Stewardship Code Report

2023

Slater Investments Limited

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INTRODUCTION

This Stewardship Code Report for 2023 constitutes our third statement of compliance with the Code and details our approach on a principle-by-principle basis to stewardship and responsible ownership within our investment processes.

During the writing of this Report, we have had in mind the requirements of the FCA's Consumer Duty to ensure that the information we have provided remains fair, balanced and understandable by all of our investors. We have detailed where improvements and enhancements have been made, our successes and, in part, where things have not gone to plan or which have required further review. We have also provided examples and case studies to demonstrate how our approach to stewardship works in practice. It has provided an ideal opportunity for us to reflect on what has been achieved but also to look forward and see where further improvements and gains can be made. During 2024 we will continue to develop our work in all areas of stewardship and to deliver good outcomes for all of our investors.

Slater Investments remains dedicated to its commitment to being a responsible investor, making consistent improvements both during the year, and, year on year, in improving and evolving our environmental, social and governance ("ESG") processes and controls and engagement and voting practices which underpin our core stewardship and governance principles.

Stewardship and governance have always been at the core of our values, and we continue to maintain the highest standards in fulfilling our obligations as stewards of our investors' assets.

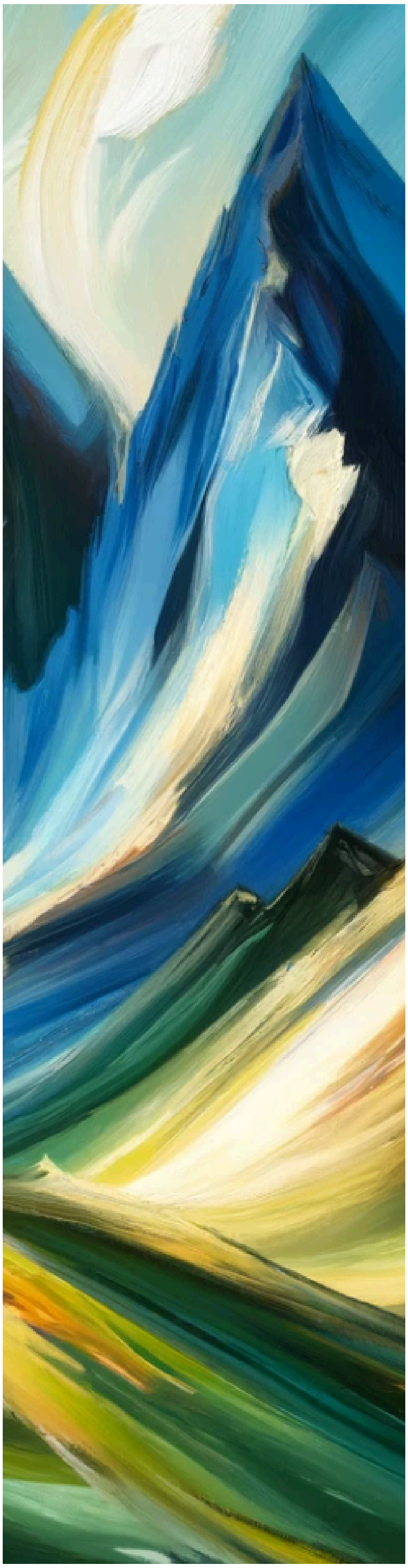
Our investment process is founded on investing in well-managed companies with sound corporate governance coupled with solid management teams. Governance is the bedrock ESG pillar which underpins a company's culture. Strong governance practices not only align shareholder and management interests, but better positions companies to address environmental and social issues. Companies that uphold principles of transparency and integrity will be demonstrably better equipped to serve their stakeholders, which better protects investors' interests and maintains investor confidence.

We are proud of the progress we made in 2023 and continue to work hard to create positive change according to our stewardship approach. We aim to keep up with the best practices in these key areas from 2023:

- the continued integration and evolution of ESG into our investment process. This necessitates the continual review of the developing regulation, reporting and the available data from our portfolio companies;
- 32% increase in the number of company meetings held compared to 2022;

- leading collaborative engagement and escalation to try to protect shareholder value;
- expanded our ESG resource;
- undertaking employee surveys to gauge the effectiveness of our Diversity, Equality and Inclusivity policy;
- voluntarily reporting in line with the FCA's Task Force on Climate-related Financial Disclosures ("TCFD") aligned disclosures for asset managers and owners;
- increasing external ESG reporting for our products including reporting under the Sustainable Finance Disclosure Regulation ("SFDR");
- reducing Slater Investments's Scope 2 emissions and maintaining our commitment to be carbon neutral by 2025. Achieving 100% renewable-sourced energy was a notable milestone towards our commitment;
- increased, granular testing and reviews as part of the annual Value Assessment Report 2023 thereby improving our quality assurance to our investors;
- increased participation in consultations, working groups and forums.

We are a company that takes action and has a strong commitment to invest responsibly and to serve our investors' interests, society and the environment. Responsibility is ingrained in all aspects of the firm, in our purpose, people and processes and we understand the significance of assessing and improving our operations, which we have tried to report on in this report.



PURPOSE AND GOVERNANCE

PRINCIPLE 1
Purpose, Strategy and Culture

Purpose

Slater Investments is an award winning, active investment management company specialising primarily in providing UK equity products, managing £1.4 billion of assets as at 31 December 2023. Founded over 30 years ago by Mark Slater and Ralph Baber, the company is wholly owned by its directors, staff, and former staff. This maintains the integrity of the business and directly aligns the interests of Company staff with those of its investors. It manages four UCITS Funds and two Alternative Investment Funds together with offering segregated mandates to UK Pension Funds, Family Offices and High Net Worth Individuals.

Our purpose is to add material long-term value for our investors by providing a framework for their investment objectives, be that sustainable capital growth, income or a combination of the two, through well managed investment products backed by strong investor service. Responsibly managing our investors' investments involves increasing our focus on integrating stewardship and ESG factors alongside financial factors into our investment process which we have continued to do throughout 2023.

We also aim to support portfolio companies to achieve their financial, social, governance, and sustainability goals.

We believe responsible investing is based on creating shared value which generates greater innovation and growth for both companies and society at large. Our engagement activities enable our investors to be more active owners of their assets through our dialogue with companies on stewardship and ESG related issues.

Our core values focus on three key pillars:

- serving investors – we exist to serve the interests of our investors. This means a focus on delivering an outstanding service and giving the upmost care and consideration to our investors' interests. This also means ensuring that we communicate regularly and clearly with our investors;
- people – above all, Slater Investments is a collective of people, working towards a common goal of creating long-term value for our investors. Teamwork and collaboration are critical to achieving that goal. Professionalism, mutual respect, diversity in all forms, and healthy debate support these efforts;
- stewardship – as long-term investors we are committed to responsibly creating lasting value for our investors. This principle transcends through many aspects of our business which will be expanded on through this report;

Strategy

The Company is a long-term active investor, and ESG-related risks and opportunities are considered over the short, medium, and long-term periods across our portfolios. We have assessed the resilience of our strategy under a range of scenarios. The principal risks and opportunities for our business are related to the investment strategy we employ on behalf of our Funds and investors' portfolios. We can mitigate these risks and capture opportunities most effectively through stock selection and portfolio construction and by active engagement with the companies in which we invest. The incorporation of ESG analysis into our investment process is not indicative of a change in our process, nor of style shift. Instead, our investment philosophy remains the same:

- we believe that the stock market regularly misprices shares, which creates opportunity;
- we believe that most sensible criteria work if consistently applied, with our combination of criteria being optimal.

Our process:

- we look to build a margin of safety;
- we are patient investors adopting a long-term approach;
- we regularly screen the market looking for companies that have sustainable above-average growth; and
- we integrate our in-house ESG philosophy and standards into the making of investment decisions.

Slater Investments regards stewardship as integral to our investment process and our purpose is connected to our commitment to be a responsible investor. We define responsible investment as the integration of ESG factors into our investment processes and ownership practices. Embedding responsible investing principles into our investment process leads to better informed investment decisions. Over time, the inclusion of ESG factors into Slater Investments's investment process has the potential to have a positive impact on all our products.

Our ESG Policy [link], which was reviewed and updated during 2023, describes how we integrate environmental, social and governance factors into our investment decision-making processes. Fundamentally we believe that Environmental, Social and Governance factors are important in measuring the sustainability and impact of an investment in a company and have significant financial relevance. Incorporating these factors into investment analysis and portfolio construction can help mitigate risk, leading to superior long-term performance.

Implementing responsible investment initiatives requires resources and expertise. The Slater Investments team, which is outlined in greater detail in Principle 2, has been strategically built over many years to implement the Company's philosophy and deeply embed this philosophy into our culture.

We develop engagement strategies specific to each portfolio company based on its individual circumstances. Our understanding is informed by a range of research. We are committed to providing material long-term value which enriches our investors, society and the environment over the long term.

The ESG Committee at Slater Investments works closely with the Investment Committee to ensure ESG-based investment analysis, alongside active and engaged stewardship, is fully embedded in the investment process and subsequent ongoing monitoring. We have worked to provide the investment team with the information and support it needs to integrate ESG into the investment process, ensuring that the investment process is enhanced and complemented by this work. During the year we have achieved the following:

- remained a signatory to the UK Stewardship Code;
- enhanced our ESG data and analytics processes;
- increased training of our staff in sustainability and governance;
- increased our disclosure as to how we integrate sustainability into our products (and the Company);
- increased our reporting for the UCITs funds on their ESG characteristics;
- held 514 meetings with portfolio companies, which represented a 32% increase in the number of company meetings held compared to the previous year.

Further detail in respect of this process is outlined in Principle 7 and Principle 9 of this Report.

Our strong corporate governance practices and management of environmental and social risks are important drivers to the creation of long-term shareholder value. We aim to promote and exercise effective stewardship among the companies we own and to engage with them on the actual or potential adverse impacts of their business activities relating to ESG matters. Voting and engagement enables us to embed our purpose and values in the way we drive change within our portfolio companies. Our Voting Policy and Engagement Policy demonstrate our approach to ownership and governance of the companies in which we invest.

Our strategy includes acting responsibly, not only in terms of how we invest but also how we manage our business more broadly, for example, our own environmental performance and our approach to the people who work for us.

As a company, we are conscious of the potential impact on the environment, but given the nature of our business, our impact is limited. Nevertheless, we are cognizant of our environmental impact and are committed to playing our part in protecting the environment.

We endeavour to embed sustainable practices throughout every aspect of our business. Over the past year, we have focused our efforts on deepening our understanding of our environmental impact and that of the suppliers we use.

Continuing with the theme of reducing our carbon footprint under our “Sustainability Roadmap”, during 2023, we changed our electricity provider enabling us to switch to a “Renewable for Business” package. This package is intended to ensure that 100% of the electricity consumed by the Company is certified as ‘green’. This change resulted in a decline in Scope 2 emissions in 2023 which helps Slater Investments move toward our Net Zero goal for our operational emissions. In 2021 we began reporting on our own Scope 1 and Scope 2 emissions and since 2019 we have reduced year on year our Scope 1 and Scope 2 emissions and have committed to be carbon neutral by 2025.

We are also ongoing members of the Investment Association’s (“IA”) Net-Zero Forum, which enables peer-to-peer knowledge sharing and provides a platform for all IA members to raise questions and find solutions in their journey to net-zero.

This year the Company has again measured itself against the United Nations Sustainable Development Goals (“SDGs”) which are a globally agreed framework for achieving a better and more sustainable future and are the most relevant external primary reference framework for the Company to measure itself against.

1: No Poverty

- Slater Investments has reviewed all staff salaries and identified that all staff are paid above the UK Living Wage and London Living Wage.
- Slater Investments assisted the junior staff by making ‘cost of living’ payments in December 2022, January 2023, and February 2023.

3: Good Health and Wellbeing

- Slater Investments offers all staff access to private health care insurance, which, in addition to core health care services, offers access to therapy, mental health coverage, video consultations with the provider’s GP service, reduced subscriptions to gym membership, free subscriptions (currently) to Headspace (mindfulness app) and FiiT (fitness app).

4: Quality Education

- Slater Investments offers all staff relevant training and the ability to take exams at any point to further their careers.

5: Gender Equality

- Slater Investments is committed to its recruitment, promotion, and other selection processes to ensure equal opportunities for all.
- Slater Investments welcomes and will consider all applications regardless of age, disability, gender reassignment, marriage, pregnancy, maternity, race or nationality, religion or belief, sex and sexual orientation (and any other status protected by applicable law).
- Salaries are gender neutral.

8: Decent Work and Economic Growth

- Slater Investments recognises that its staff is critical to the business's success, and ensuring we have an engaged, skilled, and motivated workforce is considered a critical criterion for our strategy's continued successful delivery.

9: Industry, Innovation and Infrastructure

- Slater Investments recognises its role as an allocator of capital. Slater Investments provides portfolio companies with capital which leads to the development of new products and services in the future.

12: Responsible Consumption and Production

- Through monitoring, Slater Investments aims to ensure our suppliers have and abide by adequate anti-bribery and anti-slavery policies. We expect the same of our portfolio companies.

13: Climate Action

- Slater Investments encourages and works with all portfolio companies to aid them in becoming more sustainable and working towards net-zero targets.
- We have worked on implementing our own Sustainability Roadmap to reduce our emissions.

16: Peace, Justice, and Strong Institutions

- Fostering strong corporate governance practices for portfolio companies, via engagement, voting and other channels, continues to be a mainstay of our investment process.

We shall continue to monitor and measure against the SDGs during 2024.

Culture

The FCA describes 'culture' as "the usual, ingrained ways of thinking and acting that define a specific organisation." Or in simpler terms "the way that we behave, talk and choose without being aware of it."

Slater Investments's culture shapes how we aim to work in a sustainable, responsible, and constructive way to meet our objective of actively and responsibly managing our investors' investments and providing strong investor service. Our culture has always been very closely aligned with the principles of the Stewardship Code, from its first iteration in 2012, to the 2020 Code.

We see it as our responsibility to be valued, long-term stewards of our investor's investments.

Our core values and culture are built around strong governance. The Company has remained purposefully streamlined. Minimising corporate complexity where possible maintains a simpler organisational structure that cuts out excessive bureaucracy and allows greater focus on what matters. This structure helps foster a culture of focus, responsibility, purpose, and growth, where everyone's contribution is valued, and the lines of communication from end to end of the business are open and short.

Our culture values extensive training and creates an environment where staff can learn and grow. This structure allows the Company to rapidly communicate, implement and train on important developments as they occur. The Company uses both formal and informal channels to disseminate information, such as discussions, meetings, and webinars. The Company is small and tight- knit which ensures frequent informal feedback. Working mostly from the same office enhances the possibility of collaboration, idea exchange and knowledge sharing.

All our staff commit to a code of ethical and professional conduct which means they are expected to conduct themselves with integrity and honesty, in an open and transparent manner that supports the Company's core values. Each member of staff has a responsibility to act in a way that upholds our core values through their day-to-day activities which are assessed annually as part of their performance review. All employees of Slater Investments are aware of their role in ensuring stewardship and ESG matters are implemented throughout the company.

Slater Investments aims to foster a supportive working environment in which our staff feel engaged, motivated, and valued for their contributions. The Company recognises that its staff is its biggest asset and is proud of the standard and calibre of its workforce which are integral to the success of the Company.

The investment track record of Slater Investments has been forged by a team that has worked together for many years. To that end, the Company places great importance on attracting and retaining high-quality staff and is pleased that these efforts are reflected in the number of staff that choose to stay at the company, with the average number of years employed for current staff being greater than six years across the business as at the end of 2023.

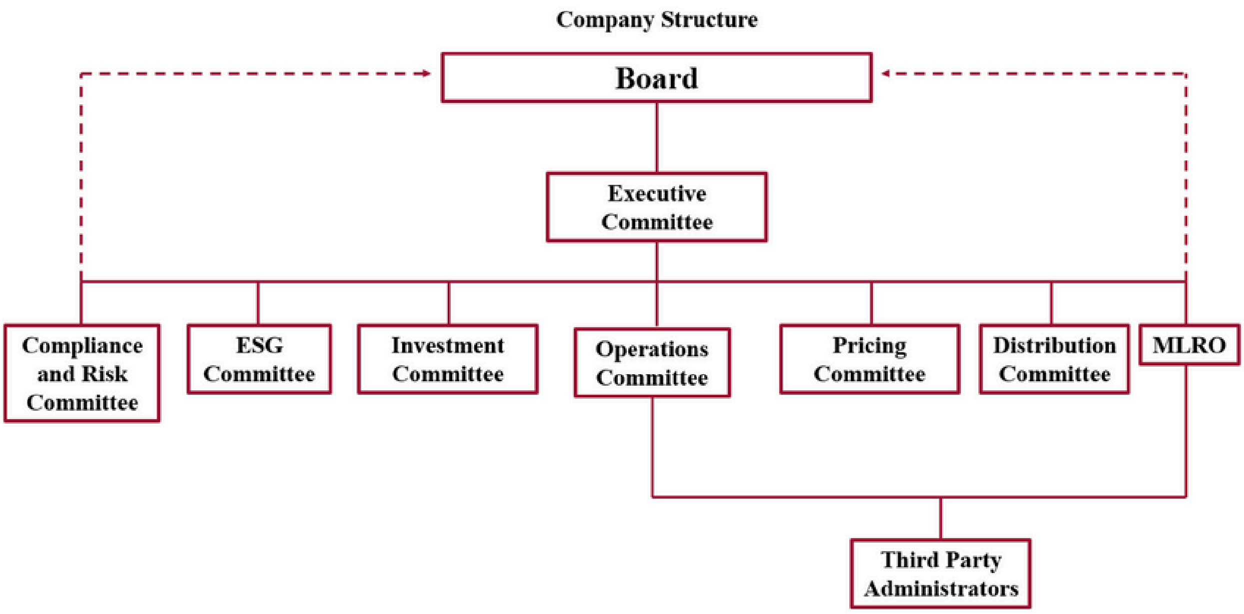
The Company actively encourages and provides permanent staff, both full and part-time, the opportunity for career development through internal promotion and access to external training and development.

The combination of our purpose, strategy and culture enables us to provide effective stewardship and work in our investors' best interests which we shall outline further throughout this report.

PRINCIPLE 2
Governance, Resources and Incentives

Slater Investments's governance structure and processes ensure that its approach to ESG integration and active ownership is embedded throughout the business. It has a very simple and effective reporting structure which enables effective oversight, keeps senior management involved and informed but also allows change to be made relatively quickly and efficiently as and when required.

The reporting structure, together with reporting lines, are set out diagrammatically in the following organisation chart:



Organisation Structure Graphic

The Board

The Board of Directors has overall oversight and final accountability for effective stewardship within Slater Investments. The Board is the ultimate governing body of the firm. It is responsible for setting the strategic direction of the business, ensuring the long-term success of the business for the benefit of its stakeholders, and ensuring that the company acts to deliver good outcomes for its investors.

The Board meets regularly and receives detailed updates on the business, including progress on all of the Funds. In addition to carrying out the yearly value assessment itself, the Board monitors Fund performance, costs, pricing, and service levels on an ongoing basis.

Board members use a range of reports and forums to support them with this, including reports on Fund performance and reports from our Investment, Operations, Distribution, and Compliance and Risk teams and third-party service providers.

There are four members of the Board. Two of the four members of Slater Investments's Board are Independent Non-Executive Directors (iNEDs). The iNEDs bring independent oversight and constructive challenge to the executive directors. They have relevant expertise and experience to make impartial and independent judgements on whether the Funds and segregated mandates are managed in the best interests of investors.

All employees of Slater Investments are aware of their role in ensuring ESG matters are implemented throughout the company. However, there are several functions within the business which play a particularly significant role:

Investment Committee

Slater Investments has been managing the assets of investors for over 30 years. We provide investors with access to a range of funds to suit individual needs and requirements. The Investment Committee consists of six investment professionals averaging 39 years of experience. The Investment Committee is chaired by the Chief Investment Officer, Mark Slater, and is predominantly based in the Company's registered office in London.

Working from the same location and time zone offers greater opportunity for collaboration and the sharing of ideas. The centralised location also means the Investment Committee is accessible to Nomads, companies and investors, facilitating easy and timely communication.

While our investment team is responsible for much of our stewardship efforts, it is supported by the ESG Committee on matters relating to research, themed engagement, and oversight and to ensure wider market-facing stewardship activities and commitments are addressed.

ESG Committee

Although ESG issues have been addressed in our long-established investment process for many years, the Board of Slater Investments also recognised the importance of the growth of interest in ESG-related matters, and formally established an ESG Committee in 2019 with the intention that this Committee would provide the wider market-facing stewardship activities. The ESG Committee works to integrate ESG considerations into the investment processes and further those goals through stewardship activities, including engagement.

During 2023, the ESG Committee consisted of six professionals averaging 11 years of experience with 5 full-time and 1 part-time members of the Committee which draws from a wide range of skills and backgrounds. It includes members who have varying levels of seniority and areas of expertise which Slater Investments believes to be effective as it enables a diverse range of insights but also facilitates collaboration.

The Committee meets weekly and is Chaired by Kathryn Davenport, General Counsel and Head of Governance and Stewardship. During 2023, Terms of Reference were approved by the Board. The Committee reports to the Investment Committee and Compliance and Risk Committee to ensure stewardship and ESG matters are integrated into our wider investment process. Slater Investments's investors benefit from the extensive and broad experience provided by a team, some of whom have worked together for over 26 years.

The ESG Committee consists of the following individuals:

Ralph Baber co-founded Slater Investments along with Mark Slater in 1994 and is Chief Operating Officer. He is chair of the Compliance and Risk Committee and sits on both the Executive Committee ("ExCo") and the Slater Investments Board. Ralph is a qualified Chartered Accountant and member of the Chartered Institute for Securities & Investments. He has served on several regulatory panels including the SFA Appeals Tribunal. He has a wealth of experience having had roles through his career ranging from Finance Director to Chief Executive as well as having held several Non-Executive Directorships.

Liz Partenza is Chief Risk Officer and serves on the Compliance and Risk, Operations and ESG Committees. Liz has a BA in International Studies and English from Fairfield University and a MSc in Finance from Johns Hopkins University. She previously worked as a investor relationship manager with a wealth management advisor in the US. Liz earned the Certified Financial Planner® designation in 2009. She holds the CFA designation, the Certificate in Investment Performance Measurement ("CIPM") designation and the Investment Management Certificate with the CFA Society UK. Liz joined Slater Investments in February 2010.

Kathryn Davenport is a qualified Solicitor and Head of Governance and Stewardship. She has been Chair and Non-Executive Director of AIM Listed companies, together with the Chair and Trustee of three defined benefit pension funds. From her time in private practice and whilst working in-house as General Counsel and Company Secretary she has extensive experience in corporate governance and stewardship (advising/updating company boards from the Cadbury Report onwards), the Takeover Code, M&A transactions.

Ugo Eze joined Slater Investments in August 2021 after graduating from the University of Exeter with a BSc in Mathematics and an MSc in Quantitative Finance from CASS Business School. At the University of Exeter, Ugo specialised in Statistics and Statistical Modelling, while also taking modules on Mathematics of Climate Change and Mathematical Biology and Ecology. Whilst at Slater Investments Ugo has completed CFA level 1 and 2. Ugo is lead researcher in the ESG Committee.

Matthew Parkes joined Slater Investments in December 2020 having graduated with a BA from the University of Exeter where he studied Politics, Philosophy and Economics. Originally starting in the Operations Team, Matthew moved to the ESG Committee during 2022 and focuses on the implementation of the Company's voting policy, engagement, and research.

Loic Marion is an Associate within both ESG and Distribution. He joined Slater Investments in July 2021. Before joining Slater Investments, Loic joined PwC as a School Leaver Apprentice in 2018 and spent 3 years at PwC in their UK/US and UK/Jersey personal tax advisory teams as a Senior Associate. He previously completed his Level 3 Investment Operations Certificate (IOC), Level 4 Investment Advice Diploma (IAD) from the Chartered Institute of Securities and Investments, the Investment Management Certificate (IMC) from the CFA Society UK and is now working towards his CFA Level 1. Loic joined the ESG Committee in January 2023 with his main focus being research and engagement.

Upskilling has been a more beneficial approach for both Slater Investments and its investors than having to rely on outsourcing certain functions. The team has been resourced carefully, from within and externally, to pull in the skills and experience required to balance the varied responsibilities of the department. Much of this Committee has been drawn from other areas of the business giving it the business knowledge and network which is so important in ensuring the whole company can be kept informed and updated without unnecessary delay.

The team has experience ranging from financial services law, corporate governance, quantitative finance, investor relations, audit, Non-Executive Directorship ("NED") roles, with a number of qualifications between the team ranging from the Chartered Financial Analyst (CFA), Investment Operations Certificate (IOC), Investment Management Certificate (IMC), Certificate in Investment Performance Measurement (CIPM) and Solicitor. Collectively the team has broad skills and experience which suit them well to managing the multifaceted nature of stewardship. The committee is 33% female, and there is a continued push to increase diversity in all forms throughout the wider company.

We continue to monitor the availability of external training and concluded in 2023 that the work performed by the Committee still outpaces external exam material. Therefore, the decision was made again not to impose specific ESG qualification requirements at this time.

However, it is a prerequisite for all members of the ESG Committee to keep up to date on the everchanging regulatory environment. This is supported by comprehensive in-house training, as well as direction to, and time allowed to focus on, both internal and external sources of knowledge and learning.

All employees are required to complete 35 hours of continuing professional development per year with 18 mandatory structured hours. In addition to these mandatory structured hours, employees can cover many topics with the focus dependent upon what the individual considers to be relevant areas of development. All members of the Committee are encouraged to undertake external training on the themes of stewardship, sustainability and ESG. They also partake in collaborative work with trade associations serving on working groups and engaging in forums (See Principle 4 for further information on Involvement in Industry Initiatives).

The ESG Committee has also taken part in FCA Consultations in the early stages of the consultation process which, whilst not training, has ensured that recent policy changes and regulation are understood from an early stage and any potential deficiencies in knowledge or skill sets can be put in place ahead of implementation.

The ESG Committee has also presented to the Investment Committee during 2023 on, amongst other topics, Sustainable Finance Disclosure Regulation and the new FCA Sustainability Disclosure Regulations as well as to further empower the Investment Committee to consider ESG risks and opportunities in their decision-making processes and stewardship activities. They also presented to the Distribution Team on recent investment trends and updates being made to the Funds to further enhance the understanding of responsible investing across the business.

The Committee's role is not to screen out companies, but to identify any material ESG risks and opportunities that exist and consider whether there is a pathway to deal with any identified risks. The ESG Committee also regularly engages with portfolio companies' executives, dealing with remuneration, governance and assisting companies in developing their ESG disclosure processes.

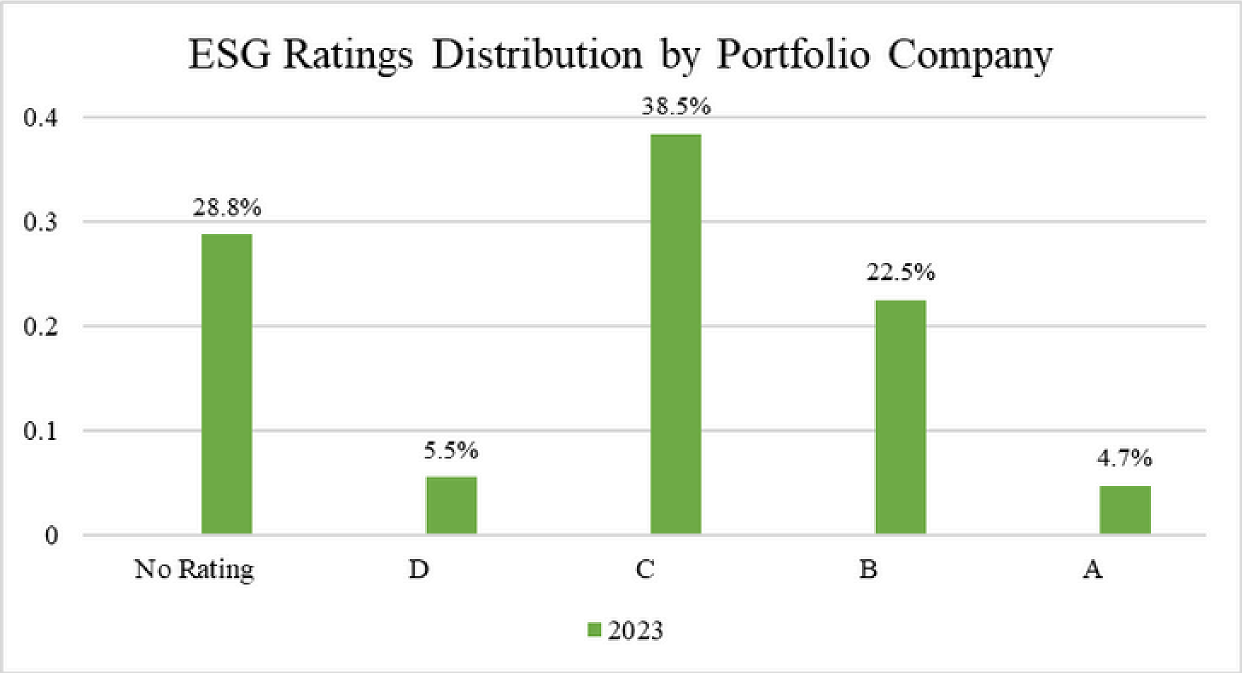
The single largest problem facing quantitative ESG ratings is the unavailability of accurate data. We have dedicated additional resource to both procuring third-party data and assisting in laying the foundations for better and more accurate data collection going forward.

This has been achieved by working with both third-party ESG ratings providers and the portfolio companies themselves.

Part of our investment universe is small to mid-market capitalisation companies where the availability and consistency of ESG data is still limited. We have helped ESG ratings providers understand the nuances of collecting this information as we have previously reported. Alongside this, we have assisted the companies we own in understanding the best practices and mediums for ESG data disclosure and will continue to provide assistance where assistance is sought.

ESG Ratings by Portfolio Company

By the end of 2023, a significant portion of portfolio companies (28.8%), did not receive any rating, which is noted as 'No Rating'. The 'C' rating was the most frequently assigned, with 38.5% of portfolio companies being categorised within this level. 22.5% of portfolio companies received a 'B' rating, denoting a good quality or performance that surpasses the average. In contrast, the 'A' rating, which signifies an excellent standard, was achieved by a mere 4.7% of portfolio companies. 5.5% were given a 'D' rating, possibly indicating a below-average quality or performance.



In 2023, considerable work has been put into further developing the systems, processes, and analysis that the ESG Committee uses and performs. The ESG Committee's primary analysis is used to form a view of ESG ratings, drawing on a wide range of sources, including the portfolio company's legal disclosure to shareholders, publications from governmental and non-governmental organisations and our own voting analysis. We use Refinitiv as our primary ESG data provider alongside drawing from our expert network of sources and services.

During 2022, we started building a database to record engagement activities and outcomes. This process was implemented through 2023. Our Investment Managers and analysts record and document all companies they meet and provide details on the quality of the business, quality of management, whether they engaged on any ESG issues, and detail of any discussion which would be classified as an engagement.

Diversity, Equality and Inclusion

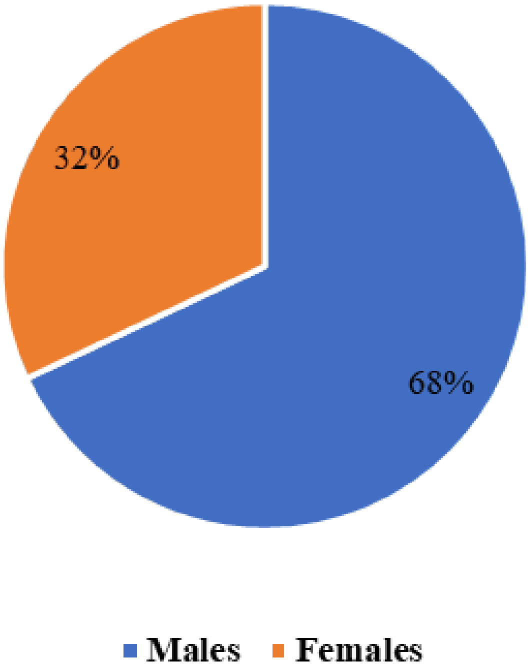
The Company has a diversity, equality, and inclusion policy which supports its intergenerational workforce. We recognise that each generation offers their own unique perspectives, experiences and skills and Slater Investments aims to foster a supportive working environment in which all our staff feel engaged, motivated, and equally valued for their contributions. The Company strives to create a culture where everyone feels part of a unified team.

The Company retains a hybrid working model for those employees whose roles enable them to work remotely for part of the week, with no impact on pay or career progression thereby enabling a greater work-life balance for these employees. We also have three female employees who are permanent home-workers, one who lives in the US and the others who are based outside of the London area. By offering this type of contract ensures that the Company has retained and benefits from not losing their skills and experience fostered over many years of working with the Company.

We have a long-standing commitment to increasing diversity and inclusion in the Company and acknowledge that we need to make further progress. Whilst the Company aims to foster and promote a culture of inclusion, and appeal to and retain a diverse workforce, the Company needs to do more and therefore to gain a better understanding from our employees, during 2023, we undertook a voluntary and anonymous employee survey to test the effectiveness of our diversity, equality and inclusion policy and received a 64% response rate. Overall, the results were very positive. However, there is always room for improvement and further work is to be undertaken during 2024. For the first time in 2023 we took part in the Investment Association's Annual Equity, Diversity & Inclusion Data Survey.

All employees were also required as part of their 35 hours of CPD to undertake mandatory external structured training on Diversity, Equity and Inclusion.

Gender breakdown for the Company is provided below:



Incentivising Stewardship Integration

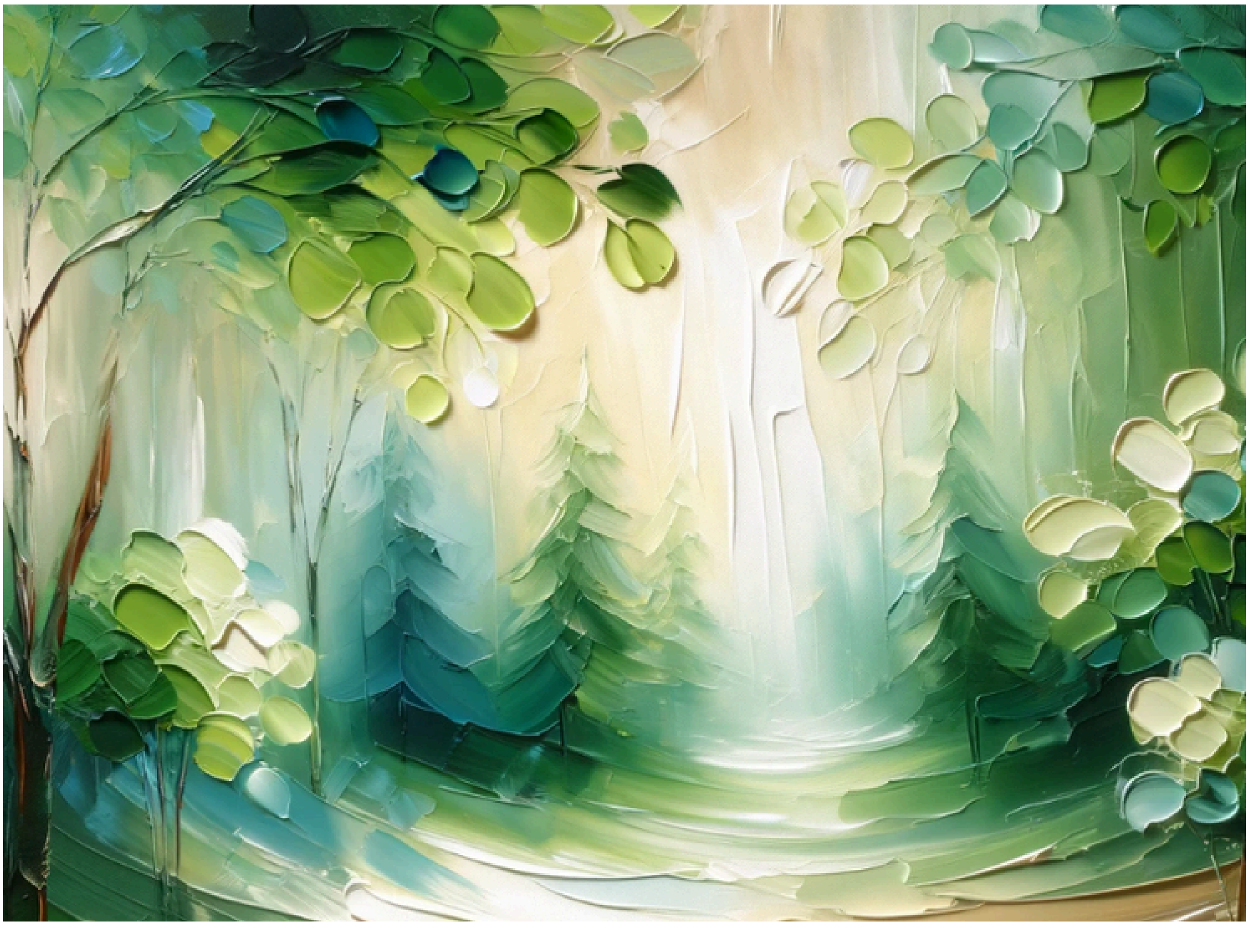
The ESG Committee has put a lot of effort into making sure that the investment process and the broader business incorporate stewardship well. The integration of stewardship into the investment process is outlined in detail later in this report. But as with any important business function it is essential to monitor how effective this integration has been. In the context of any pre-existing or new developments in integrating stewardship into the business, we use a combination of performance management and reward programs to motivate and manage those actions.

Slater Investments's remuneration policy is in line with the firm's business strategy (including the integration of ESG into the investment process and ESG risk factors) and objectives and contains measures to avoid conflicts of interest, encourage responsible business conduct and promote risk awareness/prudent risk-taking. Individuals are assessed on both financial and non-financial criteria. Non-financial criteria include achieving agreed personal objectives, compliance with regulatory obligations, adherence to effective risk management practices and compliance with the company's business principles and policies.

However, given the nature of the developing landscape on this subject, our main objective is to develop our employees' skills and understanding. Therefore, we put more focus on performance management to incentivise and monitor our stewardship related activities throughout the business. This approach allows for more regular feedback and coaching to help employees identify areas for improvement and provide them with the resources they need to develop.

We are confident in the effectiveness of our governance structure.

Our governance structure and processes have developed over time and are a result of how they have worked in practice. We believe that we have a good balance of internal governance structures and processes at the current time (given the size and complexity of the Company) to support the effectiveness of our stewardship activities. Further reporting throughout the report demonstrates our activity during 2023 and confirms the effectiveness of our governance structure and processes in supporting the effectiveness of our stewardship.



PRINCIPLE 3
Conflicts of Interest

Sometimes we might face possible conflicts of interest that affect our stewardship activities. All investment professionals and members of the Compliance and Risk Committee have a duty to recognise and handle such conflicts, following Slater Investments's Conflicts of Interest Policy. In every case, our goal is to make sure that these conflicts are detected and handled properly, to protect our investors' best interests.

Given the discretionary nature of our business we take steps to try to ensure we are not generally exposed to price sensitive information during our engagement activities, in respect of particular companies or transactions. We believe that acting in our investors' best interests involves us retaining the freedom to make independent investment decisions on their behalf. Sometimes, however, we do believe it necessary to receive price sensitive information. In this event, we follow company policy regarding insider dealing and market abuse to ensure that at all times we are in compliance with our legal and regulatory obligations.

We have procedures and controls in place which identify potential conflicts of interest that may exist within the company. All directors and staff are given annual conflict of interest training, and it is their responsibility to identify and report any potential or actual conflicts as they occur.

All new employees undergo strict training and guidance on internal policies and procedures as well as the expectations of our regulators. This covers all scenarios where conflicts of interest can arise, such as gifts and hospitality, personal account dealing and market abuse.

We also undertake an annual face to face review of conflicts where each member of staff is asked to further clarify and confirm any or all conflicts. We maintain a Conflicts of Interest register which records identified conflicts and monitors them. Conflicts of Interest are a standing agenda item and considered at each meeting of the Compliance and Risk Committee. Were there to be any material Conflicts of Interest, these would be escalated to the ExCo.

Conflicts of interest arise in two forms, at the company level and at an employee level. It is Slater Investments's policy to take all reasonable steps to maintain and operate effective organisational and administrative processes to identify and manage any potential conflicts.

A company level conflict can arise when a stock is held in more than one Fund and/or Portfolios where the strategies differ, i.e. one Fund has a mandate for growth and the other a mandate for income. More specifically where paying a dividend may not be in the portfolio company's best interests for long-term growth but cancelling the dividend would challenge its inclusion in an income mandate. Our approach to such events is based on common sense.

We are long-term investors, it is of greater benefit to both mandates for the portfolio company to act in its best interests of all stakeholders, and not jeopardise its future by being straightjacketed by a particular dividend policy.

Case Study: Hollywood Bowl Group plc

At Slater Investments we operate multiple investment strategies. Sometimes a stock is held in more than one Fund and/or portfolio where their strategies differ. Hollywood Bowl Group plc ("Bowl") is one such stock, where we are the second largest shareholder holding stock in more than one Fund. During the COVID 19 pandemic, the company suspended the dividend policy of the group given the uncertainty relating to the pandemic. Following a capital raise and improvement in the group's liquidity position after a couple years of good trading post pandemic, the Board of Bowl decided to return capital to shareholders through a new dividend policy during 2023. This presented a potential conflict as Bowl is well represented by both our Income and Growth mandates. But we supported the management on the basis that Bowl was capable of both paying an attractive dividend and continuing its growth strategy as the new dividend policy was not too restrictive on management. The company was priced at a reasonable projected earnings growth ('PEG') and the dividend was covered, so the Investment Committee were not concerned about the potential conflict within the two different strategies the new dividend policy had created.

Further company level conflicts could arise through Slater Investments trading on behalf of its investors. However, Slater Investments does not engage in principal trading, instead all stocks are bought and sold as agency transactions. Therefore, this risk is entirely mitigated.

Conflicts of interest may arise where Slater Investments's executive directors may have external appointments. Any external roles are taken on after discussion with the Board, bearing in mind their responsibilities to Slater Investments. Time conflicts, other conflicts and the degree to which the individual will learn are all taken into account. We believe that an executive director's external appointments may benefit Slater Investments by providing them with a wider range of skills, experience and knowledge which will be relevant to their role at Slater Investments. Details of any such appointments are recorded in the Conflicts of Interest register. Executive directors are limited to having two concurrent paid external appointments.

Potential staff level conflicts occur through personal account dealing, where a member of staff requests permission to deal in a security that Slater Investments's investors have a vested interest in through holdings in Funds and/or segregated accounts. All staff are required to comply with Slater Investments Personal Account Dealing ("PAD") Rules. Slater Investments's PAD rules aim to ensure investors are not disadvantaged and that conflicts are extinguished at the earliest opportunity.

Our breakdown of the number and type of staff level potential and identified conflicts recorded in 2023 are as follows:

- Hospitality and gifts – 26
- Conflicts relating to holding funds or stocks held in funds – 68
- Own interest and time conflicts - 42 excluding Non-Executive Directors ("NEDs"), including NEDs - 61 (directorships and positions held outside of Slater Investments)
- Permissions to deal submitted - 237 of which 5 were declined.

Our Conflicts of Interest Policy can be found on our website.

PRINCIPLE 4
Promoting Well Functioning Markets

Identifying & Addressing Risks

Slater Investments is exposed to a number of risks. Some are industry wide and inherent to running an investment management business whilst others are unique to Slater Investments and result from the strategy, size and structure of the business. Slater Investments is, generally, a risk averse organisation and it seeks to mitigate the risks affecting the business where possible.

The Board of Slater Investments recognises that, for Slater Investments to be effective, it must have sound risk management policies and procedures.

The Board regards the monitoring and controlling of risks and uncertainties as a fundamental part of the management process and, appreciating the importance of a sound and consistent risk culture, the Board has set and communicated the core values and expectations of the Company.

Slater Investments has therefore built a mature governance structure in place with a number of committees established to ensure sufficient oversight activities based on three levels – risk management, risk oversight and independence assurance. These are distinct activities carried out by different individuals, committees and business areas (see the organisation structure chart in 'Governance, Resources and Incentives').

Slater Investments has developed, updated and adopted effective procedures and processes that identifies and monitors the risks and mitigates such risks wherever possible. The management of the risks relating to the business's activities, processes and systems, in light of its level of risk tolerance, includes checks and balances to control those risks that cannot be eliminated.

Slater Investments's risk policy is formally reviewed once a year by the Board, and more frequently when required. The Board undertakes the review by considering all relevant legislation, including the FCA Handbook and Guidance.

Slater Investments Board is committed to:

- developing a "risk-aware" culture in which Slater Investments staff are encouraged to identify risk and respond quickly and effectively;
- ensuring Slater Investments's key stakeholders recognise that Slater Investments manages risk responsibly; and
- developing consistent risk management practices.

A key element to a sound and consistent risk culture is effective communication and challenge. The Board promotes an environment of open communication and effective challenge in which decision-making processes encourage a broad range of views, allow for testing of current practice, stimulate a constructive critical attitude amongst employees and promote an environment of open and constructive engagement.

Slater Investments's Compliance and Risk Committee is responsible for the daily oversight of risks across the business, ensuring the interests of our investors are properly protected through the application of effective risk management. We continuously work to improve the Company's Liquidity Risk Management Framework which includes Liquidity Stress Testing, Reverse Stress Testing, Liquidity Bucketing and other tools to accurately assess liquidity risk across the portfolios. The objective is to ensure that our portfolios can actively withstand the liquidity risk they are exposed to, operate effectively and, in our investors' best interests.

The exercise undertaken in 2023 achieved its objectives and identified a number of minor enhancements to our processes.

The Committee continuously monitors and reviews the adequacy and effectiveness of these processes. Risk reports are prepared and sent to the Funds' Depositary on a daily basis. The Committee also provides a permanent risk management function across the business, with hypothetical and historical stress tests of the Funds performed regularly. This includes geopolitical events and shocks to markets, interest rates and currencies. It reports directly to the Board of Slater Investments, and its committee minutes are reviewed by the Board on a weekly basis.

As long-term investors, the purpose of all risk monitoring conducted is not to stifle the ability of the Investment Committee, but to enhance existing analysis and strategy. The Chief Operating Officer sits on the Compliance and Risk Committee and attends all meetings of the Investment Committee. He retains the power to veto any action deemed not to be in the best interests of either Slater Investments or its investors. The ESG Committee reports into the Investment Committee.

Slater Investments also has a Pricing Committee that is responsible for the pricing policies for the Funds. The Pricing Committee is responsible for approving any instances of fair value pricing in circumstances such as price feed failure or significant market events. The Pricing Committee reports into the Compliance and Risk Committee.

During 2023 we identified the major market-wide and systemic risks to be:

- Macroeconomic outlook: This is the key risk factor. Sectors move in and out of favour according to the place in the economic cycle. Both are largely determined by changes in the cost of capital;
- Market timing: Slater Investments aims to buy good businesses at reasonable prices, but there is always the possibility that we miss out on beneficial movements in price due to timing. Slater Investments can only deploy funds made available to it and does not try to amplify or reduce its risk with derivatives;
- Political risk: The UK has a five-year election cycle. We have to keep an eye on likely changes in tax regimes and regulatory policies. These risks are generally company-specific rather than applying to the market in general;
- Environmental and sustainability risk: The rise in ESG regulation, disclosure requirements and attention has created additional risk factors that could negatively impact the financial performance or solvency of a company. Similarly, clarification from the FCA regarding sustainable disclosures and labels will continue to directly affect the Funds. Therefore, in the second half of 2023, Slater Investments began reviewing the FCA's new Sustainability Disclosure Requirements ("SDR") and anti-greenwashing rules.

Dealing in more detail in respect of identified market wide and systemic risks during 2023.

Rising interest rates:

Through 2023, inflation and interest rates were significant market-wide risks for UK fund managers. These factors had a profound impact on market dynamics throughout the year. The fluctuation in interest rates, particularly the increase from near zero in 2022 to over 5% in 2023, posed challenges for fund managers in navigating the changing landscape. The rise in interest rates led to higher borrowing costs, affecting businesses, households, and overall economic activity. This increase in borrowing costs influenced investor sentiment, consumer spending, business investments, and asset valuations, creating a ripple effect across various sectors of the economy. We recognised the importance of thoughtfully navigating through this environment of rising interest rates to mitigate risks and optimise strategies.

The impact of higher interest rates on household and corporate debt vulnerabilities was notable, as higher interest rates increased debt-servicing costs and triggered revaluations of asset prices. This scenario added complexity to the risk management strategies. In response to these challenges, we recognised the need to continue to be proactive in identifying, monitoring, and addressing interest rate risk within our portfolios.

Regulatory risk:

The Competition and Markets Authority (CMA) in the UK has become a more aggressive regulatory body, posing a risk to UK companies. Since Brexit, the CMA's remit has expanded to include investigating cases with implications for global competition, with decisions based on UK market effects. This shift has led to an increase in the CMA's caseload for mergers and antitrust cases, making it more active in regulating competition and consumer protection.

For UK companies, being subject to a CMA investigation can have serious consequences. The CMA has the authority to investigate mergers, market practices, and consumer protection issues, with the power to issue penalties and enforce remedies. Companies found in violation of competition or consumer protection laws may face fines or other enforcement actions that can impact their operations and reputation.

Increased scrutiny and enforcement by the CMA underscore the importance for businesses to comply with competition and consumer protection regulations to avoid potential penalties and reputational damage. We have recognised the risk of CMA investigations on sectors and companies and monitored and engaged with companies where we have identified this risk as present.

By way of example, recently, the CMA announced an investigation into a particular sector, which resulted in a 35% reduction in the value of a portfolio company stock immediately after the announcement was made, even though the company was not named as part of the investigation but was in the sector being investigated.

Considering the presence of more than 92 regulators in the UK, we recognise the significant impact that regulatory scrutiny can have on a company's reputation, value and potentially financially. As a result, in 2024, we will conduct a review of all portfolio companies to identify the regulatory bodies which apply to them.

Involvement in Industry Initiatives:

Slater Investments has a responsibility to help address market-wide systemic risks and promote a well-functioning financial system. We believe that being an active member of the IA, the trade body that represents investment managers & investment management firms in the UK, provides us with the most impactful platform and allows us to be directly involved in engagement with regulators and policymakers.

The risk climate change poses remain the overarching topic of focus for us through 2023.

The ramifications of climate change to the environmental pillar of ESG are becoming more visible, with extreme weather events, changing weather patterns, and loss of biodiversity being only a few of the multitude of crises facing the planet and the increasing severity of environmental risks for companies. Therefore, over the last three years we prioritised our efforts on industry initiatives tackling this issue.

Whilst our investment process does not lend itself to a significant number of capital-intensive companies, climate change affects everyone, and we are keen to ensure management of the companies we own are alive to the risk. We therefore evaluated all portfolio companies with a specific focus on any potential stranded assets and have engaged with companies regarding their plans for aligning themselves with the transition to net-zero carbon emissions. The companies we have seen with good governance are taking this seriously by creating achievable roadmaps. Given the nature of investing across a spectrum of sectors and companies, this is something which must be assessed on a case-by-case basis.

For example, we engaged with two companies which, given the nature of these companies' businesses and the technology currently available, find it very challenging to see a viable path to net-zero. However, given the ever-increasing amount of net-zero pledges companies in their sectors were making, they wondered if they should be doing the same. We believe that any targets should be based on an achievable plan, and do not believe the current trend of setting a target and figuring out the specifics later is a demonstration of good governance, especially when most plans involve use of copious carbon offsets, which we do not believe will hold much weight in the future (and will come at a greater cost to the business). Instead, working towards organically reducing emissions and electricity consumption where possible is a much more effective use of management's time, as these actions also filter through and improve the business. We believe it is critical that our companies are approaching this challenge from a sincere and achievable foundation, with the right ambition, using measurable targets on which they can be held to account.

Members of our ESG Committee were involved with a number of industry initiatives:

- The IA's TCFD Implementation Forum focussed on navigating the incoming policy which aims to make firms' climate-related disclosures more consistent and therefore more comparable. This was also attended by other fund managers, as well as members from other industry-led initiatives such as Partnership for Carbon Accounting Financials ("PCAF") which works to enable financial institutions to measure and disclose greenhouse gas ("GHG") emissions of loans and investments.

- The IA's SFDR implementation forum which covers the disclosure of ESG information by financial market participants in the European Union ("EU").
- We engaged with the Financial Conduct Authority ("FCA") on their consultation paper on SDR and investment labels. We provided feedback on the consultation through both the IA and directly to them. As we wrote a letter directly to the FCA about our concerns in the implementation of SDR, we had the opportunity to meet one of the policy writers to discuss implementation.
- The IA's Fund Liquidity Management Working Group. The purpose of the IA's Liquidity Management Working Group is to support risk and liquidity management professionals in better understanding and dealing with ongoing market developments relating to technical, operational, regulatory and organisational issues. The objective of the IA Liquidity Management Working Group is to deliver thought leadership on liquidity management best practices with a clear focus on the segment of open-ended funds. The deliverables include consultation responses, analysis of trends and envisaged future developments.
- The IA's Requisitioned Resolutions Working Group, for which the purpose was to inform and direct the IA's work in preparing guidance for investors to overcome the barriers to the successful requisitioning of resolutions in line with the general recommendations of the Asset Management Task Force's Report: 'Investing with Purpose: placing stewardship at the heart of sustainable growth'. Culminating in the publication of 'Member Guidance: Effective Requisitioning of Shareholder Resolutions' in June 2023.
- The IA's Financial Crime Forum focussed on the evolving challenges of financial crime and fraud while discussing ideas on managing risks related to financial crime.
- Ongoing membership of the IA's Net-Zero Forum, which enables peer-to-peer knowledge sharing and provides a platform for all IA members to raise questions and find solutions in their journey to net-zero.
- IA's UK Fund Discussion Group which focuses on sharing knowledge on regulatory and topical issues affecting Manufacturers and Distributors of Funds.
- IA's Consumer Duty Forum which focused on sharing knowledge and sharing resources relating to the implementation of the Consumer Duty and transferring to business as usual.

PRINCIPLE 5
Review and Assurance

In our capacity as the Authorised Corporate Director/Authorised Fund Manager of our Funds, we consider how we can provide better outcomes for our investors and challenge the service we provide to them to ensure the delivery of the outcomes we believe our investors expect. We provide a mandated Value Assessment Report which assesses, amongst other matters, the stewardship and governance provided to the Funds over the year (further information of this Report can be found in 'Client and Beneficiary Needs' section). The report this year has been enhanced with the additional management information received following the implementation of the FCA's new Consumer Duty.

In additional to our due diligence processes and annual reviews, external auditors conduct an annual review of the internal controls of administration services of our third-party service provider, JTC Fund Solutions RSA (Pty) Limited, which is prepared in accordance with the International Standard on Assurance Engagement 3402.

All votes cast on behalf of our investors and the Funds are reviewed by the ESG Committee on a weekly basis and reported quarterly on our website.

We also publish the annual results of our United Nations Principal for Responsible Investments assessments on our website.

We also publish the Company's Stewardship Report on our website each year. This report is the fourth annual account of our activity, progress and ongoing development in relation to the Code's twelve principles. We have evaluated the feedback the FRC has provided since the Code was introduced, both industry wide and Slater Investments specific and acted on it in subsequent reporting. The feedback was again evaluated during the preparation of this report.

We do not use external auditors for our stewardship activities. However, a formal verification process testing the controls behind our stewardship activities and compliance with the Stewardship Code was undertaken by a member of the ESG Committee. A review of this process and supporting evidence was reviewed by a second member of the ESG Committee. The report and evidence were then submitted to the Board of Slater Investments. We also have the following internal procedures and policies in place including:

- Code of Conduct;
- Remuneration;
- Modern Slavery Statement;
- Culture Assessment Framework;
- Conflicts of Interest;
- Voting;
- Engagement;
- Personal Account Dealing;
- Best Execution;
- Gifts and Benefits;
- Anti-Bribery and Corruption; and
- Dealing and Allocation.

These policies and procedures reviewed and where necessary updated at least annually to ensure they enable effective stewardship. During 2023, these have also been updated to reflect the Company's registration with the US Securities and Exchange Commission as an Investment Adviser. The effectiveness of these policies is monitored by the Compliance and Risk Committee.

With the publication of the new Sustainable Disclosure Regulations by the FCA in November 2023 and the increased awareness and scrutiny around greenwashing and mislabelling of products, we have been careful to avoid box ticking exercises which bring no benefits to our investors nor help in the transition of the industry to higher ESG standards.

The Investment Committee is chaired by Mark Slater, Chief Investment Officer and Chairman of the Company whilst Ralph Baber, Chief Operations Officer sits on the ESG Committee, both of whom are Executive Directors and sit on ExCo. They have oversight of all the work undertaken by both the Investment Committee and ESG Committee.

Our Compliance and Risk Committee regularly evaluates our investment and stewardship processes, and the Board approves them every year. This Report is a joint effort with the relevant functions to ensure that the reporting is accurate, clear, and easy to understand. The ESG Committee is responsible for creating the final document. The Report was presented to the Board for approval.

Our processes ensure that we are able to sense test the effectiveness of our stewardship activities and whether there are improvements which can be made. This year, we have again increased the internal, dedicated resource to the ESG department to ensure continued improvement, including amongst other things, effective data collection and storage, enhanced engagement with companies and improved engagement outcomes both on specific company related issues or a more general issue and increased external reporting. With this additional resource, we have integrated the ESG function further within the investment process.

The Board still thinks that the method chosen to evaluate how well the Company's activities work is appropriate for a company with the size and complexity of Slater Investments. The Company is classified as a small, UK based asset management company with four active funds, according to the FRC guidance. The fund managers are familiar with the portfolio companies in the portfolios and all of the Funds have long-term investment goals. The ExCo's supervision of all the stewardship activities gives more confidence to the Company's stewardship approach.

The Board considers this Report to provide a fair, balanced, proportionate and an understandable view of our approach to Stewardship.

INVESTMENT APPROACH

PRINCIPLE 6
Client and Beneficiary Needs

Our commitment to meeting the current and evolving needs of our investors is at the core of everything we do. Our investors come to us with a variety of investment requirements, which we aim to meet through our range of funds, and with a focus on risk management to help protect our investors' capital over the long term. The investment products we manage are predominantly UK equity based. We manage segregated accounts and offer a number of types of portfolios tailored to each investor's individual objectives. Segregated account investors include high net worth individuals, occupational pension schemes and charities.

The investment time horizons range from a minimum of five years to an excess of ten years, depending on the investor's risk and return preferences. In the case of our investors which are occupational pension schemes this is tailored more specifically to each scheme's journey to being, for example, fully funded, self-sufficient or preparing for buyout/buy in.

We also manage four UK domiciled UCITS Funds with different investment objectives but all of which are suitable for investors planning to hold their investments over the medium and long-term. We recommend a minimum investment period of five years.

How we seek out and receive investors' views depends on the chosen investment route:

- investors with segregated accounts enter into dialogue with our fund managers detailing their objectives, targeted return and risk profile which are then incorporated into the investment process provided to them by the Company.
- investors investing in the Funds can either invest directly with Slater Investments or through a platform on an execution-only basis. This allows the investor to assess their own risk and return preferences independently.

Segregated Accounts

Our segregated accounts have investment guidelines and restrictions put in place which are created to reflect the investor's investment policy. Segregated account investors are able to create a bespoke portfolio which can avoid exposure to particular sectors or business activities, asset classes or markets. Voting and engagement on behalf of our segregated accounts are delegated to us (please also refer to the Voting section below).

We communicate on our approach and activities regarding stewardship in four ways:

- we report to our segregated account investors on a quarterly basis (as well as ad hoc when requested) where we provide further detail about our stewardship activities including our engagement activities with portfolio companies together with the respective ESG ratings of portfolio companies. We also maintain regular contact with our investors and have conversations around their interests, time horizons and needs;
- we publish voting reports on our website, which are available to the public;
- we produce two blogs, PEGwatch and Dividendwatch, on our website; and
- we organise events for investors. This includes in-person events, virtual conferences, and webinars.

We continue to review how we can further improve our communication with investors. The format of each of our segregated account's quarterly reporting has developed over time to best meet each investor's reporting needs and preferences.

Occupational Pension Schemes

Recognising the increasing statutory requirements of some of our segregated accounts to understand how their assets are being managed and invested and, in particular, our occupational pension schemes investors, we realised that we had to adapt how we approach and engage with our investors.

The segregated accounts which are occupational pension schemes are required by statute to publish the arrangements they have with us, as their asset manager, and include this in their respective Statement of Investment Principles. These schemes are required to publish on-line how they have implemented their engagement policy, including voting behaviour by, or on behalf of the Trustees, of the respective Schemes. We have engaged with the Trustees of these schemes via their advisers to ensure the information provided to them fulfils their statutory requirements.

We continue to review how we can improve our engagement with all our segregated accounts in respect of improving stewardship and governance of their accounts and, in particular, in respect of the pension schemes how we can best report to them in order for them to fulfil their statutory obligations. Some segregated account investors have been happy to continue with existing arrangements, whereas others, like the pension schemes, require increased information.

Our Funds

The assets of the Funds are managed in accordance with the respective Fund's stated investment objectives and policy. Voting and engagement are delegated to us.

Slater Investments maintains both institutional and retail focused Investor Relations functions and, whilst no advice can be given, any investor is welcome to contact Slater Investments at any time; contact details for which are publicly available on our website and in all communication. Communication with the Funds' investors is broadly similar to that of our segregated accounts namely:

- we publish annual and interim reports for each Fund on our website and send the same report to all Fund investors on our register (in different formats dependent upon request). During 2023, these reports have been updated to include reporting in line with SFDR and TCFD;
- voting reports are published on our website quarterly together with the Shareholder Rights Directive II disclosures;
- Fund factsheets are published monthly on our website and emailed to those investors who have subscribed;
- we engage with investors through the Company website and during 2023, further investor content was included on the website. Data is collected so that we can test the effectiveness of each new page thereby providing us with an indication as to where additional content could be added;
- we provide investors with a wide range of articles and webinars covering markets and topics ranging from equities and forecasts, ESG and sustainability trends.
- our website content provides access to investor education, current views and insights from our investment teams through PegWatch and DividendWatch; and
- we produce an annual Value Assessment Report which is published on our website (see section below).

Slater Investments is committed to the principle of seeking and implementing its shareholder/unit holders' views regarding the provision of our services. However, this is very difficult to execute in practice, as we predominantly distribute our fund range through UK investment platforms, and those platforms do not provide us with any data on who our underlying holders are. We have therefore tried to make our stewardship and stance on ESG as clear as possible in our marketing materials, the Fund reports, pre-contractual documentation (primarily, the Fund Prospectuses) on our website and aim to be transparent about our voting record.

Our Chief Investment Officer also talks to investment platforms like Interactive Investor and A J Bell and to financial services media.

By having direct investors, we can use various customer feedback channels that help us enhance the suitability and quality of our products. We think that customer happiness and loyalty are essential factors for our Company's long-term sustainability, and that directly asking investors about their preferences and levels of customer satisfaction help us match their expectations.

During 2023, we are pleased to report that the majority of direct investors we surveyed were very satisfied with the information or service we provided. We continue to review all feedback we receive from investors, and enact changes based on feedback wherever possible and practical.

All key information documentation on our Funds is available on our website. Our investor portal continues to enhance the investor experience for those who chose to use the service by enabling access to an investor’s account in addition to simplifying the process where additional information is required to be provided by an investor.

Value Assessment Report

In our capacity as the Authorised Corporate Director/Manager of the Funds, we continually consider how we can provide better outcomes for our investors and challenge the quality of the service we provide to them to ensure the delivery of the outcomes we believe our investors expect.

To improve and strengthen fund governance we conduct an annual review of our UK domiciled funds to evaluate the value provided to investors. This report, which is approved for publication by the Board of Slater Investments, covers the following areas:

- Quality of Service
- Performance
- Fund Management Costs
- Economies of Scale,
- Comparable Services
- Comparable Market Rates; and
- Classes of Units

Within this report is an assessment of our stewardship and governance activities provided to the Funds over the year. The report is available to all visitors on our website.

With the increased management information gathered as part of the implementation of the FCA Consumer Duty throughout 2023, the assessment undertaken included more granular testing and review compared to the previous years, thereby improving our quality assurance to our investors. During 2023, we introduced investor surveys from which to gather feedback on subjects such as customer satisfaction. We continue to update our website and investor portal and continue to explore ways to make further enhancements.

Over the past three years, we considered whether investors were in the most appropriate Unit/Share class. Where a potentially better outcome may be available to an investor, we considered whether suitable action, such as offering the investor a free conversion into an alternative lower fee unit class should be made. We therefore identified and contacted a number of investors and offered them a free conversion into a lower fee unit class. Whether this is suitable for all investors is determined by the individual's personal circumstances as we acknowledge it may not be appropriate for all investors. However, we were pleased to see through 2021/2022 a 68% uptake of this proposal and in 2023, there was a 17% uptake.

We have also performed analysis across our total Assets Under Management held through different investor base. Our findings across our products were as follows:

AUM by investor base:

Entity Type	% of Assets Under Management
Platform	66.92%
Segregated Mandate	21.77%
Direct Retail Investor	4.41%
Sovereign Wealth Fund	3.27%
Shareholder of Slater Investments Limited	1.66%
Feeder Fund	1.22%
Trust Structure	0.33%
Charitable Foundation	0.22%
Direct Professional Investor	0.09%
Family Office	0.06%
Slater Investments Limited	0.05%

AUM by Geographical Region:

Country	% of Assets Under Management
UK	72.56%
USA	11.78%
Luxembourg	4.69%
Guernsey	4.50%
Cayman Islands	4.05%
Isle of Man	0.92%
United Arab Emirates	0.38%
Jersey	0.34%
Malta	0.22%
Canada	0.18%
Sweden	0.12%
Switzerland	0.11%
British Virgin Islands	0.06%
Spain	0.04%
France	0.03%
Ireland	0.02%

PRINCIPLE 7
Stewardship, Investment and ESG Integration

Slater Investments is a 30-year-old asset management firm. We offer investors various funds and segregated mandates to suit their preferences and needs. We take a long-term approach to managing all of the Funds. The Funds are for investors who want to invest over the medium to long term, (but this is not mandatory). Five years is the suggested minimum investment period for the Funds. The segregated accounts have a similar investment horizon, depending on the situation.

The integration of environmental, social and governance (ESG) considerations into our investment process and ownership activities is a core principle of our responsible investment policy. Our analysis combines external and internal data with our stewardship activities, materiality considerations and our financial analysis, to help identify ESG opportunities and risks for the companies that we invest in.

Our ESG activities take account of:

- insights and data from our Investment and ESG Committees;
- external data;
- materiality assessments, such as those described by the Sustainability Accounting Standards Board (SASB) and Paris Agreement Capital Transition Assessment (PACTA);
- relevant legislation, such as the Task Force on Climate-related Financial Disclosures (TCFD), the UK Stewardship Code 2020, EU Taxonomy Regulations and the EU Sustainable Finance Disclosure Regulation (SFDR);
- widely adopted international frameworks, such as the United Nations Sustainability Development Goals (UN SDGs).

At Slater Investments, research is focused on fundamental analysis. The Investment Committee works to understand, with a high degree of conviction, whether a company’s growth or dividend forecast will be delivered. Members of both the ESG and Investment Committees are involved in the process of monitoring and engaging with portfolio companies. During 2023, 514 meetings were held with portfolio companies, which represented a 32% increase in the number of company meetings held compared to the previous year. The number of meetings held is not a measure by itself of value but underscores our belief that active and engaged stewardship that is embedded in our investment process and subsequent ongoing monitoring is a key component of successful long-term investing.

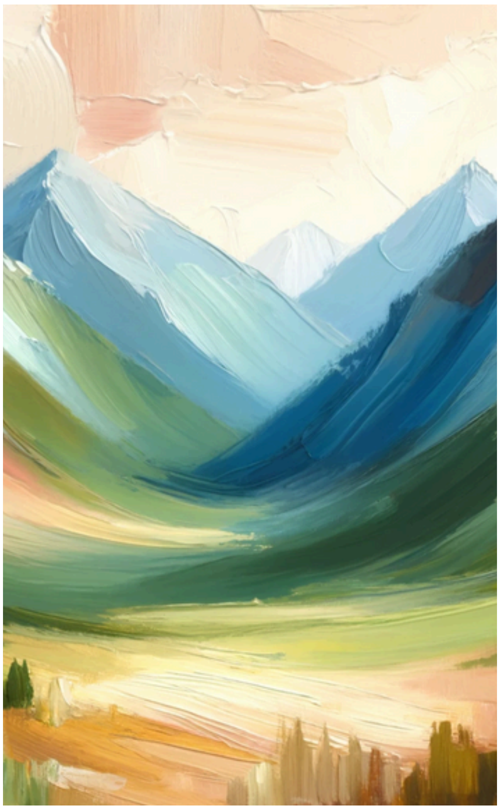
The systematic integration of ESG factors into Slater Investments's existing investment process does not represent a change of process nor a style shift, but instead is an enhancement of the process where ESG factors are used to help identify companies positioned for strong long-term performance. Used as an additional risk indicator, ESG analysis can help mitigate risk and lead to superior long-term performance. ESG integration is approached from a practical perspective, considering these issues against the backdrop of Slater Investments's investment time horizon and goals of its Funds and segregated accounts.

Our investment process is not driven by ESG, however, the search for investable companies inevitably leads to companies with above average levels of corporate governance. Similarly, our growth process has typically been biased towards "capital light" businesses which usually present relatively few material environmental concerns. The integration of ESG factors within Slater Investments's investment process involves the following:

- We believe Governance to be the most important of the three ESG pillars and is an aspect of our stewardship we pride ourselves on. Without effective governance there is limited prospect of positive ESG developments and little prospect of profitable engagement.

Our initial focus is on the constitution of the board and the track record of the individual (Non-)Executive Directors. This initial work is conducted by the Investment Committee, which is followed up by a more comprehensive study by the ESG Committee including, but not limited to, diversity, upwards mobility within the work force, tenure, compensation, culture, transparency, capital discipline, risk management, independence, and asymmetrical ownership dynamics. A key factor where we spend time is executive remuneration. We try to understand how incentives, including those linked to non-financial targets, are aligned with our interests as shareholders.

- Companies that emerge from our fundamental screens as potential investments are then screened for ESG factors. Where a new company is proposed, an ESG research report accompanies the Investment Committee's own work. A member from the ESG Committee will also participate in the initial meeting of prospective investments. In this instance, Slater Investments defines initial as:
    - if Slater Investments has never met the company's management previously;
    - if there has been a material change in either the management personnel or the company's long-term strategy; and
    - if more than 5 years have passed since the last meeting between Slater Investments and the company's management.
- We do not use a one size fits all process, instead our focus changes from company to company as we look at what we deem to be material to each company based on a combination of existing ESG standards (e.g. Sustainability Accounting Standards Board) and our own in-house standards. With the rising uptake in ESG related reporting, there is increasing overlap with the areas identified by the companies themselves, which makes monitoring easier.
- The focus of the monitoring process is broken down into two categories:
    - Maintaining value - The primary focus is to pre-emptively monitor for ESG risks that may emerge which might threaten the price earnings ratio or earnings growth prospects of Slater Investments portfolio companies.
    - Adding value - The ESG Committee work with management teams of Slater Investments portfolio companies, offering advice as to how they can use ESG to assist in growing the business through either identifying ESG related market opportunities or improving their internal ESG practices.



- Any ESG risks (and related Principal Adverse Impacts ("PAIs"), identified by the ESG Committee are weighed against all other inputs when considering an investment decision. In line with Slater Investments's existing risk management processes, where Slater Investments is not comfortable with a risk posed by an investment, steps are taken to mitigate and manage that risk, which may include disinvestment. The Chair of the Compliance and Risk Committee attends both Investment Committee and ESG Committee meetings and retains the power to veto any action deemed not to be in the best interest of its investors. All companies are ultimately scored using a RAG rating:
    - Red: the Investment Committee will immediately be notified of companies identified as PAI laggards. Identified companies will be further analysed by the ESG Committee. This may result in divestment depending on the risk and severity of the identified negative impacts and the total cumulative negative impacts identified across all PAI indicators. Immediate engagement will be conducted with company management to address the identified risk.
    - Amber: investments which are identified as PAI intermediate performers will also be further analysed with the aim to mitigate and/or eliminate adverse impacts through prioritised engagement.
    - Green: Slater Investments continues to engage with portfolio companies identified as PAI leaders to assist in identifying how value can be added, and any risks be further mitigated against.
- Where it is necessary to seek additional information or clarification, the ESG Committee will engage with the company directly. In the instances where the ESG Committee's concerns are not entirely alleviated, this information will be relayed to the Investment Committee. The ESG Committee also seeks to monitor press coverage of portfolio companies and any new concerns, or ideas, are communicated to the Investment Committee.
- Ongoing monitoring of portfolio companies is conducted throughout the year and is linked to the results cycle and other company statements. Companies are monitored both against their own KPIs and ESG factors we deem material. Where it is necessary to seek additional information or clarification, we will engage with the company directly. In the instances where the ESG Committee's concerns are not entirely alleviated, this information will be relayed to the Investment Committee.

- Potential material climate risks in portfolio companies are identified by both the Investment Committee and the ESG Committee. This is done through internal research and our third-party ESG data provider. Every quarter, each portfolio is monitored against a climate scenario analysis program. When testing at the portfolio level, we look to answer the following questions:
    - What proportion of the portfolio is invested in the nine vital climate-relevant sectors (power, oil & gas, coal mining, automotive, shipping, aviation, cement, steel, and heavy-duty vehicles)?
    - Do the companies' production plans in the portfolio tally with climate scenarios that comply with the Paris Agreement?
    - Which companies in the portfolio significantly influence the results?
    - How does the portfolio perform compared to market benchmarks?
    - To what level of risk is the portfolio's asset value exposed in various transition scenarios?

  Scenario analysis is used to highlight possible exposure to climate risks. It provides a systematic framework for analysing the uncertainty around the impact of climate risk factors, including timing and variability across geographies and sectors.

  This exercise enables the identification and potential escalation of investment-related climate risks or opportunities which may be deemed to impact the resilience of our overall strategy. We have continued to develop the integration of climate within our risk management processes during 2023.

- The ESG Committee reviews external ESG ratings for both companies under consideration and existing portfolio companies. They form a starting point for engagement, however, are never taken at face value. These ratings will gain in value once globally acceptable standards are adopted across the market capitalisation spectrum; we look to the International Financial Reporting Standards' International Sustainability Standards Board in this regard.
- The nature of our engagement depends on the size of our shareholding/strength of our relationship with directors and the level of concern about issues that arise from the ESG Committee's initial research and ongoing monitoring.
- We also conduct themed engagements where we seek to identify the most important issues that are relevant to companies we own and engage across the board. Examples of which are disclosed in the 'Engagement' section below.

- At the end of 2022 we transitioned the Funds into Article 8 compliance under SFDR and over the course of 2023 each Fund reported in compliance with the regulations.
- During 2023, we invested more resources into ESG within the business as there are increasing requirements in the regulatory landscape. For example, we increased the amount of data we regularly publish in order to comply with various regulatory requirements. Examples include the European ESG Template and the Carbon Emissions Template. We also started to populate more comprehensive explanations of our ESG practices and resulting data on third party data platforms such as eVestment. The intention of these is to expand and standardise ESG reporting. With input from institutional investors, consultants, fund managers and industry organisations, eVestment is intended to provide more insight and transparency to the ESG reporting space.
- We now review all portfolio companies against the 'Violation of UN Global Compact 10 Principles'. Any portfolio company which violates any of the Principles is identified and further review undertaken to both understand the risks and note what the violations are. A record of violations is maintained, and the Investment Committee are notified. All potential new companies are also screened for violations.

Climate Change

We keep improving our integration method and adding improvements to our investment process. We want to know how companies meet ESG standards, show impact, and adapt to the changing rules and sustainability challenges. In 2023, we focused more on how climate change could disrupt our portfolio companies. Climate change is a risk for every company.

Climate-related investment risk is monitored by both the Investment Committee and the ESG Committee. The Company's climate-related risk exposure originates primarily from the assets held in the Funds.

Our investment approach means we are unlikely to have a significant portion of our portfolio invested in, or have exposure to, the industries that contribute most to climate change, such as oil & gas, mining, and utilities. However, this is a 'systemic risk' that will affect every company to some degree via a combination of both regulatory risk and physical risk connected to weather changes.

Our investment philosophy is not driven by ESG but in the pursuit of quality companies we must consider these long-term risks as we expect to hold these companies for a very long time. From a portfolio perspective, we continue to identify and monitor the risks (and opportunities) within our research process as well as our ongoing monitoring of the companies in which we are invested.

This is a complex and still evolving area of analysis for the investment industry, and we are still developing our approach to assessing this risk at portfolio level and at a company level.

Risk Identification Process

The Investment Committee and ESG Committee works to identify climate change risk that all portfolio companies might face. This involves evaluating both the both the physical risks, such as extreme weather events, sea level rise, and water scarcity, and the transition risks, such as policy changes, technological innovations, and consumer preferences, that could affect the business model, operations, and profitability of a company or sector.

On a quarterly basis, we assess the resilience of each Fund's strategy to climate-related risk. This is undertaken using PACTA. The objective of the assessment is to understand how each of the assets held in the portfolio are exposed to both physical risk and transition risk.

Before any new company is added to the portfolio the ESG Committee performs a review which incorporates a review of climate-related risk. This review is not limited to the portfolio construction stage, but we perform annual reviews and ad-hoc reviews when circumstances have changed.

As a result of the quarterly assessment and annual reviews the Company seeks to ensure that each Fund's investment portfolio does not have substantial holdings in companies with significant climate-related risk exposure, resulting in each Fund having a more resilient portfolio.

During 2023, we have started to report under The Task Force on Climate-related Financial Disclosures ("TCFD"). TCFD is intended to create voluntary, consistent climate-related financial disclosures for organisations to provide information to investors, lenders and other stakeholders. The intention being that organisations use the TCFD recommendations in their publicly available annual financial reports and that the recommendations provide a standardised approach to climate change reporting, so that risks and opportunities can be categorised consistently, and organisations across different sectors and jurisdictions can be compared.

In accordance with Chapter 2 of the Environmental, Social and Governance sourcebook of the FCA Handbook (the 'Sourcebook'), UK firms managing funds and portfolios must produce an entity-level report consistent with the TCFD. Slater Investments does not currently fall under this reporting regime. However, the Company has decided to provide transparency into our work in this important area.

Therefore, TCFD reports for all of our Funds have been published during 2023. The Company will publish an entity level report in 2024 for the period ended 31 December 2023 which will provide disclosures in compliance with the Sourcebook and review how Slater Investments considers climate-related risks and opportunities in managing and administering investments on behalf of its investors.

TCFD Reporting by portfolio companies has also been a Thematic engagement during 2023 (please read Principle 9 for further details).

Case Study: James Fisher & Sons plc

Issue: Reforms to the UK Emissions Trading Scheme
Objective: to understand the potential impact to the business of the Reforms
Outcome: engagement completed

James Fisher and Sons plc ("James Fisher") is a UK Marine Freight & Logistics company providing specialist services to the marine, oil and gas industries worldwide.

In July 2023, the UK government announced a package of reforms which broaden the sectors covered in the UK Emissions Trading Scheme Authority which is a scheme designed to reduce carbon emissions in the UK. James Fisher operates in one of the industries which will be affected by these reforms.

We reached out to the board of James Fisher raising concerns on the potential impact to the business and how the company had planned to address any potential impact.

The Chief Financial Officer explained how the updated reforms affects the company. He explained that the reforms would impact entities which have commercial control of the vessel, and it is these entities who would be responsible for future carbon credit cost and not James Fisher as the owner. Additionally, of the 18 company vessels only 2 were above the 5000 Gross tonnage mark and were currently trading in the UK and therefore within scope of the updated reforms. Overall, we were reassured that there was a relatively low risk to their business. Slater Investments was satisfied with the engagement as it is clear that the board had considered the potential impacts of climate change on its business and taken steps to manage this risk.

PRINCIPLE 8
Monitoring Managers and Service Providers

All our service providers are subject to our selection process, which includes, where relevant, questions on their governance and approach to ESG. We assess and rate all service providers that support our corporate and investment activities according to their contribution to our processes and investor service, safeguarding the Company and its customers in accordance with industry good practice and regulatory expectations. Our Compliance and Risk Committee identifies critical providers who may hold or process our investor data and are categorised according to the risk they pose to the Company's operating model and to our customers. We have a risk-based monitoring approach and carry out additional due diligence for critical providers, including quarterly reviews with any concerns escalated to the Compliance and Risk Committee. We also carry out annual due diligence and cyber security assessments, and screen providers annually against sanctions or regulatory fines.

When selecting the Depositary and Custodian to the UCITS Funds we included questions on the respondent company's policies on anti-bribery and anti-corruption, anti-money laundering, anti-facilitation of tax evasion, modern slavery and human trafficking and climate change and environmental protection.

In addition, we requested details as to how these policies were communicated in the organisation, the types of training provided to their employees, and how compliance with the policies was monitored.

We do not delegate any investment management services outside of the Company nor do we delegate voting to any third parties. Neither the Funds nor the segregated accounts pay for research as this is paid for by Slater Investments. We monitor the quality and accuracy of the information provided and, if the provision of this service is not acceptable, our contract with a particular research provider is terminated.

We use proxy voting service providers. All portfolio company holdings are recorded with Broadridge Financial Solutions ("Broadridge") and Institutional Shareholder Services ("ISS") using information provided by the Funds and segregated mandate custodians. Broadridge and ISS provide portals on their respective platforms, through which our portfolio companies' upcoming meetings are identified, alongside any voting resolutions, and the ability to cast our votes. A clear and organised end-to-end voting system enhances our ability to identify, communicate, and engage on issues as they arise.

For example, identifying voting resolutions we wish to engage on in a timely and efficient way allows us time to discuss internally and engage with the company where required prior to the voting deadline. Utilising these service providers streamlines the voting process, achieving efficient identification and voting processes. These also provide the ability to run reports on our historic voting activities.

Whilst we had two issues during the 2023 with being able to vote a segregated mandate holding, this was due to initial onboarding issues between Broadridge and the segregated mandate holdings custodian which have since been resolved.

We use an alternative external data provider, Refinitiv, for our ESG data requirements and have developed proprietary software to enable us to bring this functionality in-house which runs in parallel to Refinitiv. This has enhanced our ESG research capabilities and reduced our reliance on external data providers.

We use Refinitiv throughout the business on a daily basis; it is incorporated into our portfolio management, risk analysis, pricing analysis, company analysis, ad-hoc investment committee requests, investor information requests, and news flow analysis, including utilising ESG data for company review analysis. Within these company reviews we include the company's ESG performance, its performance versus the three ESG pillars, how this has changed over time, how it has performed relative to its sector, and information on ESG controversies.

We acknowledge, as previously reported, that no data provider is 100% accurate. We have found some areas where data delays are more prevalent, and this is something we monitor on an ongoing basis. For example, when performing analysis on the NEDs of our portfolio companies we found the data we ran was delayed and therefore missing several recent directorial changes across our portfolio. Recognising this we chose to use Refinitiv to do the initial review, which would then be checked and amended where necessary to ensure data was accurate and up to date. We work under the assumption that data inconsistencies are a current reality, and we focus on integrating sourced data where it can add value and amending it where necessary.

This experience has reinforced our view that third-party data sources can only be one input alongside our own in-house fundamental analysis and engagement insights.

We are an investment management company who rely on third party data providers to collate and report external portfolio company data to us. This forms part of our due diligence and market analysis to enable us to review our various portfolios, undertake due diligence on potential acquisitions and integrate ESG factors into our investment process. We pay for this service which we have previously had no issue with.

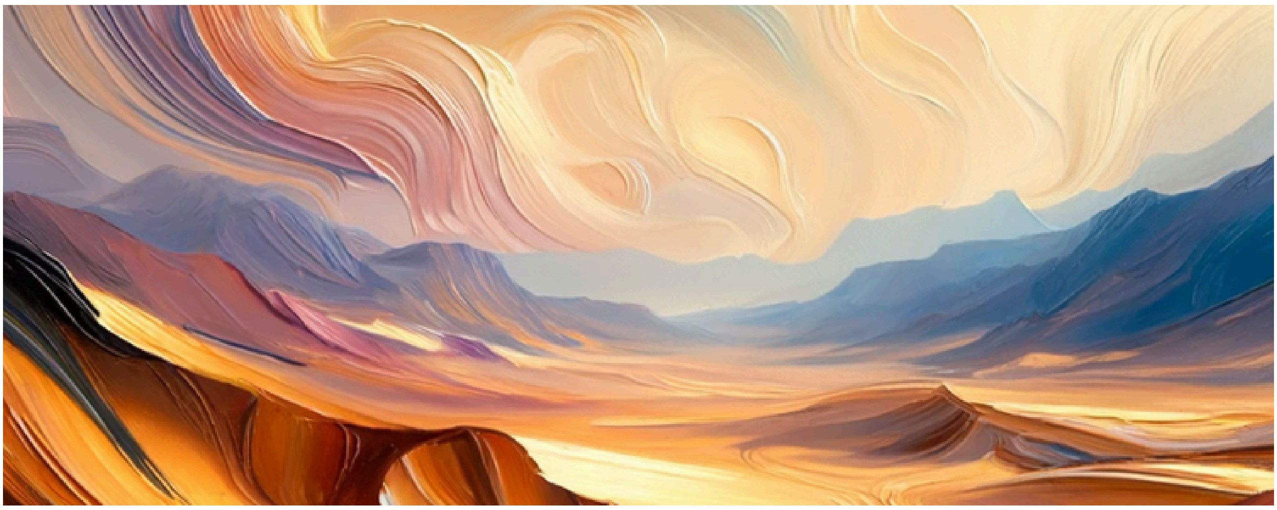
However, with the introduction of SFDR and increased mandatory regulatory reporting in respect of ESG metrics, data and information which was previously available to us as part of our standard package has now been put behind a separate and new paywall.

Having previously recognised this reporting was required, we had looked at our service provider and at that point understood we would be able to report on the various data points using the existing service. We have since found that with the introduction of mandatory reporting in 2022, our existing provider limited what was included within the existing service. We are now only able to generate reports using the previous year's data. The ability to use the current year's data which was previously possible to obtain is now locked behind a paywall.

We obtained quotes from five separate data providers (including our existing data provider) and all had now introduced this new paywall for the specific ESG data which is required for firms to comply with mandatory reporting.

We have found similar behaviour from EMX and Calastone whose aims are to reduce risk and cost in the UK funds industry through the automation of funds order routing.

Both systems are very similar and in order for investment managers to administer and sell our funds, firms have to subscribe to one or both of these systems in order to be able to process and manage transactions from investors especially Distributor platforms. From our experience, we believe that both entities claim to be reducing costs however, in our view, costs remain high as there is very little if no competition in this market, whilst ensuring a barrier to entry as if we did not subscribe to both messaging systems we would have very limited distribution channels. We have raised our concerns with the CMA on a number of separate occasions but have not received a response. It is a necessity to continue to use the services of these providers despite our concerns in respect of pricing.



ENGAGEMENT

PRINCIPLE 9
Engagement

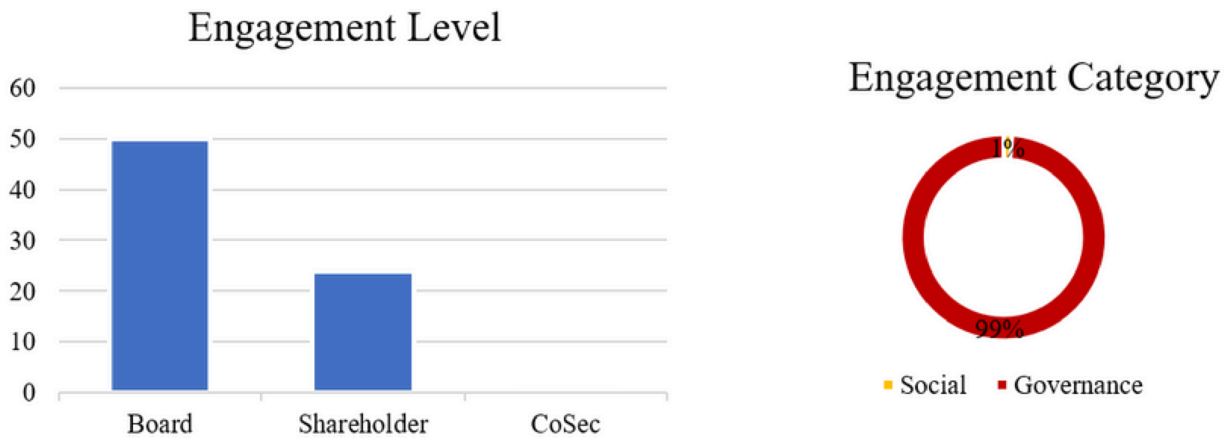
We consider engagement to be proactive interactions with our portfolio companies aimed at accomplishing a defined set of objectives. Our process for prioritising our engagement schedule is invariably based on materiality of identified risks and may evolve from Slater Investments's routine monitoring where an issue is highlighted, consultation instigated by an portfolio company or due to activity of an portfolio company. No two engagements are the same nor the decision as to whether to engage or not. Engagement activities combine the perspectives of the Investment Committee and the ESG Committee from which engagement objectives are determined.

Engagements are carried out in accordance with our Engagement Policy ("Policy"), which is publicly available on our website.

We do not invest in a company with the view of engaging; in an ideal situation we aim to buy into a high-quality business and monitor it. This ongoing monitoring of portfolio companies is equally as important as the initial investment decision itself, and sometimes shareholder engagement can help to support good corporate governance.

This is important not only because it enhances shareholder interests directly, but also owing to the wider benefits it can have from an ESG perspective. Instances where it may be necessary for us to engage with portfolio companies include where we have concerns about the company's strategy, performance, governance, remuneration or approach to risk. We will engage with any portfolio company when we feel there is a need to do so, regardless of our holding. However, we have a greater impact where we have a material holding, defined for us as ownership greater than 3% of the company.

Through 2023 Slater Investments had 75 interactions with companies classified as engagements. Of these engagements 67% took place with representatives of the company at Board level, 32% with other Shareholders and 1% with the Company Secretary. The vast majority of our engagements come under the 'Governance' pillar of ESG.



Engagement bar chart & pie chart

Members of both the ESG and Investment Committees are involved in the process of monitoring and engaging with our portfolio companies. Neither engagement with companies nor discussions and considerations of ESG factors are conducted by one section of the business in isolation.

<u>Engagement Workflow:</u>

Pre-meeting:

- It is important to have clear and focussed objectives for any engagement; this can be to convey a particular view on a specific issue, to understand better a decision or proposal made by the company, to clarify specific figures, or sometimes broader updates, which none the less require outlining equally concise pre-meeting objectives.

We perform company specific research prior to engagements ensuring we are up to speed on the specific engagement subject to make the meeting as efficient and productive as possible. This considers risks specific to the company, industry, or geographic region. We consider the company's business model, environmental footprint, ESG initiatives, governance framework, remuneration, key risks, and prior engagements, amongst other things. These can vary on a company-by-company basis. This culminates in a pre-meeting note which is circulated to the ESG Committee. This comprehensive approach means we are prepared for our specific objective but also informed about any additional topics or issues which may be raised during the meeting itself.

Meeting:

- It is imperative all discussion is undertaken in a tone which is productive and progressive. Face-to-face meetings hold significant value for us. They reveal essential aspects of leadership which may be overlooked in remote interactions, provide the opportunity to assess a management team's ability to execute its strategy effectively and foster trust and confidence in both parties. Our long-term investment horizon and experience has facilitated long-standing relationships with companies and brokers, providing us with good access to, and discussions with, senior management. Direct engagement with Boards and Executives, coupled with our internal research and analysis, offers crucial insights that can inform our investment decisions. We expect all attendees should be motivated towards the same ultimate goal and it is important that discussion does not diverge from being productive. Constructive dialogue with differing opinions is something we pride ourselves on doing well. We are proud that we have fostered very constructive relationships with the companies with which we have engaged. The vast majority of our engagement work is very specific to each company and situation. Often issues arise where companies' policies diverge from ours, and in those cases, we approach the engagement on an incremental steps process. This means most of our engagements where we wish to see change is undertaken with the expectation of seeing positive changes over time in the direction we are focussed, but we do not go into the engagement expecting wholesale shifts. It is important we maintain an ambitious but realistic approach to these engagements.

Post meeting:

- Following an engagement, we review it, assessing how productive it was in achieving our engagement objective. We then report on the engagement, recording what was discussed with regard to the purpose of the meeting as well as any extension discussions on top of that. We note any commitments from the company, any timelines discussed or future engagements which were planned. This culminates in a post-meeting note which is written up and circulated to the ESG Committee. Follow-up and escalation is also an important part of engagement activity. Engagements are by their nature ongoing and so it is important to plan future meetings and set parameters for when escalation is appropriate. Escalation is appropriate if progress is stalling without adequate reasoning or communication. This can include requesting to speak to alternative executives, engaging with other shareholders, or in the more serious cases filing shareholder resolutions.

Case Studies

Our engagement falls into one of three categories; that conducted with individual companies on specific issues, that conducted with companies which are new to the investment portfolios and thematic engagement on a broader scale with a group of companies.

Thematic engagement

Audit and Risk Committee

We continue to engage with the Chair of the Audit & Risk Committee for all the companies where we hold material positions as part of our thematic engagement. Our intention is to examine each portfolio company's risks to understand how they are discussed at the Board level and how much time the Board spends reviewing these risks.

Serco Group Plc

We met with the Chair of the Audit Committee of Serco Group Plc ("Serco") in June 2023. Serco is a very mature business with, in our view, highly developed risk management and reporting functions. The main subjects of our focus for this meeting were the company's external auditor, and the separation of the Audit and Risk Committees. The Chair explained the separation of the Audit and Risk Committees was due to workload and a desire to be as comprehensive as possible.

Serco is a business with heightened exposure to a number of risks. The company has chosen to separate the Audit and Risk Committees, which is uncommon, but allows for a more focussed approach to risk management. We discussed the company's external auditor and the delay to full year results which took place in February 2023. The Chair explained that changes to the audit process were to be trialled through the half year audit process, which should benefit the audit process going forward. We will meet with the company in due course to assess the results of these changes.

We have previously reported on an ongoing engagement with Serco focussed on their remuneration policy. We had met with the Chair of the Remuneration Committee where we discussed areas of the policy which we felt could be improved on. Through this engagement we had expressed our opposition to nil-cost options, and impressed upon the Chair of the Remuneration Committee that we would like to see better alignment with shareholders achieved through the remuneration policy. The remuneration policy will require renewed shareholder approval in 2024. We will engage with the company in due course to discuss how they have considered addressing our points in their formulation of the new policy, and if necessary, reiterate our unwillingness to support remuneration policies which use nil-cost options.

Hollywood Bowl Plc

In June 2023, we met the Chair of the Audit Committee at Hollywood Bowl Plc ("Bowl"). In May 2022, Bowl received a query from the UK Financial Reporting Council ("FRC") regarding the presentation of rent concessions & classification of cash flows in the 2021 Annual Report & Accounts. Following the late publication of the 2021 Annual Report and Accounts together with the FRC query, we conveyed our concerns to the Chair. Despite the relatively low-level impact of the amendments, there was an acknowledgment of the FRC's detailed investigation, and overall, the committee was content with the outcome of the review. We also expressed concerns over the use of KPMG as the group's auditor as the auditor has had several audit issues with listed companies in recent months. The Chair noted that the relationship with KPMG has improved, especially with the change in the audit partner. Overall, current satisfaction with the auditor was expressed with the view that an auditor tender will take place no later than FY2026. We will continue to monitor this situation going forward.

The Task Force on Climate-related Financial Disclosures

During the year our additional thematic engagement related to The Task Force on Climate-related Financial Disclosures ("TCFD") Reporting of our portfolio companies.

TCFD is intended to create voluntary, consistent climate-related financial disclosures for organisations to provide information to investors, lenders and other stakeholders.The intention being that organisations use the TCFD recommendations in their publicly available annual financial reports and that the recommendations provide a standardised approach to climate change reporting, so that risks and opportunities can be categorised consistently, and organisations across different sectors and jurisdictions can be compared. As long-term investors, it is important to us that climate-related risks and opportunities are considered over the short, medium and long term across the Funds' and segregated mandate holdings. The FCA has already started to require TCFD reporting for premium listed companies and we expect this to flow through to companies listed on other exchanges in the UK.

During the year we therefore reviewed which companies within our various portfolios were not undertaking TCFD reporting. We found that 15 companies were not reporting and engaged with them. Some companies had already established explicit plans to start reporting in the next financial period whereas other companies were much smaller in size and did not have the necessary skills to begin reporting yet. We shall continue to monitor those companies who do not yet report.

Lords Group Trading Plc

Lords Group Trading Plc (“Lords Group”) is a UK based specialist distributor of building, plumbing, heating and DIY goods.

We reached out to the board of directors of Lords Group regarding the potential risk and opportunities that climate change pose to them and how they would deal with them. We were provided with the opportunity to meet the ESG manager of Lords Group where we discussed our concerns. Since their previous annual report, Lords Group has been developing their ESG strategy with the goal of exceeding the regulatory requirements. They had carried out a materiality assessment to identify the most important ESG issues for the company and its stake holders.

Following the identification of these material topics, an ESG Governance Structure was formalised to oversee the implementation of the strategy and review its effectiveness and progress. They engaged advisory firm Mazars to advise them on preparing to report on TCFD-aligned climate-related disclosures and calculating the Group’s scope one, two, and three carbon emissions.

Lords Group is also in the process of developing a net-zero roadmap, environmental policy, and conducting climate-related scenarios which they plan to release in future reports. We were satisfied with the progress being made and will continue to engage on climate matters in the future.

Engagement on Specific Issues

This engagement category can broadly be broken down into Governance, Directors, Remuneration, Corporate Transactions, and Pensions.

Pensions

STV Plc

Issue: Pensions – Defined Benefit Pension Funds, Liability-Driven Investing ("LDI") and Remuneration
Objective: To assist the Board in reaching a solution to reduce the financial burden of its Deficit Recovery Plan (associated with its legacy Defined Benefit Pension Funds).
Outcome: Ongoing.

We previously reported on the issues and our concerns surrounding STV Plc’s (“STV”) LDI strategy employed in its Defined Benefit Pension Funds. The handling of pension exposures, despite the executive team's success in managing the business, remains a point of concern.

The topic of LDI was followed up in November 2023, where we met with the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) to discuss a proposed solution to address the significant pension fund exposure stemming from the LDI strategy. We arranged an introduction to a pension consultancy company who specialised in developing innovative solutions for defined benefit pension schemes and who we believed could offer the company assistance.

We are still awaiting an update and are closely monitoring the situation for further developments.

Simultaneously, in November 2023, our engagement continued with the Chair of STV's Remuneration Committee. We expressed concern about the size of the Board and the high remuneration of Non-Executive Directors, particularly considering the Trading Update issued on 9th November 2023. The company subsequently confirmed that they regularly benchmarked data to ensure fees aligned with STV's remuneration policy. They concluded that the current fee structure of the Non-Executive Directors was broadly aligned with fees paid to Non-Executive Directors not just in the FTSE Small Cap index but also in the bottom half of that index. They did however confirm that they were looking to reduce Board expense by cutting the number of Board members by two.

Remuneration

Next Fifteen Group Plc

Issue: Remuneration/Governance
Objective: Remuneration Policy (the use of nil-cost options), and Governance (the workload of the Chair of the Board).
Outcome: Ongoing

In June 2023, we engaged with Next Fifteen Group Plc ("Next Fifteen") in anticipation of their Annual General Meeting ("AGM") the following month. Our predefined objectives for this engagement were centred around two subjects: firstly, the use of nil-cost options, and secondly, the workload of the Chair of the Board. Nil-cost options are a feature of the Long-Term Incentive Programme ("LTIP") element of the Remuneration Policy at Next Fifteen, and the vesting conditions of these options do not contain any link to Total Shareholder Return ("TSR"). Therefore, in our view, this Policy lacked any meaningful shareholder alignment. It was important we clearly expressed our opposition to this Policy and discussed our reasoning. Additionally, we wanted to discuss the workload of the Chair of the Board. We are highly supportive of the Chair, and we are generally supportive of Chairs and NEDs having full time external roles as we believe this brings current and real-world expertise and experience to the Board. However, there are situations where events can drastically vary the workload of a Chair, and we wanted to ensure the Board was cognisant of this. It was confirmed to us that the possibility of the Chair becoming over boarded had been considered and discussed and the Board was alert to this possibility. The structure of the LTIP had also been considered at length, as well as including TSR as a vesting condition to better align the interests of executives with shareholders, but they had chosen to go another route. We were told our views would be taken away and discussed with the respective Board members. We will monitor these issues moving forward and will continue to engage, if required, to achieve a better aligned LTIP within the Remuneration Policy at Next Fifteen.

Governance

Restore Plc

Issue: Governance – changes to the Board/continuity
Objective: Understand the direction the Board were taking the company
Outcome: Ongoing

In July 2023, Restore Plc ("Restore") announced a profit warning, and its CEO would be stepping down as CEO and Board Director and that the Senior Non-Executive Independent Director had agreed to become Interim CEO, both with immediate effect. The current Chair had also agreed to become Executive Chair also with immediate effect. After these announcements were made, Restore's share price dropped 27.8% from the previous day's closing price. We spoke the next day, following the profit warning, with the Interim CEO and the Executive Chair to discuss the trading update and the board changes. We had been speaking with Restore's previous CEO, Charles Skinner, and suggested at the meeting that the Board should consider speaking to him as he had indicated to us that he may be willing to return to the company. We outlined that in our view he would make an excellent CEO as he had helped to shape the company previously and understood it well. We also believed that he was highly respected by other shareholders. The Interim CEO expressed a proactive stance and commitment to active involvement during this period of transition.

In September 2023, the Board announced the reappointment of Charles Skinner as the new CEO of the company at the same time confirming that the Interim CEO would remain as an Executive Director and the Chair would step down as Executive Chair and resume her previous role as Non-Executive Chair. Slater Investments continues to monitor the situation.

Liontrust Asset Management Plc

Issue: Governance/Directors/Remuneration
Objective: Governance (alignment to the UK's Corporate Governance Code)/Remuneration (use of nil-cost options)
Outcome: Ongoing

In September 2023, we met with the Senior Independent Director ("SID") of Liontrust Asset Management Plc ("Liontrust"). The subject of discussion included the long tenure of the company's Chair, Board changes and the use of nil-cost options in remuneration policies. Earlier in the year, two Liontrust directors had resigned citing the Chair's 12-year tenure. Under the UK's Corporate Governance Code, which the company applies in part, it recommends that the tenure limit for Chairs of Boards should be limited to nine years. In response to not being aligned with the Code, the Board undertook a review of the Chair's tenure, led by the SID, to help reduce shareholder concerns.

The SID explained that the decision to keep the Chair came after Liontrust made two acquisitions in quick succession and as the Board underwent changes, it was important to keep him for continuity during the period. Following this meeting we decided to vote in favour of the Chair at the company's September 2023 AGM and will continue to monitor the situation going forward.

Trifast Plc
Issue: Governance/Directors
Objective: Governance (Board/ongoing strategy)
Outcome: Ongoing

In November 2023, we met the new Chair of Trifast Plc ("Trifast"). This was an introductory meeting following the retirement of the previous Chair after 14 years of service. It has been a turbulent period for Trifast which we reported on in the Fund's Interim Report. We discussed the arrival of the newly appointed permanent CEO, with the interim CEO moving to become Head of Strategic Transformation. More broadly we discussed the direction of travel for the company. The Chair has identified certain key issues that required addressing and will work towards improving the company's outlook. We continue to monitor the situation.

Marlowe Plc
Issue: Governance
Objective: Governance (strategy)
Outcome: Ongoing

Following challenging first half results, published in November 2023, we held a meeting with Marlowe Plc ("Marlowe"). Discussions with the Chair of Marlowe focussed on governance and company strategy, primarily centred around transparency, ongoing M&A, and rising debt. Marlowe had invested £426m in 36 acquisitions since April 2021 and we were keen to reiterate our view that the company must be cautious to ensure this significant number of acquisitions does not come at the detriment of operational efficiency. It is important that leadership has the ability to balance different strategic targets, and when this is not achieved, it is critical to understand and rectify the situation. The Chair was mindful of the views we raised, and the meeting concluded with the expectation of further engagement in due course.

Directors

Future Plc
Issue: Directors
Objective: Directors (Board Stability)
Outcome: Ongoing

In December 2023, we engaged with Future Plc's ("Future") Chair following the release of the company's full year results. The company's initial fall in share price, triggered by full-year results, was followed by a presentation from the CEO on the company's Growth Acceleration Strategy. During the call we discussed the need for a realistic outlook statement, the company's vulnerability to a takeover due to a low trading multiple, and the departure of the Chief Financial and Strategy Officer ("CFSO").

We stressed our view it would be preferable to hire an operationally strong CFSO for maximised performance, emphasising organic growth over acquisitions. The meeting concluded positively, and we will continue to monitor the progress made by the company.

Corporate Transactions

R&Q Insurance Holdings Ltd ("RQIH")
Issue: Corporate Transaction (Sale of Legacy Insurance business)
Objective: Oppose the proposed restructure.
Action: Lead engage with shareholders to express our concerns around the restructure, propose alternative options.
Outcome: Ongoing. The restructuring is being put to Shareholders at a General Meeting to be held in January 2024.

Our most significant engagement through 2023 was concerning a proposed restructuring by RQIH announced in October 2023. The restructure would result in the company's profitable, programme management business ("Accredited"), being sold to a private equity company, with the CEO and CFO also leaving with this part of the business. This would leave shareholders with the remaining, unprofitable legacy insurance business, and losing critical incumbent executives.

We firmly opposed this proposal and had a number of concerns. Firstly, as significant shareholders, we were disappointed and surprised not to have been consulted on this prior to its announcement to the market.

The proposed restructure clearly raised serious concerns about what would remain for shareholders. To not be consulted on this was, in our view, poor practice. We were also concerned that alternative options had not been properly considered.

More broadly we felt the Board had not adequately fulfilled their responsibility to shareholders. We did not feel that shareholder value had been adequately represented by the Board, and poor engagement and communication displayed poor governance practice.

We further felt there were conflicts of interest present in this restructuring. We felt that the fact the executives were moving with Accredited proposed conflicts of interest between shareholders and the executives.

The decision to divest Accredited was driven by concerns raised by the Board regarding a likely credit rating downgrade which would occur should the restructuring not take place. It was proposed that the restructure would provide cash proceeds sufficient to shore up RQIH's debt position. The Board proposed this restructuring was in the best interest of shareholders and protecting shareholder value. It became clear to us that this was misguided as the share price fell c.80% in the days following the announcement of the restructuring.

We quickly began engaging with the Board, and other shareholders to advocate for greater shareholder scrutiny. This was somewhat complicated because of the nature of different shareholders' financial interests in RQIH.

Some proportion of the share capital was owned by managers who also had a debt interest in RQIH. This presented some misalignment in interests between shareholders and further conflicts of interests. This further disadvantaged equity shareholders in representing their interests as, it is our opinion, the debt holders' interests were closer aligned with an approval of the restructuring. We voiced significant apprehensions about the proposed sale and its potential implications and advocated for a thorough exploration of strategic alternatives. We emphasised the importance of evaluating all options to maximise shareholder value and ensure the company's long-term competitiveness and drive value creation.

The outcome of this engagement with RQIH remains fluid and subject to ongoing developments with the restructuring being put to Shareholders at a General Meeting to be held in January 2024. Slater Investments continues to monitor developments closely and advocate for actions that prioritise long-term value creation and financial stability. (Please see Principle 11 for further information on this engagement).

PRINCIPLE 10
Collaboration

We see value in both direct and collaborative engagement and it is a combination of both which helps us to influence portfolio companies and to carry out effective stewardship. Such interactions can be ad hoc or ongoing (please read the Case Studies in Principle 11 for collaborative engagement). In certain circumstances, we may partake in collaborative engagement with other institutional investors if we believe this will lead to a more positive outcome. However, before deciding to do so, we consider a range of factors including, but not limited to:

- whether or not collaborative engagement is likely to be more effective than independent involvement;
- the size of our holding;
- the extent to which the objectives of the other investors are aligned with our own; and
- Slater Investments's conflict of interest policy as well as regulatory requirements, such as market abuse and insider dealing considerations.

If we do partake in collaborative engagement, we will always ensure that we speak for ourselves and do not rely on others to take responsibility for articulating our views. Our engagement on RQIH detailed above is a prime example of our approach to collaborative engagement.

Originally, our engagement with the board of RQIH started as one-on-one engagement but very quickly escalated into collaborative engagement (please read the Principle 9 and Principle 11 engagement/case studies for further details of this engagement). Escalation in this case consisted of engaging with directors of the company and a significant number of shareholders.

In the Slater Investments's 2020, 2021 and 2022 Stewardship Code Report, we noted that portfolio company Dotdigital Group PLC of which we are one of the largest shareholders, engaged with us regarding their proposed new LTIP, which we could not support. We had been told by the company that we were the only shareholder to have had raised any concerns. We had previously written to the other nine largest holders asking them if this was the case. Disappointingly, we did not receive any responses from other shareholders. At the company's AGM in December 2023, we voted against management in respect of five out of the eleven proposed resolutions which included voting against the company's Remuneration Report and the re-election of the Remuneration Committee's Chair, which was in line with our engagement and our Voting Policy. However, all proposed resolutions were passed. We consider this engagement to be complete.

Following collaborative engagement between the major shareholders of Palace Capital PLC during 2022, the company had announced its intention to undertake a share buyback programme together with announcing to the market its intention to sell its portfolio of assets and return capital to shareholders. In May 2023, the company sent to shareholders a briefing note to outlining its executive remuneration and aligned remuneration policy based on its previous announcement to sell its portfolio of assets and return capital to shareholders. We met with the company to discuss the implementation of the new remuneration structure which was aimed to distribute gains from the sale of assets to executives whilst also benefiting shareholders. Our focus was to emphasise the importance of cutting costs and running operations efficiently to benefit shareholders and we requested that further consideration needed to be given to this before finalising the plans. However, when the final plan was put to the shareholders at the company's AGM, we did not feel that our concerns had been fully addressed. We therefore voted against management in respect of the company's Remuneration Policy. We consider this engagement to be complete.

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In the Slater Investments's 2020, 2021 and 2022 Stewardship Code Report, we noted that portfolio company Dotdigital Group PLC of which we are one of the largest shareholders, engaged with us regarding their proposed new Long-Term Incentive Plan ("LTIP"), which we could not support. We had been told by the company that we were the only shareholder to have had raised any concerns. We had previously written to the other nine largest holders asking them if this was the case. Disappointingly, we did not receive any responses from other shareholders. At the company's AGM in December 2023, we voted against management in respect of five out of the eleven proposed resolutions which included voting against the company's Remuneration Report and the re-election of the Remuneration Committee's Chair, which was in line with our engagement and our Voting Policy. However, all proposed resolutions were passed. We consider this engagement to be complete.

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PRINCIPLE 11
Escalation

We prefer to engage with our portfolio companies confidentiality as this allows for the frank exchange of views that is essential to bring about the desired change. We have found companies to be much more receptive when we approach them directly, working with them and not against them. Engagement in the public domain should only ever be a last resort, such an extreme step can sour the more productive relationships we have spent so long building with management. However, we would never rule this out.

Escalation is neither something we are impulsive about nor something we shy away from and the specific escalation strategy used will depend on the scale and significance of the issue, our view on what will be the most effective strategy in encouraging a particular company to change and on the size of our holdings in the company. We plan for meetings to be with the relevant people who have the appropriate authority to be able to have productive discussions where progress can be made through that person. Therefore, ideally escalation should not be necessary. Escalation is warranted when progress halts without adequate justification or communication or when discussions become unproductive and can entail seeking to communicate with alternative executives, engaging with other stakeholders, or submitting shareholder resolutions.

Escalation is normally conducted by the Investment Committee and/or ESG Committee and may involve meeting with the company's Chairman and/or senior independent director, the executive team, other shareholders and/or company advisers. Focused intervention will generally begin with a process of enhancing our understanding of the company's position and communicating our position to the company. This might include initiating discussions with the Chairman and/or the company's advisers. We may also speak to senior independent directors or other non-executive directors and other shareholders. The extent to which we might expect change will vary, depending on the nature of the issue. In any event, we expect companies to respond to our enquiries directly and in a timely manner.

There are occasions where the actions of a company may necessitate collaboration with other shareholders especially where there is likely to be a better chance of a successful outcome (please refer to Principle 10).

We understand the significance of utilising our shareholdings to convey formal messages to companies. If our concerns or engagement are not acknowledged, or if the proposed actions are, in our opinion, detrimental to the company's value, we will vote against management.

Additionally, if our shareholding is substantial enough, we may submit shareholder resolutions to the company's board of directors, instructing them to take specific actions to be voted on by other shareholders.

In 2023 we had two of examples where we needed to escalate our engagement by collaborating with other shareholders, by raising matters with the Boards or Chairs of the companies, and/or by voting against management (please read Principle 12 for votes against management).

Case Study: R&Q Insurance Holdings Ltd ("RQIH")

In the engagement with RQIH, escalation and collaborative engagement was used strategically to pursue the objective of opposing the proposed restructure and protecting shareholder interests. Previous reports have recorded the continued engagement with RQIH and, in this instance, the corporate action proposed by the company, we felt necessitated the matter to be escalated especially as there had been no prior indication from RQIH of this particular corporate action.

Initial Opposition and Concerns Raised: The engagement began with expressing disappointment and surprise at not being consulted prior to the announcement of the restructuring. This initial stance highlighted dissatisfaction with the lack of communication and consultation, setting the tone for further escalation.

Identification of Concerns and Conflicts of Interest: The concerns regarding the proposed restructure were identified and articulated clearly. This included the potential loss of the profitable business, departure of critical executives, and conflicts of interest arising from the movement of executives with the Accredited business. By highlighting these issues, the escalation was directed towards questioning the rationale behind the proposed actions.

Engagement with Board and Shareholders: Escalation involved direct engagement with the Board and other shareholders to advocate for greater shareholder scrutiny . This stage involved collaboration with other shareholders who shared similar concerns, amplifying the collective voice against the proposed restructure.

Advocacy for Alternative Options: Alongside opposition, escalation was used to advocate for exploring alternative options thoroughly. This included suggesting alternatives such as divestitures, partnerships, and restructuring initiatives, emphasising the importance of maximising shareholder value and ensuring the company's long-term competitiveness.

Continued Monitoring and Advocacy: Despite the ongoing developments and the proposal being put to shareholders at a General Meeting, this remains active.

Slater Investments continues to closely monitor developments and advocate for actions that prioritise long-term value creation and financial stability.

Alliance Pharma Plc

We reported in our 2022 report about our ongoing engagement with the Board of Alliance Pharma Plc. Through 2023 we continued our collaborative engagement with the company. The company continued to face a number of challenges; a long running Competition and Markets Authority investigation (and subsequent appeal) into the company, issues with their most successful product being counterfeited in China and the loss of a significant discount store account for another of their main products. We felt these issues had exposed weaknesses at the Board and executive level. We continued to engage with shareholders prior to the company's AGM in May 2023 to discuss the prevailing challenges for the company. The company's 2023 AGM clearly displayed shareholder dissatisfaction with the Board and its decision-making with six votes receiving more than 20% votes against.

Following the AGM, we met with the recently appointed Chair of the Board where she was keen to listen and absorb shareholder feedback off the back of the disappointing AGM. We reiterated our concerns to the new Chair and expressed our disappointment that we did not consider they had been given due care and attention by the Board under its previous leadership.

In our view, had they have been considered more seriously sooner, it is possible the company could have avoided the disappointing AGM vote. We also discussed areas we would like to see the company focus on, primarily reducing the debt and prioritising operational deliverables. We continue to engage with the company, and fellow shareholders, to discuss how shareholder value could be maximised.

Limitations of escalation

Escalation, whilst being a useful strategy to be utilised also highlighted to us that there are limitations to its effectiveness. There is a clear disconnect between words spoken by fellow shareholders and actual actions. This may be for a number of reasons, not least, the investment guidelines and parameters of engagement set by different asset management houses. However, a consider amount of time can be spent liaising and managing multiple parties who may, having been very supportive of proposed shareholder actions, ultimately fall away. Similarly, the limitations by the use of proxy agents who are not invested in the process and votes not being cast when instructions have been sent, can result in disappointing results. That is not to say escalation is not effective and we will continue to use it as a last resort strategy. However, it has made us consider whether escalation (in a collaborative sense) is an action we will use in the future.

Exercising Rights and Responsibilities

PRINCIPLE 12: Exercising Rights and Responsibilities

Voting:

Exercising our voting rights is the most powerful tool we have. It is the one absolute way in which we can hold companies accountable. All proxy votes for our companies are assessed in-house by our ESG Committee in conjunction with our Investment Committee. We do not subscribe to, nor do we receive, voting recommendations from third-party voting services.

Voting is undertaken at a firm level in accordance with our Voting Policy ("Policy"), which is publicly available on our website. Rare instances where this process could lead to a conflict of interest at a Fund and segregated mandate level have previously been addressed in the 'Conflicts of Interest' section of previous reports (please refer to Principle 3). However, during 2023, whilst Conflicts of Interest have been considered across different Funds, there were no actual Conflicts of Interest.

Slater Investments's investment process specifies that we invest in companies which are well managed with high standards of corporate governance and sound management teams.

It is Slater Investments's policy to engage actively with the management of portfolio companies to monitor their performance, strategy, risk, governance, culture, ESG activities, sustainability efforts, and remuneration to ensure that they meet our standards. We are committed to always act in the best interest of the Funds and our investors and we expect the same from the management of portfolio companies. Slater Investments will usually vote in favour of company management except in cases where it feels that a company is not acting in the best interest of its shareholders. In these cases, Slater Investments will vote against resolutions.

Slater Investments's voting policy includes a list of rules. Where these rules are breached, we will vote against the respective resolution. These rules are:

- No funding of political parties or organisations;
- The remuneration report and policy should be clear and concise;
- No use of nil-paid or nominal cost share options in the remuneration structure;
- Non-Executive directors should receive only a flat fee;
- Executive Director pension contributions should reflect that of the companies' wider workforce as soon as practicably possible;

- No power for Directors to allot shares, especially without pre-emptive rights, unless there is specific/express permission from current investors on a case-by-case basis;
- In accordance with corporate governance guidelines, Directors should not be overboarded;
- Executive Directors' service contracts should be no longer than one year;
- Non-Executive Directors' service contracts should be able to be terminated with no more than one month's notice;
- Boards should have clear strategies and policies in place to balance boards;
- Slater Investments pays particular attention to acquisitions and disposals and is prepared to vote against value destructive acquisitions or disposals.

The Slater Investments ESG Committee is responsible for ensuring that all company meetings are voted for in accordance with the voting policy.

If the resolution falls outside the scope of the policy this is reviewed and, if required, escalated to the Fund Manager. All portfolio company holdings are recorded with Broadridge Financial Solutions (“Broadridge”) and Institutional Shareholder Services (“ISS”) from information provided by the custodians. Broadridge and ISS provide portals on their respective platforms, through which Slater Investments can monitor forthcoming meetings and vote as it chooses. For investors whose custodians are not part of Broadridge or ISS, Slater Investments sends voting instructions directly to custodians and/or the meeting registrars.

Scope

We aim to vote via proxy at every shareholder meeting, regardless of the size of our investment. The below table provides a summary of all our voting instructions across all companies held by Slater Investments on behalf of the Funds and investors we advise and manage during 2023:

Meetings	
Total number of meetings voted at	131
Total number of resolutions voted on	1,731
Number of resolutions where we voted with management	1,241
Number of resolutions where we voted against management	490
Number of resolutions where we abstained	0
Number of resolutions where we voted against our voting policy	20

During two meetings in 2023, we encountered difficulties in executing all the votes for one of our segregated mandates. Although the majority of the votes for the specific issuer were cast, there were complications between the custodian of the segregated mandates and Broadridge, preventing the votes for that mandate from being cast. The issue has since been resolved. There was operational oversight at all times and the investor was advised.

Votes Against Management

Overall, 90% of votes against management recommendations resulted from resolutions which fell into four main categories:

34% related to the disapplication of pre-emptive rights
22% related to the power for Directors to allot shares
21% related to Director remuneration
13% related to (re) election of Directors

Disapplication of Pre-Emption Rights and Share Allotment

This category accounted for 56% of our votes against management. Pre-emptive rights give existing shareholders the opportunity to buy additional shares in any future issue of a company's common stock before the shares are made available to the public. The disapplication therefore removes this right. To protect shareholders against dilution, we do not believe disapplying pre-emption rights should be commonplace nor at management's constant discretion.

In the second quarter of 2021 we updated our Voting Policy to include a blanket voting against the power for Directors to allot shares, even without the disapplication of pre-emption rights. We do not believe Directors require such a general authority. If there is a business case this can duly be presented to investors.

Remuneration

This category accounted for 21% of our votes against management. We prefer to see simplistic remuneration reports and accompanying policies. Any overcomplication dilutes a board's ability to properly incentivise management over the long-term. We support management teams of portfolio companies that we think are doing an excellent job. However, the quantum of awards to executive directors has spiralled recently, in many cases it has become customary for executive directors to receive a handsome salary, plus the same again in cash bonus and a similar amount in nil-cost options (which includes performance share options where there is no or nominal cost to the executive); year on year. In our engagement with certain Remuneration Committees on this topic, we have rarely felt their stance was justified. Most have excused themselves of the decision-making responsibility, instead hiding behind the principle of "best practice" as this format is commonplace across the market. In most cases, we vote against any remuneration policy we consider excessive, overcomplicated or that contains the use of nil-cost options.

The latter being a remuneration structure much more aligned with a cash-strapped start-up than an established profitable company.

Remuneration Policies typically follow a three-year cycle and 2023 saw active engagement with multiple Remuneration Committee Chairs as proposed updates to the policies were discussed (ahead of the 2024 AGM season).

Director Elections

This category accounted for 13% of our votes against management. Beyond case-by-case decisions, we vote against the re-election of NEDs who preside over director remuneration policies which we disagree with.

Votes Against Policy

Through 2023 there were a total of 20 resolutions where we voted against our voting policy.

First Quarter 2023

During the first quarter, there were four notable meetings where Slater Investments voted in favour of authorising directors to allot shares and for the disapplication of pre-emption rights, totalling ten resolutions. These were meetings where Slater Investments was made aware of the intended use of capital either in discussions with the company prior to the event or in the use of proceeds section (an addition we had requested) published as part of the Notice of AGM documentation.

The respective companies were Sureserve Group Plc ("Sureserve"), Diversified Energy Plc ("Diversified Energy"), Renew Holding Plc ("Renew"), and Journeo Plc ("Journeo").

In the case of Diversified Energy, the company announced its intention to carry out fundraising to partially fund the acquisition of certain upstream assets and related infrastructure from Tanos Energy Holding II LLC.

We considered the issuance and accompanying use of proceeds section to be in the best interest of shareholders and therefore voted in favour of the respective resolution, which was against our voting policy.

- Diversified Energy Plc – Authority to allot shares (link).

For the remaining three meetings, the resolutions related to: the board authority for directors to allot shares at Sureserve, Journeo & Renew. Although we did not take part in the respective events, Slater Investments felt all three sets of proposed resolutions were in the best interest of the respective companies. Therefore, we voted against our policy and in favour of the resolutions.

- Sureserve Group Plc – Authority to allot shares (link)
- Journeo Plc – Authority to allot shares (link)
- Renew Holding Plc – Authority to allot shares (link)

Second Quarter 2023

During the second quarter, there were three notable meetings where Slater Investments voted in favour of authorising directors to allot shares and for the disapplication of pre-emption rights, totalling five resolutions. The respective companies were Franchise Brands Plc ("Franchise Brands"), Arbuthnot Banking Group plc ("Arbuthnot"), and Rathbones Group Plc ("Rathbones").

Slater Investments felt all three sets of proposed resolutions were in the best interest of the respective companies. Therefore, we voted against our voting policy and in favour of the resolutions.

- Arbuthnot Banking Group Plc – Authority to allot shares, and without pre-emption rights. (link)
- Franchise Brands Plc – Authority to allot shares, and without pre-emption rights. (link)
- Rathbones – Authority to allot shares (link)

At the Franchise Brands meeting, Slater Investments also voted in favour of re-electing a Chair of the Remuneration Committee who employed the use of nil-cost options within their Remuneration Policy.

In accordance with our voting policy, we would generally oppose the re-election of the Chair of the Remuneration Committee of any company which utilises nil-cost options as part of its Remuneration Policy.

However, in the case of Franchise Brands, it became clear to us that the company has made meaningful effort to ensure it uses nil-cost options in a way which is measured and retains shareholder alignment. The nil-cost element of share awards is only present as a part of a matching scheme where the director is required to purchase an equal number of shares to those being granted and is awarded nil-cost shares only if performance targets are met.

After ESG Committee discussions, it was concluded that we were satisfied the use of nil-cost options within the Remuneration Policy is sufficiently restrained and adequately aligns shareholders and executives.We therefore voted against our voting policy and in favour of the resolution to re-elect the Chair of the Remuneration Committee.

- ·Franchise Brands – Re-election of the Chair of the Remuneration Committee. (link).

Shareholder resolutions

We believe that shareholder resolutions can be an effective means of conveying investor concerns and priorities, asserting shareholder rights, and supplementing or escalating direct engagement with companies. We evaluate each resolution on its own merits and encourage boards to engage with serious, committed long-term shareholders.

In deciding whether to support a resolution, we consider factors which help ensure that the proposal promotes the interests of long-term shareholders.

These include the company's current actions, commitments and reporting structures, the motivations of the filers (if known), alignment with our voting policy and the potential positive and negative impacts of the proposal if implemented.

The effectiveness and standard of shareholder resolutions can be varied, some of which are positive and others of which could be considered to be generic and not specific to the company. However, when boards actively engage with shareholders on issues that affect the long-term value of companies, we see less need to file or support shareholder resolutions. We expect boards to address issues raised by shareholder proposals which receive significant support or are material to the company.

There were five resolutions during the quarter proposed by shareholders at the AGM of BP plc ("BP"), Shell PLC ("Shell") and Walt Disney Co ("DIS"). The resolutions at BP and Shell's AGM were both proposed by activist group 'Follow This', requesting the companies set and publish targets that are consistent with the goal of the Paris Climate Agreement. We voted against these resolutions as, in both cases, the companies have already adhered to this request. At the DIS AGM we voted in favour of one resolution requesting specific reporting on the alignment of political expenditure with DIS values, as this is in line with our opposition to political donations as per our voting policy.

We voted against two resolutions, one requesting DIS to more aggressively broadcast charitable donations, and the other a request to report on vulnerabilities to communist China which we felt was already covered by existing policies and reporting structures.

Third Quarter 2023

During the third quarter there were two notable meetings where Slater Investments voted against its voting policy in favour of authorising Directors to allot shares and for the disapplication of pre-emption rights, totalling 3 resolutions.

One of the resolutions was considered at a general meeting in connection with the proposed acquisition of GAM Holding AG ("GAM") by Liontrust Asset Management Plc ("Liontrust"). We considered the issuance and accompanying use of proceeds section to be in the best interest of shareholders and therefore voted in favour of the respective resolution, which was against our voting policy.

- Liontrust Asset Management Plc – Authority to allot shares (link)

The other two resolutions were considered at a general meeting in connection with WH Ireland Plc's ("W H Ireland") conditional placing to raise £5 million, share sub-division and proposal for approval of a waiver of Rule 9 of the City Code on Takeovers and Mergers ("Rule 9").

The company intended to use the net proceeds of the placing for, amongst other things, regulatory capital and general corporate and working capital purposes and in order for the proposed placement to be effective, a Rule 9 waiver was necessary.

Slater Investments therefore voted in favour of both resolutions which was against its voting policy.

- WH Ireland Plc– Authority to allot shares (link)

The vote against management recommendations related to proposed amendments of Articles of Association relates to a resolution proposed by Foresight Group Plc's at its AGM to approve the waiver of Rule 9. Rule 9 is designed to ensure fairness and equality among shareholders. In our view, waiving Rule 9 in the situation proposed by Foresight was a blanket waiver rather than specific to a particular corporate restructuring event as had been the case with W H Ireland. Such blanket waivers lead to two significant issues. Firstly, it allows certain investors to acquire a significant stake in a company without extending the same offer to all shareholders, creating an uneven playing field and the perception of unfairness. Secondly, it eliminates the requirement for a fair and equal offer to all shareholders, hindering the market's ability to determine the company's true value and potentially disadvantaging smaller shareholders with limited access to information and resources.

- Foresight Group Plc - Amendments of Articles of Association (link)

Fourth Quarter 2023

During the fourth quarter there was one notable meeting where Slater Investments voted against its voting policy in favour of authorising Directors to allot shares without pre-emption rights in connection with a fundraising, totalling 1 resolution.

This resolution was related to the proposed acquisition by Sigmaroc Plc ("Sigmaroc") of specific European lime businesses from CRH plc. Slater Investments was supportive of this deal. The acquisition was proposed at a price we felt was reasonable, and it made Sigmaroc an industry leader. We partook in the associated fundraise as we felt this was in the best interest of our investors. Therefore, we supported the resolution, voting against our voting policy.

- Sigmaroc – Authority to allot shares without pre-emption rights. (link)

The majority of votes against management recommendations concern the disapplication of pre-emption rights and authority for Directors to allot shares that were not in conjunction with a targeted capital raise. Slater Investments does not believe Directors require such a general authority. If there is a business case, this can duly be presented to investors.

The votes against management recommendations classed as related to (Non-)Executive Director remuneration are where Slater Investments disagreed with either a company's remuneration report or policy.

Similarly, votes against management recommendations classed as related to LTIPs are where Slater Investments disagreed with this specific element of a company's remuneration policy. The rationale for these votes mostly surrounds the use of nil-cost options. In the instance where Slater Investments votes against either the remuneration report or policy, the re-election of the Chair of the Remuneration Committee, who presided over the report and/or policy, is also voted against.

Slater Investments does not support the funding of political parties or organisations.

There were no resolutions during the quarter proposed by shareholders.

The Company's Voting Policy can be found on its website, along with a full archive of historic vote reports.

Voting Reports

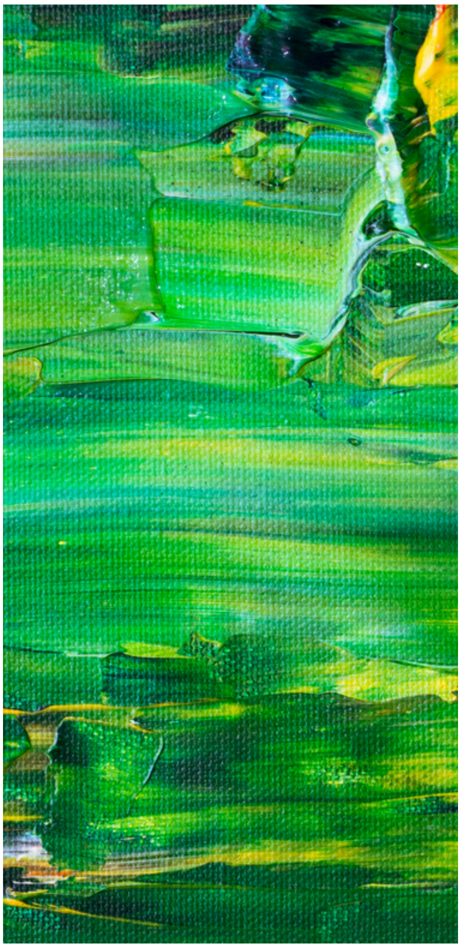
An archive of our historic Voting Reports are publicly available on our website.

Monitoring & Process

The ESG Committee is responsible for monitoring all voting requirements.

Holdings in the companies we own are recorded with Broadridge and ISS from information provided by the custodians, with daily stock reconciliations performed by Slater Investments Operations Department. Slater Investments does not participate in stock lending.

Broadridge and ISS provide portals on their respective platforms, through which Slater Investments can monitor forthcoming meetings and vote as it chooses. For investos whose custodians are not part of Broadridge or ISS, Slater Investments sends voting instructions directly to custodians and/or the meeting registrars. Slater Investments also subscribes to all portfolio company Regulatory News Service feeds to monitor meeting notices.



APPENDICES

Principles of the UK Stewardship Code 2020

The Principles of the Financial Reporting Council's UK Stewardship Code 2020 for Asset Owners and Asset Managers:

Purpose and Governance	
1)	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.
2)	Signatories' governance, resources and incentives support stewardship.
3)	Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.
4)	Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.
5)	Signatories review their policies, assure their processes and assess the effectiveness of their activities.
Investment Approach	
6)	Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.
7)	Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.
8)	Signatories monitor and hold to account managers and/or service providers.
Engagement	
9)	Signatories engage with issuers to maintain or enhance the value of assets.
10)	Signatories, where necessary, participate in collaborative engagement to influence issuers.
11)	Signatories, where necessary, escalate stewardship activities to influence issuers.
Exercising Rights and Responsibilities	
12)	Signatories actively exercise their rights and responsibilities.

Important Information

The views expressed are the authors own and are not considered to be investment advice.

This document does not provide, and should not be relied on for accounting, legal or tax advice, or investment recommendations. For more information on the Slater Investment Funds or the risks of investing, please refer to the most recent Fund factsheets, Prospectuses or Key Investor Information Document (KIID), available on our website at slaterinvestments.com.

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