the firm's investment universe of researched stocks that our fundamental analysis has shown meet our quality and risk criteria. The investment universe is global in nature, but with a significant focus on companies listed in developed markets. This reflects Troy's view that the quality of accounting and corporate governance in developed markets is more robust. Troy's investment universe may expand over time to include more companies listed in Asia and Emerging Markets as stewardship standards improve, but this will be done in a highly selective manner and on a case-by-case basis.

Stewardship and ESG research are integrated into Troy's investment process and inform our opinion on the long-term sustainability of every asset we own. The analysis of ESG factors is not an adjunct or an overlay to our process but is integrated into our analysis from the very start. The basis of all integration is deep, fundamental research on each underlying company or issuer. Equities form the backbone of our portfolios.

If a company meets our quality threshold, we start by writing a detailed initiation note. The initiation note explores the sources of a company's competitive advantages, its licence to operate, the dynamics of the industry it operates in, and its ability to reinvest capital at high rates of return in the future, among other things. It includes a focus on corporate governance and an assessment of the quality of management and its record of allocating capital. There are also dedicated sections on environmental and social risks and opportunities within the investment case segment of the note. In 2023, the Team undertook research on a number of new and existing ideas. Each of these research notes considered environmental, social and governance issues, examples of which have been outlined below:

Case study: Climate Change (Canadian National)

In 2020, we initiated research into North American railroad companies and subsequently invested in Canadian National at the end of 2023 within our Global Income Strategy. While railroad operations are a large source of $CO2$ emissions, the industry has shown significant progress in enhancing environmental performance, notably through substantial improvements in fuel efficiency over the past 25 years.

Rail transportation boasts greater environmental performance compared to road transport, with rail operations being over four times more fuel-efficient. With heightened environmental consciousness among customers, the industry is poised to capitalise on the growing demand for logistics solutions with reduced carbon footprints. Freight in North America is still predominantly transported by road, highlighting the opportunity for rail to grow its market share over time.

Case study: Responsible Drinking (Diageo, Pernod Ricard and Heineken)

The alcohol industry provides a good case study for social analysis as it relies on the sale of a psychoactive substance that, if misused, poses risks both to individuals and society, but when consumed in moderation can be enjoyed responsibly and add to social occasions.

Troy's Ethical Strategies exclude companies which derive more than 10% of revenues from alcohol sales. However, our other mandates are able to invest in the alcoholic beverages sector. The companies we favour in this sector, typically align with the premiumisation trend in drinking behaviours, reflecting a shift towards quality over quantity. Consumer preference changes and a growing appreciation for drinking in moderation has also brought a new opportunity to alcohol companies in the form of no-alcohol and low-alcohol drinks.

All alcohol companies in Troy's portfolio focus on premium spirits or beers, prioritising brand integrity and avoiding associations with excessive consumption. Despite this, social risks remain, prompting us to conduct a focused analysis in 2023 to evaluate how our portfolio companies, Diageo, Pernod Ricard, and Heineken, manage these risks.

While acknowledging alcohol's potential for harm, especially considering it is estimated to contribute to 5.1% of the global disease burden according to the World Health Organization, responsible alcohol consumption can foster conviviality. Although individual choices are important, alcohol companies play a critical role in promoting informed decision-making through responsible drinking campaigns. We've scrutinised our investee companies' strategies in this regard, delving deeper through dedicated discussions on the topic in company meetings and comparing their strategies. We are generally satisfied with the efforts our portfolio companies have made and believe that they are responsible actors within the alcohol industry. We continue to closely monitor their progress in this area.

Responsible Drinking Campaigns		
Diageo	**Pernod Ricard**	**Heineken**
As part of Diageo's 'Society 2030 Spirit of Progress' plan, the company is committed to promoting changes in attitudes towards excessive consumption, drink driving and underage drinking. Diageo have launched a number of education platforms such as DRINKiQ to promote moderation.	Pernod Ricard launched a cross-market digital campaign: "Make memories, Not Hangovers". The company has a goal to roll out at least 12 campaigns in strategic brands to promote responsible drinking behaviour amongst their consumers by 2027.	Heineken has made a commitment to invest 11% of its annual marketing budget to support responsible consumption programmes (to reach 1.2 bn unique customers a year) via digital media. Heineken 0.0 (zero alcohol) has seen significant success. Low and no alcohol beers comprise a growing proportion of Heineken's sales.

Governance – CEO/Chair Separation

Combined CEO/Chair roles are not uncommon for US listed companies as corporate governance standards in the US do not prevent these roles from being combined. However, Troy maintains the view that a separate CEO and Chair is preferable such that the Board can exercise independent oversight of the CEO and management, providing a stronger mechanism for accountability and alignment with long-term shareholder interests. Approximately a quarter of the companies in which Troy is invested have combined CEO/Chair roles.

As a standard practice, we have begun voting against the Chair of the Governance Committee at companies with combined CEO and Chair roles to signal our discontent with a lack of independent board oversight. In a similar vein, we support all shareholder resolutions requiring an independent Chair, with the exception of a founder-Chair who may add valuable experience and insight to the Board and the strategic direction of the company.

In 2023, Troy voted against the re-election of the Chair of the Governance / Nominating Committee, or equivalent, in eleven AGMs. We wrote to each of the companies ahead of casting our vote to express our rationale.

Our equity research process is iterative, and we spend time gaining confidence in a company's enduring quality. Each initiation note is debated and discussed by Troy's Investment Team, which will often lead to new questions being asked. Assessing the credentials of any company we invest in is not a static process; it is a continuous pursuit, comprising ongoing primary research and monitoring alongside regular dialogue and/or engagement with company management. The direction of travel and the pace of change, particularly in the case of ESG issues, are often just as important. We engage on ESG issues that we believe are material to their particular business.

American Express

Troy formally began an engagement with American Express (Amex) in April 2021 on the topic of remuneration. Amex's longer term incentive programme awards management with shares according to average return on equity (ROE) and total shareholder return, both measured over a three-year period and compared to a peer group.

We believe the selected peer group is inappropriate because it contains traditional banks, who have structurally lower returns than Amex. For this reason, Troy has communicated to Amex that we do not believe the metrics determining management's pay to be sufficiently stretching. In early 2022, Troy wrote to Amex ahead of the Compensation Committee's remuneration review asking that Amex return to targets that better reflect the high returns on equity that investors can expect from Amex.

Troy suggested the Compensation Committee consider either targeting an absolute level of ROE that sets a sufficiently demanding hurdle rate, or re-weight the peer group towards companies with similar business models to Amex. We continued to raise this with the company in meetings with management over the course of the year and in a dedicated meeting with representatives in charge of Amex's governance and remuneration. During the 2023 AGM, Troy voted against Amex's executive compensation on these grounds for the fourth consecutive year.

This engagement is ongoing as we work in dialogue with Amex to improve the alignment of management's remuneration with the company's underlying shareholders.

Troy maintains an engagement database which details each engagement, its objective and outcome and is reviewed regularly. The Investment Team is responsible for voting on all items, which is another important component of our active ownership approach. We address engagement and proxy voting in more detail under Principles 9, 10 and 12.

Alongside company-specific research, we conduct thematic ESG research to better understand issues that affect a number of our holdings or to explore the exposure of our portfolios to significant and material ESG themes. This is particularly useful when developing our understanding of rapidly evolving social and environmental factors. Our thematic research often allows us to identify leaders and laggards on a given ESG topic and guides our understanding of best-practice.

Case study: Board Gender Diversity (targeting >30% female representation)

A board oversees company strategy, monitors management, and ensures shareholder accountability. Its effective functioning is crucial to all shareholders. A diverse mix of competences, experiences, and backgrounds forms a foundation for good corporate governance.

Diversity of thought is important in ensuring varied perspectives and ideas can be shared and robustly challenged, helping guard against the dangers of groupthink and reducing bias. While demographic characteristics are not the sole determinants of differing perspectives, they can often influence one's life experiences. We have begun to focus on gender diversity at board level, targeting engagement with companies falling short of 30% female representation on the board.

Companies should, as a matter of principle, offer equal opportunities, fair pay, and promotion prospects to all workers, regardless of gender, ethnicity, sexual orientation, or other characteristics. This embodies a commitment to fairness and ethical conduct, which in our view, is a hallmark of a well-run and high-quality company with a positive culture. We anticipate that over the long term, stronger D, E & I practices will prove advantageous and enhance corporate performance.

At the end of 2022, fourteen companies within Troy's portfolios had less than 30% female representation. We actively engaged with all fourteen, urging them to strive for gender balance at board level in a considered way over a reasonable time frame. Our communication emphasised the importance of enhancing gender diversity through building a diverse candidate pipeline and incorporating diversity into long-term succession planning. In response, Troy began voting against incumbent chairs of nominating committees at boards falling below 30% female representation. In 2023, we voted against the re-election of six chairs to express our dissatisfaction with the lack of progress.

While progress has been made elsewhere, with eight of the fourteen companies we engaged with now surpassing the 30% threshold, substantial work remains. Following board churn in October of 2022, American Express' board fell just below 30% female representation, adding an additional holding to our list of seven falling below the threshold. We have an open engagement with Agilent Technologies, Alphabet, American Express, CME Group, Paychex, Nintendo and Link Real Estate Investment Trust on this matter.

Troy's funds are best suited to clients looking to invest for the long term (5 years+) and we believe that the best way to preserve capital and grow wealth over time is to invest selectively in high-quality and sustainable businesses that have similarly long-term horizons. In recent years, we have given considerable thought as to how we integrate the systemic risks posed by climate change, which has been discussed under Principle 4.

Troy retains responsibility for all aspects of stewardship including its engagement and voting decisions, except in cases where segregated account clients maintain voting rights. We receive external research and data in relation to ESG as an input into our own primary research process and we are not bound by the recommendations of any external research. We utilise the services of several providers, with each having a specific purpose in our research and stewardship process. We use MSCI's ESG Research product to provide a detailed and qualitative analysis of ESG risks. We use Bloomberg to access all types of financial and non-financial data as well as supplementary research from a number of external research providers that we subscribe to. Troy has ethical funds which integrate ESG in the same way as outlined above, but apply a negative screen in accordance with our published ethical exclusion criteria. This screening tool is provided by Moody's ESG Solutions. Further information on external research providers is outlined under Principle 2. Troy does not outsource voting decisions, its proxy voting policy or engagements. Institutional Shareholder Services (ISS) is used for proxy research as well as to administer proxy voting. As noted above, we do not retain service providers to conduct engagements or make voting decisions on our behalf. We do, however, use third-party data providers and voting administration services to support our stewardship. When considering these providers, we begin by clearly communicating our requirements. We then conduct trials with our preferred providers to identify the ones which most closely meets our requirements. As a boutique investment manager, our size makes it challenging to make specific demands or procure bespoke solutions from large service providers, such as MSCI ESG Manager.

During 2023, we continued using MSCI's Climate Value-at-Risk (CVaR) model to assess the resilience of our portfolios to different climate scenarios. This analysis is in its early stages and there remain some data challenges given the inherent difficulty of modelling physical climate impacts. We analysed each fund's greatest exposures to physical climate risk and the various strategies for its mitigation. The largest exposures relate to multi-national consumer and healthcare companies. We are reassured that the companies are taking the necessary actions to safeguard business continuity.

Outcome

While investment decisions are rarely made on stewardship grounds alone, ESG considerations inform our portfolio management decisions, thereby having a tangible impact on the shape of Troy's portfolios over time. Examples in 2023 include:

Purchases

We added Heineken to the Troy Multi-Asset Strategy in Q2 2023 having followed the business for a while and after meeting with Heineken's CEO and CFO. Heineken, as an alcohol company, is exposed to social risks associated with excessive consumption of its products, which can have a detrimental to public health. Heineken have introduced a number of campaigns to curb underage drinking, drink driving and promote moderation. Heineken devote c.1% of the company's net revenues to marketing initiatives that promote responsible drinking with the aim of bringing the message to 1 billion customers every year. The company launched a 0.0 Brand Heineken drink which has no alcohol content. Low and no alcohol beers represent 6.2% of their global volumes last year. Further, current management are still early on in their tenure but are bringing renewed dynamism to the company's productivity, pricing and digitisation efforts. This combined with the company's long-term approach to capital allocation, supported by an ongoing history of family ownership, should lead to attractive value creation over the long run.

Sales

Within the Troy Multi-Asset Strategy, we exited our holding in the gold royalty streaming company Franco-Nevada in Q3 2023. The company had a good track record in allocating capital to mining projects where the structure of its investments provided geared exposure to the price of the commodity, whilst avoiding the capital intensity and operational complexity of running a mine. This model worked exceptionally well when Franco was smaller and able to invest behind a broad range of opportunities. Today, the company is arguably a victim of its own success and greater size has meant that it has become harder for them to find investments that can 'move the needle'. This has resulted in increased concentration across a handful of larger investments, most notably in the gold and copper mine Cobre Panama, which comprises just under 20% of Franco-Nevada's assets. Via Cobre Panama, Franco became exposed to political uncertainty in Panama, where social unrest, over the past year, led the government to question the constitutionality of the mine's concession agreement and to suspend its operations. We reduced our holding in December 2022, from 3% to 1.3%, when these pressures first emerged. After an apparent resolution earlier in the year, the issue resurfaced and we sold the remainder of our shares. We sold the shares at an average price of $130, versus an average entry price of $65 in 2017.

Principle 8

Monitoring managers and service providers

Signatories monitor and hold to account managers and/or service providers.

Activity

We have discussed Troy's investment philosophy and approach to ESG integration in detail under the previous principles. Troy's own research is complemented by research from a number of external service providers, as discussed under Principles 2 and 7. This list includes sell-side investment research from a number of investment banks and independent research providers, ESG and climate research from MSCI and CDP, proxy voting research and services from ISS, screening services from Moody's ESG Solutions, and Bloomberg which provides a range of financial and non-financial data.

Before entering into a relationship with a new service provider, we seek to gain assurance over the contractual arrangements of the service by undertaking in-depth due diligence, as well as identifying and managing any legal or operational risks. This due diligence includes a detailed review of their service offering and capability, the completion of Troy's data protection and information security questionnaire, financial due diligence and reference calls with other existing clients. Troy's legal department review all third-party agreements prior to contracting. In addition, depending on the materiality of the relationship and type of service being provided, we seek assurances from the supplier in relation to their approach to data protection and in restricting slavery and human trafficking in relation to their supply chains. A trial is also undertaken before committing to any new service provider to ensure that the service will fully meet our requirements.

All of Troy's service providers are monitored to ensure that their service remains reflective of our needs. This monitoring is performed through our own experience of using the service as well as via periodic service review meetings. Formal review meetings vary in frequency depending on the nature and importance of the service being provided, but at a minimum we aim to meet all service providers at least annually and in practice much more frequently. These formal review meetings have a particular focus on reviewing all applicable service key performance indicators and other metrics against the service level agreement.

ESG analysis is also conducted in relation to external managers of gold, property and infrastructure assets held across Troy's mandates. The process of assessing the stewardship practices of these areas continues to evolve. In total, only 8% of Troy's assets under management relates to assets invested in commodity exchange-traded vehicles for precious metals such as gold and real estate investment trusts.

Service providers used for the outsourcing of critical services are monitored via Troy's quarterly outsourcing provider checklist. This is reviewed and completed by Compliance in conjunction with the relationship manager within Troy. This review includes:

- Whether any meetings with the outsourced service providers took place during the period
- Whether there were any changes to existing oversight arrangements during the period
- Whether there were any changes to the services provided during the period
- Were there any issues or concerns identified during the period

Additionally, Troy's COO reports to the Board on an annual basis on all service providers.

Outcome

To support the investment and engagement process, ISS Proxy Exchange was chosen as a provider of proxy voting research following a full market review in 2019. This review included factors such as company coverage, quality and depth of research, operational efficiency and the overall cost of the service. Regular monitoring and contact are maintained with ISS throughout the year, including during the busy proxy voting season in April and May.

We have consistently reviewed the operational aspects of the service and confirmed that all votes were successfully cast in accordance with our instructions. We have requested enhancements and troubleshooting where required. In 2021, Troy took steps to enhance the quality of our proxy voting reporting, including the disclosure of significant votes. Troy approached ISS and engaged with them on how they could assist and facilitate best practice in being able to publicly disclose all votes on our website, with a particular focus on those deemed significant. They confirmed they could facilitate this enhancement, which was delivered in 2022.

At the end of 2022, Troy approached ISS to create a custom Voting Policy to provide Troy's Investment Team with customised voting recommendations, particularly where we found ourselves frequently voting against ISS's recommendations. This also promotes a consistent approach to voting across Troy's strategies based on the firm-level views on such issues as Chair independence, director tenure, CEO/Chair separation and a minimum of 30% female representation at board level, as discussed under Principle 5. Troy's custom Voting Policy came into effect in 2023.

Furthermore, we have monitored the frequency with which we voted against ISS's proxy voting recommendations over the past three years. Troy retains full discretion to vote in our clients' best interests and are not bound to follow any other party's recommendations. Table 7 below shows the frequency with which Troy voted against ISS's recommendations during 2023. At a firm-wide level, across all strategies, votes against ISS represented 8% of total votes cast, which illustrates a high level of alignment between ISS' research and the outcomes of our own analysis.

TABLE 7: Proposals voted against ISS by investment strategy

	Number of votes	Proposal voted against ISS
Troy Multi-Asset Strategy	19	7%
Troy UK Equity Income Strategy	19	2%
Troy Global Equity Strategy	62	12%
Troy Global Equity Income Strategy	40	7%
All Troy Strategies*	137	8%

*This does not sum to a total as includes cross holdings.

Source: ISS Proxy Exchange, 31 December 2023. The information shown relates to a mandate which is representative of, and has been managed in accordance with, the relevant strategy.

Over the past few years Troy's Investment Team has developed voting guidelines to inform voting on standard corporate governance topics in accordance with best practice and corporate governance codes. As environmental and social issues have increasingly become agenda items at AGMs, such as "Say on Climate" and "Say on Pay" votes, we have provided further guidelines to ensure our voting is consistent.

With reference to the screening services provided by Moody's ESG Solutions we are satisfied with the service provided and have confidence that the screening results are in line with our expectations and analysis.

As discussed under Principles 7 and 9, engagement is an integral part of Troy's approach to stewardship. In 2021, we approached FactSet, our research management system (RMS) provider, to modify the existing RMS to create a custom engagement template and tracking system, which enabled us to:

- Monitor progress of ongoing engagements and record success rates of concluded engagements
- View the engagement in the wider context of company meetings and ongoing monitoring
- Extract and manipulate data for analysis and reporting
- Differentiate between individual and collaborative engagements
- Provide more detailed reporting to clients
- Link engagements to subsequent voting actions

Principle 9

Engagement

Signatories engage with issuers to maintain or enhance the value of assets.

Troy's preferred definition of an engagement is a constructive and active dialogue with a specific objective which seeks to deliver an improved outcome on a material issue. While we regularly interact with company management as part of our ongoing research and monitoring, we classify engagements only if they align with this definition. We seek to influence management through engagement when we believe it is in the best interests of long-term shareholders to do so. Troy does not outsource its engagements as we consider engagement an integral part of our investment process and of exercising our stewardship responsibilities.

Throughout 2023, Troy conducted 23 formal engagements with 18 companies. Troy maintains a central database of all engagements, both ongoing and completed. This helps us manage our engagement activities, report to clients and forms a valuable research and monitoring resource for the Investment Team.

As discussed under Principle 7, ESG analysis and engagement is fully integrated into Troy's investment process and is conducted by members of the Investment Team who know the companies best. This means that all of Troy's engagements are conducted in the context of the wider investment case. We prioritise engagements on the basis of the following parameters:

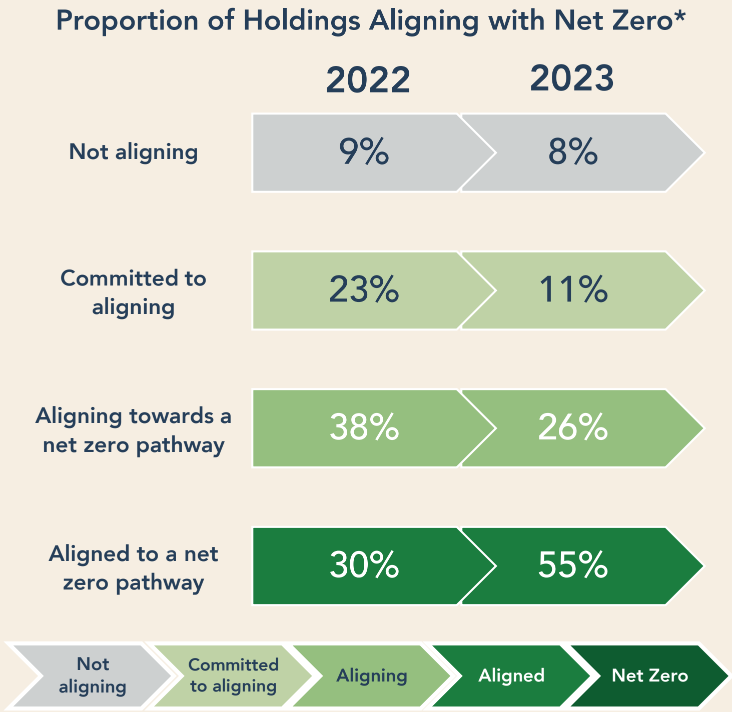
- Size of holding
- Materiality of risk (including ESG risk)
- The probability of achieving our desired outcome
- Time-sensitivity of voting decisions

This approach to identifying potential engagements stems from our deep fundamental research on companies and integration of stewardship and ESG into our investment process. Troy's Investment Team also carry out thematic research, which often inform our engagements.

While we typically engage proactively with companies on issues we identify as material, we may also engage reactively when a company takes a course of action that conflicts with our view of what is in the best interest of shareholders. A variety of events might trigger such an engagement, including a breach by the company of generally accepted business practices, an issue arising during our proxy voting research or in response to a corporate announcement.

For example, we joined a collaborative engagement via the Investor Forum with British American Tobacco (BAT) on the topic of board effectiveness, capital allocation and the disposal of BAT's stake in ITC. BAT announced the intention to monetise some of its stake in ITC. We wrote to the Chairman to signal our preference for any proceeds to be used for debt reduction. This was followed by a dedicated meeting with BAT's Senior Independent Director. This engagement is ongoing.

Our methods of engagement are via meetings, emails, letters or telephone calls with Directors and management of a company. Every engagement is conducted by members of Troy's Investment Team. This process ensures that any engagement is conducted within the context of the broader investment process, thus delivering an integrated and consistent message to company management teams. Furthermore, it deepens Troy's ongoing relationship with the company at the highest levels.



The Net Zero Asset Managers initiative

Alongside the engagements that stem from research on individual companies, we also recognise the need to be systematic in our engagement approach, particularly when it comes to climate change issues, as discussed under Principle 4. Troy has incorporated the recommendations of the NZAM initiative and IIGCC to align our investment portfolios with the transition to net zero. Troy has undertaken an engagement-led approach with each holding identified as 'not aligning' with a net zero pathway, which entails encouraging these companies to set a decarbonisation strategy that is aligned with the ambitions of the Paris Agreement and a transition towards net zero supported by targets that are science-based.

*Reflects the most recently available data for each company prior to 31 December 2023. Source: MSCI ESG Research, 31 December 2023. Asset allocation and holdings subject to change.

Being long-term shareholders, we seek to keep all engagements productive and avoid public disagreements with company management as we believe these to be at odds with Troy's culture and investment philosophy, as laid out under Principle 1. We may consider it appropriate to act collaboratively with other investors in order to achieve greater influence, to leverage other investors' insights, or where we believe we can provide a particular contribution to the collaboration. We believe that by combining knowledge and resources we can enhance the possibility that the relevant company will respond constructively to the engagement. However, there are also risks and we take seriously compliance with law and regulation relating to controlling bids and anti-trust legislation. Troy exclusively engages collaboratively with other investors via collaborative engagement platforms and initiatives which operate guardrails to help manage those risks.

As long-term investors focused on minimising the risk of permanent capital loss, we believe that retaining the engagement process in-house allows us to benefit from our in-depth knowledge of the companies in which we invest and mitigate the associated ESG risks which we believe become more material over extended time horizons. This process aligns our engagement objectives with both our investment philosophy and the expectations of our investors.

Troy has a common engagement and stewardship approach across its strategies. This means that most engagements, particularly those with companies that are held across multiple strategies, are conducted at a firm-wide level.

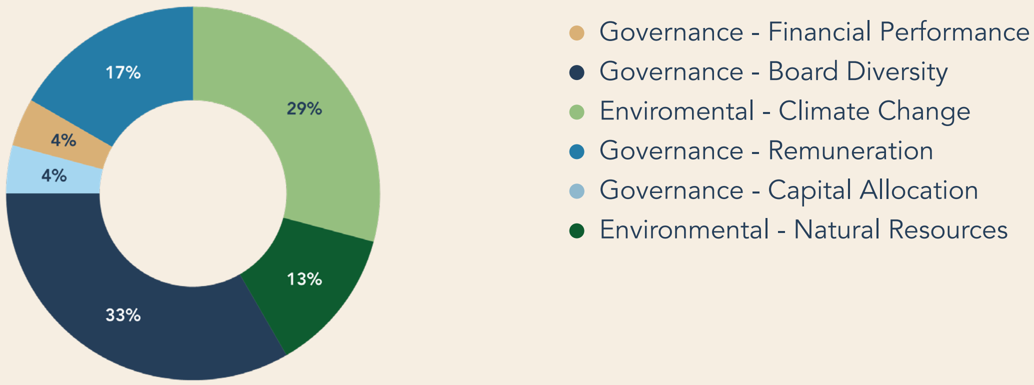
Along with equities, Troy has investments in fixed income and commodities. Troy's fixed income exposure consists entirely of UK and US sovereign debt. Troy has so far not directly engaged with the UK and US governments in relation to their sovereign debt. However, in September 2023, Troy signed the IIGCC, UKSIF and PRI's joint investor letter on net zero to the UK Prime Minister Rishi Sunak urging the government to uphold ambition and avoid backsliding on key climate policies that will facilitate the achievement of net zero by 2050.

Troy has a common engagement and stewardship approach across its strategies. This means that most engagements, particularly those with companies that are held across multiple strategies, are conducted at a firm-wide level.

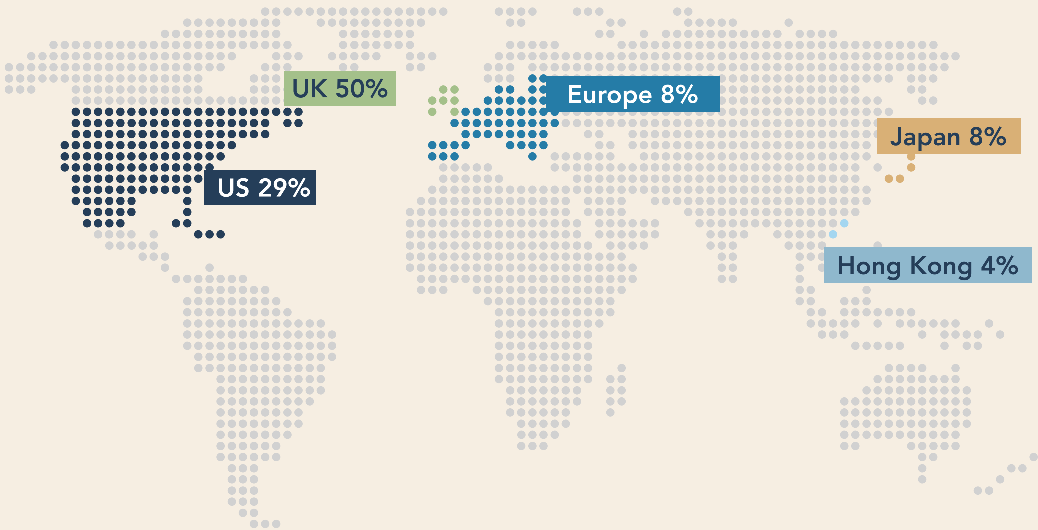
The Responsible Investment & Climate Committee governs Troy's policies and processes surrounding engagement.

Please find further analysis of firm-wide engagements by ESG theme, geography, strategy and outcome below.

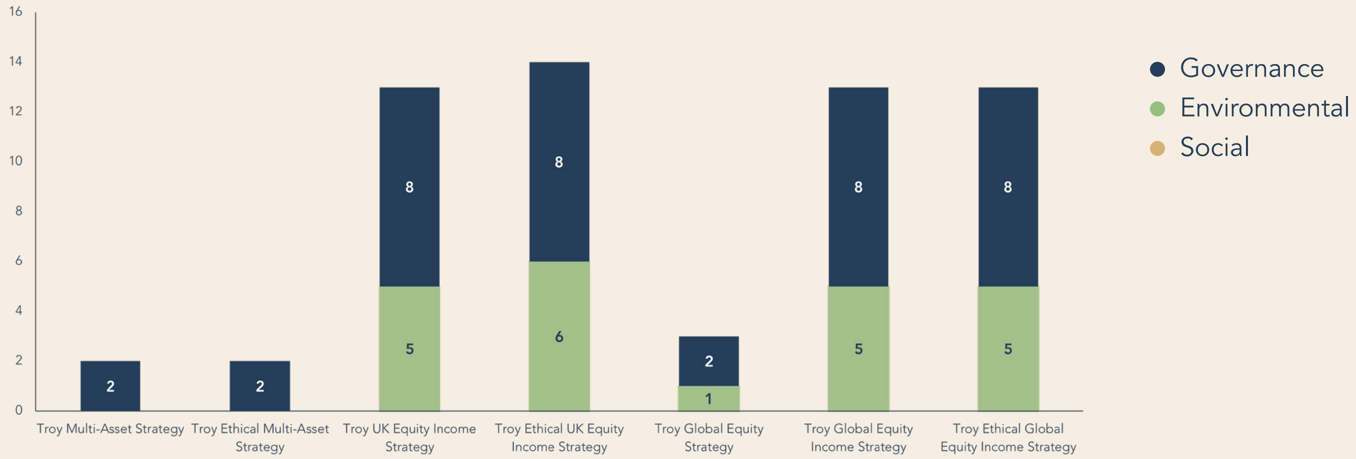
2023 Engagement by theme



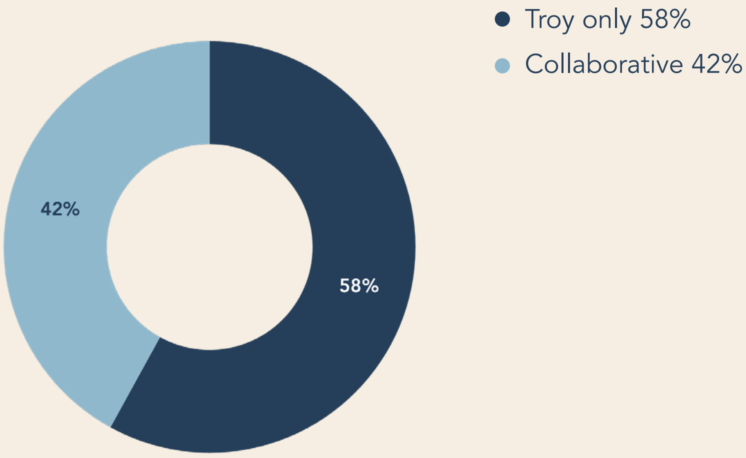
2023 Engagement by geography



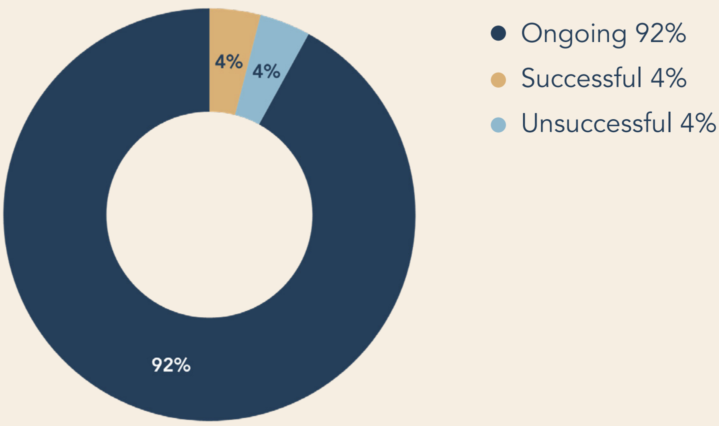
2023 Engagement by Strategy



2023 Engagement split by collaborative and Troy only



2023 engagements by Outcome: Successful, Unsuccessful and Ongoing



The engagement chart above highlights that the number of engagements with UK companies is higher than elsewhere, however this is broadly in line with the geographic split of the companies Troy is invested in. Whilst Troy's engagement policy is applied uniformly across mandates, geographies, and asset classes. In terms of other asset classes, Troy has had ongoing engagement with the Gold Exchange Traded Commodity providers held within the Multi-Asset Strategy.

We include the next case study to illustrate an outcome of our engagement activity in 2023. It is important to note that wherever possible, Troy aims to engage with investee companies by raising our concerns and desired objectives in meetings. Though we may write to companies articulating our reason for engagement, objective and timeframe over which we hope to observe progress, we have found greater success when this is either preceded or followed by a face-to-face interaction.

As active managers with long holding periods, we have been able to leverage our long-standing relationships with management teams to set ourselves up for constructive and fruitful engagements, which we believe allows for a higher likelihood of achieving our desired objectives. In setting objectives, we aim to ensure that the following criteria are met; objectives should be specific, measurable, achievable, relevant (material) and time-bound (typically 12-36 months depending on the nature of the objective).

Case study: Procter & Gamble

Procter and Gamble (P&G), a multinational consumer goods company that specialises in household and personal care items, has been held by Troy since 2015. During the 2020 AGM of P&G, Troy voted against the company's management in favour of a shareholder resolution regarding the elimination of activity related to deforestation and forest degradation from P&G's supply chain. The proposal was approved with 67% of the votes cast, in favour of P&G taking the necessary steps to address these concerns. We engaged with the management team of P&G in advance of this vote and discussed areas such as reporting, transparency and environmental targets.

In May 2021, we undertook thematic research on Biodiversity and the associated risks facing companies in our portfolios. This research identified P&G as a laggard in this area compared to its peers, Unilever and Nestlé, which led us to engage with the company. P&G has a subsidiary, P&G Chemicals, which sells non-Roundtable on Sustainable Palm Oil (RSPO) certified palm kernel oil to third parties. Our initial engagement objectives were to encourage P&G to stop selling non-RSPO certified palm oil via P&G Chemicals and set a target on removing intact forest landscapes (IFL) from their wood pulp supply chain. The engagement involved a meeting in November 2021 with P&G's VP Global Sustainability, General Counsel and Head of IR where we asked the company about their current progress and explained what we would like them to change.

In September 2022, the company published its revised Forestry Practices Report and Wood Pulp Sourcing Policy which raised the standards on wood pulp sourcing. Furthermore, the company made a commitment to plant two trees for every tree used in sourcing paper products. We were encouraged by P&G's progress but remained concerned over the slower progress on the selling of non-RSPO palm kernel oil by P&G Chemicals. We raised this issue in a meeting with IR in October 2023. We were informed that there is not enough demand for RSPO certified palm kernel oil. The certification standards are well established for palm oil but less so for kernel oil. P&G have two plants, one in US and one in Indonesia. We encouraged the company to lead the industry on this matter and explore methods to achieve RSPO certification. This engagement remains ongoing as we continue to monitor progress.

Principle 10

Collaboration

Signatories, where necessary, participate in collaborative engagement to influence issuers.

Context

Troy recognises the importance of collaborative engagement as a powerful means of influencing management and driving change in the companies in which we invest. Our desire to address systemic risks and create a sustainable and well-functioning economy means that we seek to work with other investors to leverage our collective insights and unify our shareholder voice on both policy and company specific matters.

Troy is a signatory to the Net Zero Asset Managers initiative (NZAM) in order to advocate for the importance of Paris-aligned investing. Troy is also a member of a number of collaborative engagement platforms such as the Investor Forum, Climate Action 100+ and the Carbon Disclosure Project (CDP). A full list of the collaborative industry bodies that Troy is a member of is disclosed under Principle 4.

The past two years have seen a step change in both our and the wider industry's focus on environmental issues, specifically climate risk. The impetus to join the collaborative engagement groups listed above stems from our belief that a unified approach is needed to best influence corporate change in such a material and evolving area.

Activity and Outcome

Troy became a member of Climate Action 100+ in 2021 to better facilitate collective engagement on climate-related issues. This included joining a collaborative engagement with other Unilever shareholders to address shortfalls in the company's climate strategy. The development of this engagement in 2023 is discussed in the case study below.

In 2022, Troy participated in policy advocacy by signing the Global Investor Statement[4] to Governments on the Climate Crisis, facilitated by the Investor Agenda ahead of COP27. The aim of this statement is to ensure governments globally align their 2030 Nationally Defined Contributions with the goals of the Paris Agreement. We believe government policy is needed to facilitate the transition towards a net zero and climate-resilient future.

In September 2023, Troy signed the IIGCC, UKSIF and PRI's joint investor letter on net zero to the UK Prime Minister Rishi Sunak urging the government to uphold ambition and avoid backsliding on key climate policies that will facilitate the achievement of net zero by 2050.

Case study: Climate Action 100+

Troy has participated in a multi-year collaborative engagement with Unilever via Climate Action 100+ since 2021, which is still ongoing. The first phase of this engagement set out to encourage Unilever to increase their climate-related initiatives and partnerships in addition to providing more impactful messaging to their customers on their climate strategy. Alongside other shareholders, we engaged with Unilever's Global Sustainability Director in April 2021. Following this constructive dialogue, we felt this stage of the engagement was successful.

The engagement progressed to its second phase in 2022. Following the publication of Climate Action 100+'s 2022 benchmark, Troy, alongside a group of Unilever's shareholders, participated in a planning meeting in October 2022 to agree on next steps. The objectives of this second phase include Unilever enhancing their disclosure of any climate lobbying activity, ensuring alignment of Unilever's capex planning and their climate strategy and finally encouraging Unilever to set a 2025 scope 3 emissions reduction target to supplement their longer-term targets. Troy will be leading the scope 3 target-setting aspect of this engagement. The group gathered at the end of November 2023 to discuss progress against the engagement objectives. Unilever is in the process of updating their Climate Transition Action Plan (CTAP), which will go to shareholder vote in 2024.

The plan has more granular emissions reduction targets for scope 3 emissions, aligned with the Science Based Target initiative's Forest Land and Agriculture (FLAG) methodology and associated pathways for land-based emission reductions. Troy engaged directly with Unilever in December 2023 to provide early feedback on the CTAP which the company put out to consultation with selected shareholders. We look forward to participating in Unilever's 'Say on Climate' at their upcoming 2024 AGM.

Case study: Carbon Disclosure Project

In 2023, for the third year running, Troy participated in a series of collaborative engagements as part of the CDP's Non-Disclosure Campaign. The campaign aims to encourage companies to disclose risks relating to climate, water scarcity or deforestation by responding to the CDP's annual questionnaire. Disclosure forms the basis of stewardship with the reporting of structured, reliable and comparable data essential to ESG analysis and active ownership which is discussed in greater detail under Principle 4.

Troy was the lead signatory on three of eight disclosure requests made to different companies: AJ Bell, Nintendo, PZ Cussons, Safestore, CME Group, LondonMetric Property, Roche, and InterContinental Hotels. Three out of eight engagements were successful with one successful disclosure engagement led by Troy. We will continue to pursue disclosure on these important topics with our investee companies in future CDP campaigns.

Source: Troy Asset Management Limited, 31 December 2023.

Principle 11

Escalation

Signatories, where necessary, escalate stewardship activities to influence issuers.

Troy has a long history of engaging and escalating issues with the boards of investee companies, including writing to the Chairperson or senior independent directors to escalate a particular issue that we deem to be materially value enhancing or detracting. We always seek to engage constructively with the management teams of the companies in which we invest to help address both ESG and other issues. Where our concerns go unaddressed, there are several options open to us as investors to escalate the engagement.

Options include:

- Collaborative engagement when either Troy's engagement has proved insufficient to gain traction or we believe other investors' insights would be beneficial
- When we do not have conviction that management are acting in the best interests of shareholders, we may seek to vote against management on a particular resolution that would adequately reflect our concern
- Escalating the engagement from management to the executive and/or the board of directors
- We may consider a partial or complete sale of the holding where other avenues of engagement have been unsuccessful and the issue is of sufficient materiality

The means and priority of escalation we choose to pursue will be dictated by the materiality of the issue combined with our assessment of the likelihood of a successful outcome. Escalation will always be considered in the context of the wider investment case, as we believe this leads to the best outcome for our underlying investors.

Whilst our policy on escalation is outlined in our Troy Responsible Investment & Stewardship Policy, since 2021 we have also detailed additional parameters specific to the escalation of climate engagements in our Climate Change Mitigation Policy. As detailed earlier in the report, as part of our net zero commitment, we currently prioritise engagements with all investee companies classified as 'not aligning' to a net zero pathway and frequently engage with companies further along the alignment maturity scale. The progress of these climate engagements is reviewed on a regular basis by the Responsible Investment & Climate Committee to ensure they are progressing.

We have provided examples under Principles 7 and 9 of how fundamental research led to an engagement which was escalated by either a vote against management at the annual general meeting (AGM) and/or escalation from management to the Board. The engagement with Unilever below provides a good example of our escalation process.

Troy's engagement strategy has historically been focused on its equity holdings where we think we can have the largest impact on the outcome for our underlying investors. The greater prevalence of shareholder resolutions in the US has provided an additional channel to escalate engagements in a way not frequently available in the UK market.

Along with equities, Troy has investments in fixed income and commodities. Troy's fixed income exposure consists entirely of UK and US sovereign debt. We do not currently hold any corporate debt securities. Troy has so far not directly engaged with or escalated any issues with the UK and US governments in relation to their sovereign debt. In September 2023, Troy signed the IIGCC, UKSIF and PRI's joint investor letter on net zero to the UK Prime Minister Rishi Sunak urging the government to uphold ambition and avoid backsliding on key climate policies that will facilitate the achievement of net zero by 2050.

Troy's commodity exposure in our Multi-Asset Strategy is to gold and primarily through Exchange Traded Commodities (ETCs). Troy has engaged with the ETC providers in the past to encourage the holding of gold that meets the London Bullion Market Association (LBMA) Gold Delivery standards for responsible sourcing. In 2023, Troy's Ethical Multi-Asset Strategy initiated a position in the Royal Mint's Responsibly Sourced Physical Gold ETC which has 100% responsible sourced gold, meeting the LBMA's post 2019 Responsible Gold Guidelines and 54% of the gold bars are made with recycled gold. Recycled gold is approximately 90% less carbon intensive than mined gold.

Case study: Unilever

Troy have held shares in Unilever since 2004. Unilever is a global manufacturer of consumer goods products that serve customers worldwide. Troy began an engagement with Unilever on the topic of the company's remuneration policy in March of 2022 via a meeting with the company's Head of Remuneration. Unilever's remuneration policy raised concerns owing to 1) a KPI within the long-term incentive on the 'business winning market share', 2) the ROIC KPI being adjustable for material acquisitions, 3) CEO pay being well-below the industry average.

Troy's concern was that use of the 'business winning market share' metric risks incentivising market share gains in a small handful of slow-growing markets rather than higher sales growth at an aggregate level. Similarly, the ROIC KPI being adjustable for material acquisitions could risk incentivising transformational M&A and the lack of CEO pay competitiveness could come at the cost of attracting the best talent.

Troy reiterated to the Head of Remuneration these concerns and our desire to see an improvement on the business winning market share KPI in the long-term incentive, as well as to see a more competitive CEO salary.

Troy escalated the engagement with a vote against the remuneration policy in the 2022 and 2023 AGM. During the 2023 AGM, the CEO's pay package received 58% shareholder dissent, prompting the Remuneration Committee to formally review the policy. The majority of shareholders voted against director remuneration on the grounds of increased CEO base salary for Unilever's newly appointed CEO, Hein Schumacher.

Troy was pleased to see Unilever offering a base salary level more in-line with peers and our decision to vote against director remuneration in the 2023 AGM was owing to our persistent concerns related to the use of the 'business winning market share' KPI.

We were able to further escalate the engagement via the board. Andrea Jung (RemCo Chair) hosted a session seeking feedback from shareholders on an early remuneration proposal before it was finalised in September 2023. Unilever's Remuneration Committee sought feedback from Troy on the policy draft. The proposed changes to remuneration were well-aligned with Troy's views as they included a total shareholder return (TSR) metric and sales growth targets. The proposed policy also included a change of peer group and CEO base pay.

This engagement has been closed as successful and the renewed policy will go out to shareholder vote at the 2024 AGM.

Principle 12

Exercising rights and responsibilities

Signatories actively exercise their rights and responsibilities.

Context

Troy considers exercising our investors' rights and responsibilities to be a vital part of our active ownership and investment process and an important aspect of our escalation approach. Our aim is to use our voting rights to encourage companies towards better practice and align with our investors' interests. We seek to instruct votes on all resolutions on behalf of clients and investors for whom we have voting authority.

Our latest Policy and approach towards voting is explained within our Troy Responsible Investment & Stewardship Policy. Troy's Voting Policy applies across all pooled funds and all geographies. As explained below, segregated mandates may adopt their own custom voting policies, although this is currently uncommon.

Troy conducts analysis of each management or shareholder resolution ahead of voting. Votes are then cast in line with what we deem to be the best long-term interest of shareholders. Environmental and social sustainability are considered alongside governance factors in this analysis. In 2022, Troy's Investment Team used internal Proxy Voting Guidelines to provide specific guidance on the corporate governance best practice and our default view on a range of ESG issues. Voting decisions were made on a ballot-by-ballot basis following the completion of our own proprietary research and any associated engagement. Analysis of the agenda items and resolutions were conducted by the relevant analyst and a voting recommendation presented to the managers of any portfolio with a holding in the underlying company. Within that framework, each manager had the flexibility to determine how to vote on the assets within the relevant mandate. For example, our income strategies have a preference to receive dividends, whereas growth mandates may have a preference for share buybacks or reinvestment of profits.

At the end of 2022, we enhanced this process by creating a custom Voting Policy with ISS to ensure consistent voting on corporate governance issues. These are informed by best-practice standards and the corporate governance codes of the jurisdictions in which we invest. Troy's Investment Analysts and Fund Managers review and apply the policy recommendations, though they may on occasion vote differently to the recommendations of Troy's custom Voting Policy when circumstances dictate a divergence to be in the best interests of our underlying investors. In such an event the rationale is recorded. Voting recommendations on shareholder proposals are not currently included within this policy as their more nuanced nature often requires an analysis of the wider context and implications for long-term shareholders. Voting on such proposals is therefore done on a case-by-case basis. Troy's custom Voting Policy was drafted in 2022 and came into effect in 2023.

We recognise that whenever possible it is preferable to ensure that voting on certain resolutions is incorporated as part of the wider engagement with management. Troy's preferred course of action is to have a dialogue with any company ahead of casting a vote against management. Where Troy has voted or intends to vote against management, a letter is sent formally notifying them of our voting intentions and rationale. Where appropriate, this may also include an invitation to engage on the issue identified.

To assist us in exercising our voting rights, we make use of the services of a proxy adviser, ISS, who provide us with research in relation to resolutions and a platform, Proxy Exchange, through which votes are cast. Whilst ISS research is reviewed and their recommendations are taken into consideration, they do not drive our voting decisions (illustrated by our votes against ISS recommendations in Table 7 under Principle 8). Through ISS, Troy publishes full voting records on our website and distributes the notification letters referenced above.

All of Troy's proprietary pooled funds follow the voting approach outlined above. Whilst we do not have the capability to accept direct instructions as to how to vote from investors in those pooled funds, we welcome dialogue with investors and clients in relation to stewardship generally. Furthermore, we recognise that certain segregated account clients may have their own requirements and policies in relation to voting. During 2022, only a small proportion of our funds under management were covered by client specified preferences with respect to voting. These preferences, and any others which we may be asked to adhere to, are set out in the relevant client agreement.

It is important to note that Troy does not engage in stock lending and therefore has no requirement to recall lent stock in order to exercise its full voting rights.

Activity

It is Troy's policy to vote all shares at all meetings and in 2023 100% of votes were cast. Table 8 summarises the voting activity across our investment strategies.

In 2023, 45% of meetings had at least one underlying proposal where Troy voted against management. At an individual strategy level this was as high as 74%. In terms of individual underlying proposals voted upon, 7% were voted against management across all strategies which rose as high as 14% on an individual strategy basis. A summary of Troy's voting behaviour is reported every quarter by way of a Responsible Investment Report and our annual regulatory voting disclosure provides a summary of votes cast during the year and details all significant votes and their rationale, which is available on Troy's website.

To ensure that we are voting on our full position, all equity holdings are reconciled with the custodians on a daily basis and any discrepancy is highlighted and resolved. The reconciled holding is then shared electronically with the custodians' proxy voting administrator and onward with the company registrar.

During 2023, none of Troy's strategies held fixed income instruments issued by corporates. During the year, Troy held US and UK sovereign debt and did not seek amendments to terms and conditions in indentures or contracts. conditions in indentures or contracts.

TABLE 8: Analysis of Troy's proxy voting by investment strategy

	Meetings voted		Meetings with at least one vote against management		Proposals voted		Proposals voted against management	
	No.	%	No.	%	No.	%	No.	%
Troy Multi-Asset Strategy	14	100%	9	64%	275	100%	18	7%
Troy UK Equity Income Strategy	44	100%	8	18%	859	100%	19	2%
Troy Global Equity Strategy	27	100%	20	74%	504	100%	71	7%
Troy Global Equity Income Strategy	33	100%	22	67%	594	100%	41	7%
All Troy Strategies*	98	100%	43	44%	1,697	100%	60	4%

*Includes Cross Holdings.

Source: ISS Proxy Exchange, 31 December 2023. The information shown relates to a mandate which is representative of, and has been managed in accordance with, the relevant strategy.

Case study: Rights and Responsibilities in Relation to Audit Firm Tenure

Voting shares are an important way for investors to exercise their rights and responsibilities. Over the course of 2023, Troy voted on 1,671 items at 97 Annual General Meetings (AGMs). Our aim is to hold investee companies to a higher standard on corporate governance practices. At the end of 2022, Troy revisited our voting guidelines and worked with ISS to develop a custom Voting Policy, which is discussed in greater detail under Principle 8.

One of the topics Troy has placed a great emphasis on in our custom Voting Policy is a default vote against the reappointment of auditors with a tenure exceeding 20 years. We believe that it is best practice for listed companies to rotate their auditors regularly, as this works to ensure independent oversight of the company's audit process and internal financial controls.

In light of this, we have voted against the re-appointment of the auditors at 14 AGMs in 2023. Troy wrote to companies ahead of voting our shares to notify management of our rationale and further reinforce our views on the importance of auditor independence. In the case of Procter & Gamble, the audit firm has been unchanged since 1890 and in the case of Adobe, the company has had the same auditor since the firm was founded in 1982. Unfortunately, in all 14 cases, the reappointment of auditors passed with majority shareholder vote, but we will continue to exercise our rights and responsibility to enhance corporate governance standards. These resolutions received majority support and therefore were unsuccessful.

A final word

Troy was born out of a desire to create an investment firm that would be a long-term steward of the irreplaceable assets of its founder and other like-minded investors. As a result, our investment philosophy and approach are naturally aligned with the principles of the UK Stewardship Code.

We hope this year's report gives further insight into how Troy has implemented these principles to best serve the interests of our clients and investors and to help create a financial system that works for all its stakeholders.

As the imperative to create a more sustainable economy, environment and society becomes ever more pressing, we continue to drive forward our stewardship activity and enhance further the sustainability of the long-term returns we generate.

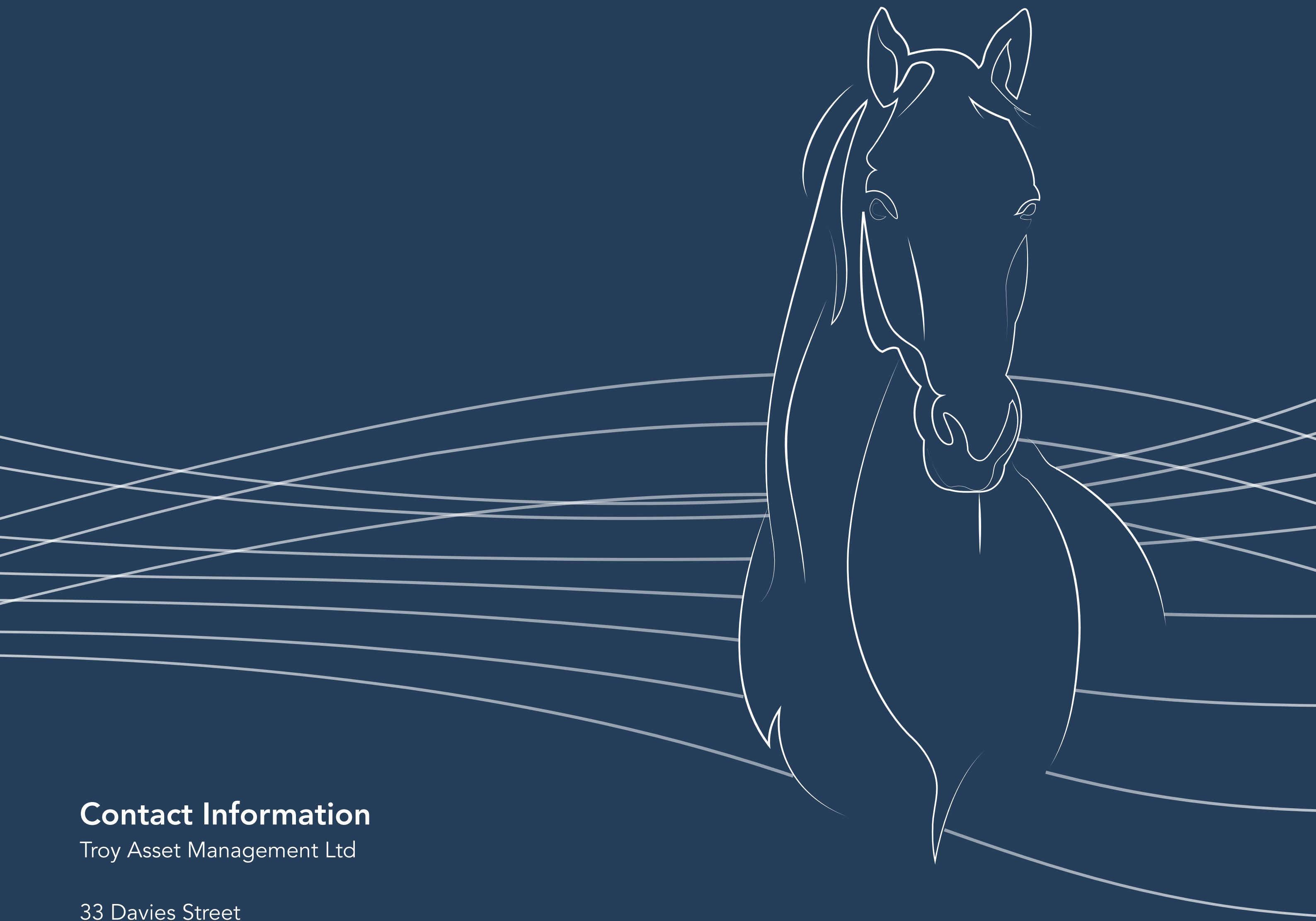
We will enhance our approach to systemic risks, such as climate change and loss of biodiversity, and develop ever better tools to measure and communicate the impact of our portfolios, both positive and negative, to you, our investors.

Sebastian Lyon

Founder and Chief Investment Officer

On behalf of Troy Asset Management Limited

TROY
ASSET MANAGEMENT



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Regulatory Information

All data as at 31 December 2023 unless stated otherwise.

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