

SHAREHOLDER ENGAGEMENT STATEMENT

Hosking Partners LLP (“Hosking” or the “Firm”) is authorised and regulated by the Financial Conduct Authority (“FCA”). The Firm is required to comply with applicable FCA rules, including those transposing the Shareholder Rights Directive (SRD II) (EU 2017/828) in respect of the Article 3g requirements.

Under the rules implemented by the FCA, asset managers are required to develop and publicly disclose an Engagement Policy on a “comply or explain” basis. An Engagement Policy provides investors and shareholders with information on how the asset manager engages in dialogue with companies it invests in, exercises voting rights and how it manages actual and potential conflicts of interest from its engagement.

Hosking is authorised as a Full-Scope AIFM and carries out investment management activities for Alternative Investment Funds, other pooled vehicles as well as for institutional clients under segregated account mandates.

1 HOW HOSKING INTEGRATES SHAREHOLDER ENGAGEMENT IN HOSKING’S INVESTMENT STRATEGY

Hosking’s belief is that active ownership – in the form of long-term analysis of investments, active exercise of voting rights, and constructive engagement – improves management accountability, and long-term returns. Shareholder engagement is therefore integral to Hosking’s investment process.

2 HOW HOSKING MONITORS INVESTEE COMPANIES ON RELEVANT MATTERS

Interaction with management and ongoing monitoring of investee companies is an important element of Hosking’s investment process. Hosking does however recognise that its broad portfolio of global companies means that the levels of interaction are necessarily constrained and interaction will generally be directed to those investee companies where Hosking expects such involvement to add the most value. Monitoring includes meeting with senior management of the investee companies, analysing annual reports and financial statements, using independent third party and broker research and attending company meetings and road shows.

Hosking recognises that environmental, social and governance (ESG) considerations are important factors which affect the long-term performance of client portfolios. ESG issues are treated as an integral part of the investment process, alongside other relevant factors, such as strategy, financial risk, capital structure, competitive intensity and capital allocation. The relevance and weighting given to ESG and these other issues depends on the circumstances relevant to the particular investee company and will vary from one investee company to another. Whilst Hosking may consult third-party ESG research, ratings or screens, Hosking does not exclude any geographies, sectors or stocks from its analysis based on ESG profile alone. The Firm’s multi-counsellor approach, which is deliberately structured so as to give each autonomous portfolio manager the widest possible opportunity set and minimal constraints to making investment decisions, means that ESG issues and other issues relevant to the investment process are evaluated by each portfolio manager separately rather than on a firm-wide basis.

3 CONDUCTS DIALOGUES WITH INVESTEE COMPANIES

Hosking looks to engage with companies generally, and in particular where there is a benefit in communicating its views in order to influence the behaviour or decision-making of management. Engagement will normally be conducted through periodic meetings and calls with company management. It may include further contact with executives, meeting or otherwise communicating with non-executive directors, voting, communicating via the company's advisers, submitting resolutions at general meetings or requisitioning extraordinary general meetings. Hosking may conduct these additional engagements in connection with specific issues or as part of the general, regular contact with companies.

4 EXERCISES VOTING RIGHTS AND OTHER RIGHTS ATTACHED TO SHARES

Hosking maintains proxy voting policies and procedures that are designed to ensure that it instructs the voting of proxies and the exercise of other rights attached to shares, taking account of the Firm's long-term investment perspective and its clients' investment objectives and policy and interests, subject to any restrictions attached to the exercise of such rights. Hosking uses the proxy voting research coverage of Institutional Shareholder Services Inc. (ISS). Recommendations are provided for review internally and where the portfolio manager wishes to override the recommendation they give instructions to vote in a manner in which they believe is in the best interests of its clients.

The Firm has subscribed to the 'Implied Consent' service feature under the ISS Agreement to determine when and how ISS executes ballots on behalf of the funds and segregated clients. This service allows ISS to execute ballots on the funds' and segregated clients' behalf in accordance with the ISS vote recommendations. However, the Firm retains the right to override the vote if it disagrees with the ISS vote recommendation by using the ISS Proxy Exchange platform to communicate override instructions to ISS. In practice, ISS notifies the Firm of upcoming proxy voting and makes available the research material produced by ISS in relation to the proxies. The Firm then decides whether or not to override any of ISS's recommendations.

The Firm will consider a range of factors in relation to proxy voting which may include the following:

Board of Directors and Corporate Governance

Factors such as the directors' track records, the issuer's performance, qualifications of directors and the strategic plans of the candidates.

Appointment / re-appointment of auditors

The independence and standing of the audit firm, which may include a consideration of non-audit services provided by the audit firm and whether there is periodic rotation of auditors after a number of years' service.

Management Compensation

Factors such as whether compensation is equity-based and/or aligned to the long-term interests of the issuer's shareholders and levels of disclosure provided by issuers regarding their remuneration policies and practices.

Takeovers, mergers, corporate restructuring and related issues

These will be considered on a case by case basis to determine whether they are in the best interests of shareholders.

In certain circumstances, Hosking's instructions regarding the exercise of voting rights may not be implemented in full, including where the underlying issuer imposes share blocking restrictions on the securities, the underlying beneficiary has not arranged the appropriate power of attorney documentation, the relevant securities are out on loan or the relevant custodian or ISS do not process a proxy or provide insufficient notice of a vote. In addition, the exercise of voting rights may be constrained by certain country or company specific issues such as voting caps, votes on a show of hands (rather than a poll) and other procedures or requirements under the constitution of the relevant company or applicable law.

Hosking's investment strategy is founded on a multi-counsellor approach with each portfolio manager operating on an autonomous basis. The decision as to whether to follow or to override an ISS recommendation or what action to take in respect of other shareholder rights is ultimately taken by the individual portfolio manager(s) who hold the position. In circumstances where more than one portfolio manager holds the stock in question, it is feasible, under the multi-counsellor approach, that the portfolio managers may have divergent views on the proxy vote in question and may vote their portion of the total holding differently.

5 COOPERATES AND COMMUNICATES WITH OTHER SHAREHOLDERS AND STAKEHOLDERS OF INVESTEE COMPANIES

Hosking recognises that there are occasions when it is better to work with other shareholders to effect change. Where Hosking considers that it is likely to enhance its ability to engage with a company, and it is permitted by law and regulation, it may work with other investment firms. This may involve sharing views and ideas with such other institutions. It may also involve meeting companies jointly with other shareholders or using the services of third-party membership organisations or other collaborative or informal groups.

6 MANAGES ACTUAL AND POTENTIAL CONFLICTS OF INTEREST IN RELATION TO HOSKING'S ENGAGEMENT

During the proxy voting process, Hosking may be confronted with conflicts of interest. The Firm has developed detailed and effective strategies for determining when and how any voting rights are to be exercised, to the exclusive benefit of its clients. Hosking ensures that all potential and actual conflicts are identified, evaluated, managed, monitored and recorded. It is the Firm's policy and duty to act in the best interests of its clients. Should a conflict of interest arise, the Firm's Management Committee would take such steps as it considers appropriate to achieve fair treatment, including disclosure of the conflict to the affected clients, if required.

Where, in relation to a particular proposed vote, a potential conflict of interest is identified, it is notified to the Management Committee prior to the vote taking place. The Management Committee makes the final voting decision.