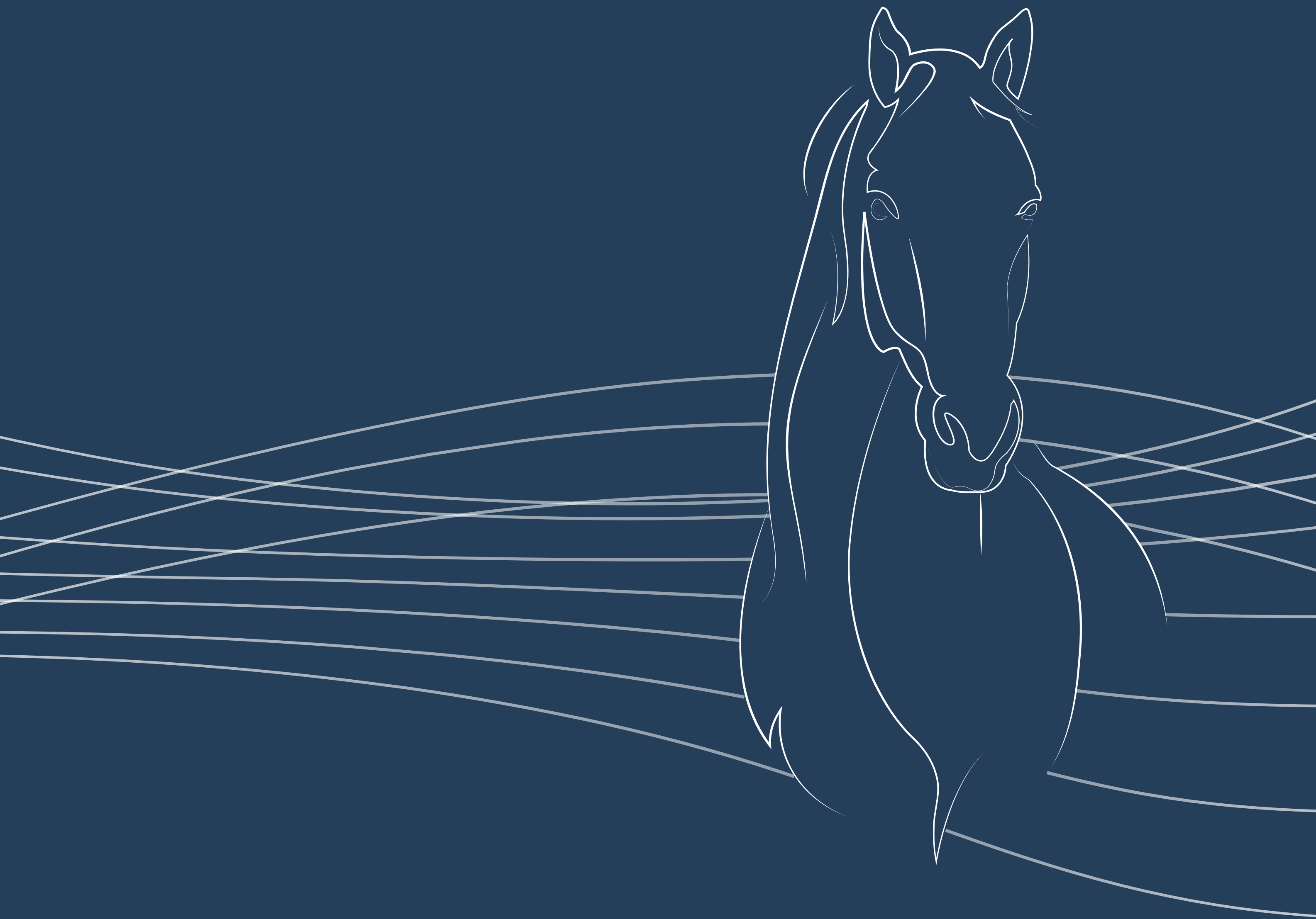
TROY
ASSET MANAGEMENT



UK Stewardship Code **Report**

2024

All data as at 31 December 2024, unless stated otherwise.

Contents

Foreword

Welcome to Troy Asset Management's ("Troy") UK Stewardship Code Report 2024.

Troy's purpose is to preserve, grow and be a responsible steward of our clients' irreplaceable capital over the long term. Since our foundation in 2000, Troy has continually pursued this purpose and the alignment of our interests with those of our clients. Our investment approach is built on a foundation of stewardship, discipline, and a long-term mindset.

As long-term owners of the businesses in which we invest, we prefer to be active and engaged shareholders, holding boards accountable while collaborating with fellow shareholders when appropriate to drive sustainable value creation for our underlying investors. Long holding periods allow us to deepen our understanding of investee companies over time, reinforcing the importance of governance, strategy, and responsible capital allocation.

Our approach to stewardship has evolved significantly over the past two decades, with experience reinforcing our view that companies with strong corporate governance and those that proactively manage their externalities will likely be more resilient over time. Companies failing to address these issues risk losing their license to operate.

As fiduciaries, we do not view stewardship as a compliance exercise but as an important pillar of our investment process. Our investment style is simple – we allocate capital to businesses that can endure, adapt, and grow over the long term. This report outlines how we apply these principles in practice, demonstrating our engagement, voting activity, and evolving stewardship priorities to improve the outcomes for our investors.

Sebastian Lyon

Founder and Chief Investment Officer
On behalf of Troy Asset Management Limited

Principle 1

Purpose, strategy and culture

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

Context

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

Lord Weinstock was the Managing Director of the General Electric Company ("GEC") for over three decades. He transformed the firm and was known for his conservative, long-term approach. Under his stewardship, the business expanded in a cautious and deliberate manner seeking long-term value for shareholders through careful capital allocation. This measured, long-term approach to value creation is one of the characteristics which defines Troy's investment philosophy.

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

As at 31 December 2024, Troy managed £11.2 billion of assets, across a range of Multi-Asset, UK Equity Income, Global Equity and Global Equity Income strategies. Additionally, we offer an exclusions-based ethical capability in our Multi-Asset, UK Equity Income and Global Equity Income strategies. In December 2024, our Global Equity Strategy re-domiciled from UK to Ireland and applied exclusion criteria in relation to armaments, fossil fuels and tobacco.

We conduct thorough research and manage concentrated and low-turnover portfolios. Stewardship is promoted by our risk-averse approach, focus on high-quality, sustainable business franchises and long holding periods. In seeking to minimise the risk of permanent loss of capital, Troy:

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

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

Troy's culture is one of intellectual honesty, curiosity and independent thinking. We promote a collegiate and collaborative workplace and continuously aim to improve the service we provide our clients. New ideas are freely promoted and working assumptions are openly challenged. Diversity of thought is highly valued. In a rapidly changing world, it is through the support and development of our people that we will adapt and succeed, all the while remaining focused on our purpose of long-term capital preservation and growth for our clients.

Troy is majority owned by employees, directors and the Employee Benefit Trust. On the 1st of March 2024, Lincoln Peak Capital acquired a minority stake in Troy, primarily from non-management shareholders including the Weinstock family. As a result of the transaction, direct equity ownership in the business held by employees and management has increased, helping to accomplish Troy's objective of increasing equity participation amongst the firm's employees. Our Fund Managers are co-investors in the funds they manage, further aligning their interests with our investors.

Activity

Stewardship has long been an important component of Troy's approach and is recognised as such by all of Troy's employees. Our approach is to integrate ESG analysis and all aspects of stewardship into our investment process.

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

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

During the reporting year, we conducted thematic research on several ESG-related issues to which our portfolios are materially exposed. This research has informed and helped prioritise our engagement efforts. For example, we explored the energy intensity of AI and what impact the increased deployment of AI tools will have on company decarbonisation targets. We continue to monitor the progress our investee companies are making on their decarbonisation plans and assess the potential impact of physical climate risk by using MSCI's CVaR data. We have also participated in various collaborative initiatives, as detailed further under Principle 4.

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

2020

102.66 tonnes of CO2 emissions

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

2021

38.26 tonnes of CO2 emissions

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

2022

101.81 tonnes of CO2 emissions

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

2023

197 tonnes of CO2 emissions

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

2024

352.75 tonnes of CO2 emissions[1]

Offset through Zambia Western Province Safe Water Project and planting of 250 trees in the Great Rift Valley, Kenya

[1]Our CO2 emissions have increased due to necessary business travel that supported critical operations and relationship-building

Source: Troy Asset Management. Operational carbon neutrality as defined by Carbon Footprint Limited, which excludes portfolio emissions. Annual emissions calculated to 30 April 2024 (Troy's financial year end). Troy offset its market-based scope 2 emissions rather than its location-based scope 2 emissions. In 2021, we switched to a green energy tariff which has negated all location-based scope 2 emissions.

Troy seeks to extend its positive influence beyond our immediate sphere into the wider community through our philanthropic activity. Each year, our Board of Directors (the "Board") sets aside a meaningful allocation for charitable activities. In 2013, a Charity Committee was formally established to promote wider employee engagement in decision making and membership of the Charity Committee rotates on a biennial basis. Additionally, every employee is invited to play a part in Troy's charitable activities. On an annual basis, each employee nominates a charity in which they or their family have a particular interest and a portion of Troy's annual charity budget is allocated accordingly. Troy's financial support for charitable causes amounted to £425,000 in 2024, and over £3m since 2010. In 2024, Troy sponsored over 80 charities in the UK and overseas.

Please visit our Charities page on our website where you can also find our annual Troy Sustainability & Social

Outcome

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

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

TABLE 1: Annualised performance and maximum drawdown since strategy inception

	Inception year	AUM	Annualised performance since inception		Maximum drawdown since inception	
			Troy Strategy	Comparator Index	Troy Strategy	Comparator Index
Troy Multi-Asset Strategy	2001	£8,265m	+6.6%	+5.6%*	-13.7%	-45.6%*
Troy UK Equity Income Strategy	2004	£1,208m	+6.7%	+7.1%*	-28.1%	-45.6%*
Troy Global Equity Strategy	2013	£827m	+12.6%	+12.3%#	-21.7%	-26.1%#
Troy Global Equity Income Strategy	2016	£895m	+6.8%	+11.7%#	-18.7%	-26.1%#

*FTSE All-Share Index TR #MSCI World Index NR.

Source: FactSet, net of fees since inception to 31 December 2024. Past performance is not a guide to future performance. Inception: Troy Multi-asset Strategy (31/05/2001), Troy UK Equity Income Strategy (30/09/2004), Troy Global Equity Strategy (31/12/2013), Troy Global Equity Income Strategy (01/11/2016). The information shown relates to a mandate which is representative of the relevant Troy strategy. Maximum drawdown measures the maximum observed loss from a peak to a trough prior to a new peak forming. All references to benchmarks are for comparative purposes only.

Additionally, over recent years the increased demand from our investors for ethical versions of our main strategies has been recognised and met by the launch of the Troy Ethical UK Equity Income Strategy in January 2016, the Troy Ethical Multi-Asset Strategy in March 2019 and the Troy Ethical Global Equity Income Strategy in November 2021. In December 2024, our Global Equity Strategy re-domiciled from UK to Ireland and applied an exclusion criteria in relation to armaments, fossil fuel and tobacco. Annualised performance and drawdowns for our ethically-labelled strategies are shown in Table 2 below.

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

	Inception year	AUM	Annualised performance since inception		Maximum drawdown since inception	
			Troy Strategy	Comparator Index	Troy Strategy	Comparator Index
Troy Ethical Multi-Asset Strategy	2019	£839m	+6.2%	+5.9%*	-8.9%	-35.3%*
Troy Ethical UK Equity Income Strategy	2016	£173m	+4.9%	+7.1%*	-25.4%	-35.3%*
Troy Ethical Global Equity Income Strategy	2021	£29m	+4.2%	+9.5%#	-10.4%	-15.3%#

*FTSE All-Share Index TR. #MSCI World Index NR.

Source: FactSet, net of fees since inception to 31 December 2024. Inception: Troy Ethical Multi-Asset Strategy (22/03/2019), Troy Ethical UK Equity Income Strategy (06/01/2016), Troy Ethical Global Equity Income Strategy (01/11/2021). Past performance is not a guide to future performance. The information shown relates to a mandate which is representative of the relevant Troy strategy. AUM of the ethical strategies is already included in the AUM for the non-exclusion bases strategies in Table 1 above. Maximum drawdown measures the maximum observed loss from a peak to a trough prior to a new peak forming. All references to benchmarks are for comparative purposes only.

Another way of assessing how effective our strategies have been in serving the best interests of clients and managing the risks our portfolios are exposed to can be in our approach to managing climate-related risks. All of Troy's portfolios have a carbon footprint that is significantly lower than their respective comparator indices which means they are less exposed to the costs and risks of transitioning to a low carbon economy. Our approach to climate change mitigation is outlined in our Troy Climate Change Mitigation Policy and our Troy Climate Change Report. Please refer to these documents for further information on our strategies' carbon footprints and net zero alignment.

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

In August 2024, Troy published its Troy Climate Change Adverse Impact Policy in relation to our Irish funds that have committed to consider the principal adverse impacts ("PAIs") of investment decisions on climate-related sustainability factors under the Sustainable Finance Disclosure Regulation ("SFDR"). In line with this Policy, Troy considers six climate-related PAI indicators.

Finally, Troy has been a signatory to the United Nations' Principles for Responsible Investment (UN PRI) since 2016 and the outcome from Troy's latest UN PRI Assessment Report is used by the firm as a third-party assessment of our stewardship activities. Troy received 4 out of 5 stars for our submission in relation to the 2023 calendar year in all areas for which we were graded.

Principle 2

Governance, resources and incentives

Signatories' governance, resources and incentives support stewardship.

Governance

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

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

TABLE 3: Troy's Governance Structure and Committees

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

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

As at 31 December 2024.

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

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

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

Resourcing and Diversity

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

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

By gender, over 40% of new hires over the past three years have been female. We would expect this trend to continue, allowing us to approach gender parity over the medium term. Over this same term we are also committed to improving our diversity on a broader range of characteristics as part of our wider commitment to diversity and inclusion.

Troy's Investment Team comprises 13 members who are collectively responsible for the integration of ESG into Troy's research and analysis as well as engagement and voting. The Investment Team at Troy benefits from a wide variety of qualifications across a range of disciplines including business and finance, politics, history, languages, engineering and sciences. A number have studied internationally; two team members have MBAs/ Masters in Finance and two have PhDs. All have further professional qualifications (predominantly CFA) or are currently working towards those qualifications. Most Investment Team members have worked elsewhere prior to joining Troy, bringing diverse experiences and knowledge of different approaches and working practices. In terms of age, our youngest Investment Team member is 26 and our oldest is 57. The mean age is 42. At a firm wide level, 30% of Troy's workforce is female. Please refer to our Troy Sustainability & Social Responsibility Report.

In addition, from a gender perspective, we have one female Investment Analyst and two female Fund Managers, one of whom is also a co-founder of the charity GAIN (Girls Are INvestors).

Case study

GAIN
Girls Are INvestors

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

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

Following its success in the UK, GAIN is expanding to Sweden in 2025 where it will launch the same initiatives that have significantly strengthened and diversified the UK entry-level investment management pipeline.

Training

Under Troy's continuous professional development programme, all members of staff are encouraged to develop their understanding and knowledge of stewardship and responsible investment matters. For members of Troy's Investment Team, from time to time we also host industry experts to cover sustainability topics and present on salient ESG topics.

Additional professional development included:

- **External Consultants and Service Providers:** Members of the Investment Team have previously received training in voting and engagement by an external consultant and key members of the Investment Team have had extensive training via third party ESG data providers we use.

- **Internal Training:** Members of our Investment and Business Development Teams receive internal training covering issues such as the evolution of Troy's ESG integration. In 2024, these focused on greenwashing and regulation.

ESG Integration

ESG analysis is fully integrated into Troy's investment process and carried out by Troy's Investment Team. Troy has an investment universe of c.150-180 companies that meet our quality and risk criteria. Troy's strategies all share the same investment philosophy, and all stocks held across Troy's mandates are taken from the central investment universe. Analysis of ESG factors is a core component of Troy's fundamental research and an important determinant of which companies make it into Troy's investment universe.

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

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

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

Third Party Research

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

To supplement internal research, we use various external research resources to assist the team, including:

- MSCI ESG Research, which is provided by way of MSCI ESG Manager. Troy also subscribes to MSCI's climate data and CVaR tool and receives additional climate data from sources such as company filings and Climate Action 100+.

- ISS Europe Limited assists with the execution of our voting activities and provides us with research in relation to voting through the ProxyExchange Platform.

- Bloomberg provides access to all types of financial and non-financial data, with increasing availability of ESG-specific metrics.

- RepRisk data, a controversies data provider.

Our Investment Team has access to a wide variety of third-party research publications, some of which are dedicated to Responsible Investment and Stewardship. Troy's Responsible Investment & Climate Committee (RI&CC) is formally mandated to review and approve the appointment of responsible investment and climate-related service providers, thereby ensuring that the external systems and data we utilise in our process as described above remains best suited to our needs. Due diligence is carried out on all providers prior to onboarding and on a periodic basis thereafter.

Incentives

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

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

Our long-term approach to investment means that we have developed an investment process where stewardship is an integral part of the investment decision-making process. Members of the Investment Team are also assessed on their contribution to the firm's responsible investment and stewardship activities as part of the firm's appraisal process. Remuneration is linked to performance, however, we do not attach pay schemes to explicit targets. A discretionary annual bonus scheme is operated on the basis of the firm's financial performance and the individual performance of eligible staff over time.

To ensure that the firm's remuneration structure encourages effective risk management, the firm requires any individual who receives bonuses in excess of a certain threshold to defer a proportion of their after-tax bonus. To further ensure alignment of interests, the amount of any bonus required to be deferred must be applied to the purchase of shares in Troy or funds/investment trusts to which the firm has been appointed Investment Manager and held for a minimum of three years from the date at which the bonus is paid.

Outcome

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

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

The RI&CC oversees the continuation of Troy's climate strategy, including our approach to climate change mitigation and our targets under NZAM. Other responsibilities include the oversight of regulation affecting Troy, such as the UK's Sustainability Disclosure Requirements (SDR) and ongoing adherence to SFDR. The RI&CC also oversees the annual publication of the Troy Climate Report, UK Stewardship Code Report, and submissions to the UN PRI.

Principle 3

Conflicts of interest

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

Context

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

Activity

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

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

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

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

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

Troy currently invests in a company in which a Non-executive Director of Troy also holds a directorship. The Compliance Team has identified all investee companies where there is the potential for a conflict and implemented pre-trade alerts within the compliance engine to flag the conflict prior to investment. Once the initial investment was made, following Compliance approval, the Compliance Team set up a 'watchlist' with Troy's third-party proxy voting adviser, whereby the Compliance Team is notified each time the company AGM requires voting to manage the conflict on an ongoing basis.

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

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

Principle 4

Promoting well-functioning markets

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

Activity and Outcome

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

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

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

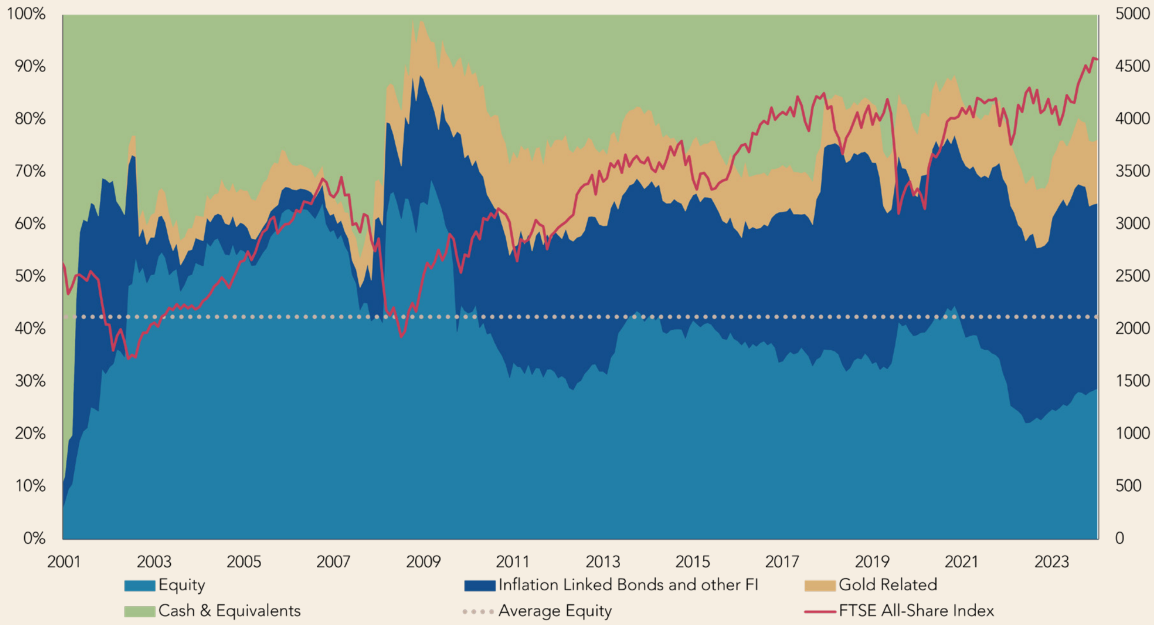
In our Multi-Asset portfolios, the team evaluates asset class valuations and considers the influence market-wide risk factors like inflation, interest rates, and currency fluctuations could have on future returns. Troy's Multi-Asset Strategy aims to preserve and grow investors' capital in real terms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

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

The U.S. fiscal position has worsened significantly in recent years, with federal debt surpassing $36 trillion, a level typically associated with deep recessions. Despite tighter monetary policy, equity valuations remain high, and history suggests market declines often follow the first Fed rate cut. With persistent deficits and rising Treasury yields, the sustainability of U.S. debt remains a key risk to market stability.

Our view is that equity valuations have not fallen as the cost of capital has risen in recent years. It seems odd to suggest that valuations should then rise as yields fall. Secondly, most market declines only happen after the first interest rate cut. This has certainly been the case for each of the past three cycles. The first Federal Reserve cuts occurred in January 2001, August 2007 and July 2019. On each of these occasions, the US stock market was trading close to its highs and subsequently fell -44%, -53%, and -25% respectively. Close to record high equity market valuations, combined with the risk of recession and a sea of geopolitical and policy risks, mean we continue to be cautious with the equity weight in the strategy, see Figure 1.

Figure 1: Troy Multi-Asset Strategy - Historic Asset Allocation (31 July 2001 – 31 December 2024)



Source: Troy Asset Management Limited, 31 December 2024. Past performance is not a guide to future performance. Asset Allocation and holdings subject to change. All references to benchmarks are for comparative purposes only. The information shown relates to a mandate which is representative of, and has been managed in accordance with, Troy Asset Management Limited's Multi-Asset Strategy.

Another systemic risk facing financial markets is that of climate change, impacting Troy, our investee companies and the wider economy. As a firm, we manage the transition risks associated with the shift to a low-carbon economy. We include climate risks in our central risk register and integrate climate analysis into our investment process. While our exposure to high-impact sectors remains limited given our bias towards capital-light and less cyclical businesses, we analyse the greenhouse gas emissions and associated mitigation strategies of all investee companies in order to limit our exposure to unmanaged climate-related risks.

When carrying out fundamental analysis for prospective investments, we consider the vulnerability of a company and its business model to climate-related risks and establish how well positioned it is to take advantage of opportunities arising from the transition to a low-carbon future. For more information on how Troy considers climate risk and opportunities in its investment process, please see our Troy Climate Change Report.

Collaborative Industry Bodies

In recent years, Troy has evolved its collaboration with wider stakeholders and industry groups to promote well-functioning markets. Troy's internal governance and climate strategy continues to be aligned with TCFD recommendations. We are a signatory of NZAM, Investor Forum and Climate Action 100+. Troy's ongoing participation in the UN PRI since 2016 underscores our commitment to integrating ESG factors into investment processes and promoting a resilient financial system. By engaging with industry initiatives, Troy aims to enhance policy-making and engagement with market participants and companies.

Case Study: Climate Change

While inflation, interest rate hikes, geopolitical events and artificial intelligence dominated the financial news in 2024, climate change should not be forgotten as it remains one of the most significant systemic risks we face.

In response to the growing transition and physical risk our investment portfolios face, we have over the course of the year engaged with investee companies on decarbonisation and conducted in-depth analysis on the transition plans of the main contributors to our financed emissions. This included dialogues with some of our investee companies during dedicated sustainability meetings, exploring climate mitigation plans related to company supply chains – where the vast majority of emissions reside. Many of our companies are advancing programmes for low-carbon packaging and farming, including the adoption of Forest Land and Agriculture (FLAG) emissions reduction targets. These plans will take many years before they mature but are underscored by investment and engagement with suppliers.

Troy published its TCFD-aligned Troy Climate Report for the second year. Our climate strategy has been informed by the Net Zero Investment Framework, published by the Institutional Investors Group on Climate Change (IIGCC). Our approach is also underpinned by our net zero target as a signatory to NZAM. We took the lead on specific investor follow-on letters that urged non-reporting companies to respond to CDP's climate change questionnaire. We also participated in Unilever's shareholder consultation related to the publication of their 2024 Climate Transition Action Plan, which we voted in favour of at the company's 2024 AGM (see Principle 10 for further information on this engagement).

Principle 5

Review and assurance

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

Activity

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

The principal policy that relates to our stewardship activities is our Responsible Investment & Stewardship Policy. This is updated at least annually with input from our Compliance Team and Deputy CIO and signed off by the Responsible Investment & Climate Committee (RI&CC). Over recent years, the Policy has evolved to enhance the effectiveness of our stewardship activities, including developing our guidance on how to assess corporate governance practices as well as our approach to climate change.

Troy's policies and procedures are subject to regular review with the objective of continuous improvement. Troy's custom Voting Policy provides Troy's Investment Team with customised voting recommendations, which promotes consistent voting across Troy's strategies for such issues as Chair independence, director tenure, CEO/Chair separation and a minimum of 30% female representation at board level.

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

Troy's RI&CC is responsible for the oversight and governance of responsible investment and stewardship at Troy and also plays a significant role in the assurance and assessment of our stewardship activities. The Committee met quarterly during 2024 and reviewed the following:

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

- Any responsible investment related policy changes
- Regulation affecting the industry related to ESG/sustainability

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

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

Given the size and nature of our company, Troy does not have an internal audit department. Our approach therefore is for our operational and control processes to be audited by an independent third party. On an annual basis, Troy engages an external auditor to carry out an internal controls assurance (Type 1 internal controls' assessment by reference to the standards of ISAE 3402). As part of this audit, Troy's processes and controls for proxy voting were independently reviewed during the year to ensure that proxy voting was conducted according to Troy's policies and were processed completely and accurately and within the agreed timescales. No exceptions were noted in relation to these processes.

Further, the outcome from Troy's latest UN PRI Assessment Report is also used by the firm as a third-party assessment of our stewardship activities. In 2024, Troy received 4 out of 5 stars for our submission in relation to the calendar year 2023 in all four modules for which we were graded.

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

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

Principle 6

Client and beneficiary needs

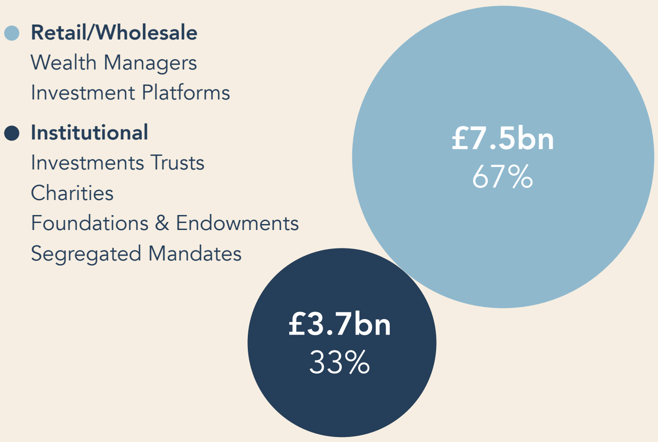
Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

Context

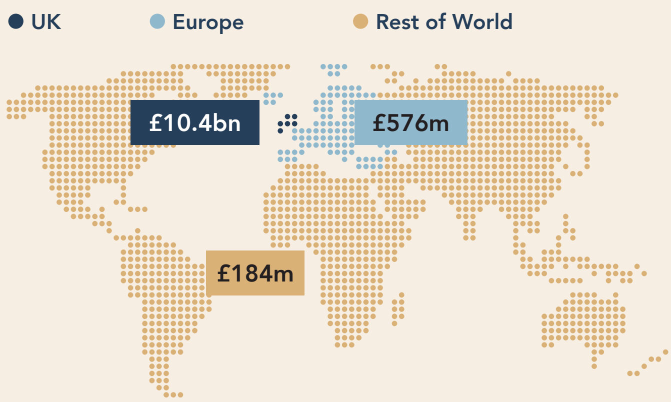
Troy manages several open-ended investment companies, investment trusts and segregated mandates across four strategies. Our underlying investor base includes both institutional investors and a broad range of retail investors predominantly invested through wealth managers, independent financial advisers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

TABLE 4: Breakdown of Troy's assets by Investor Type, Domicile, Asset Class and Region.

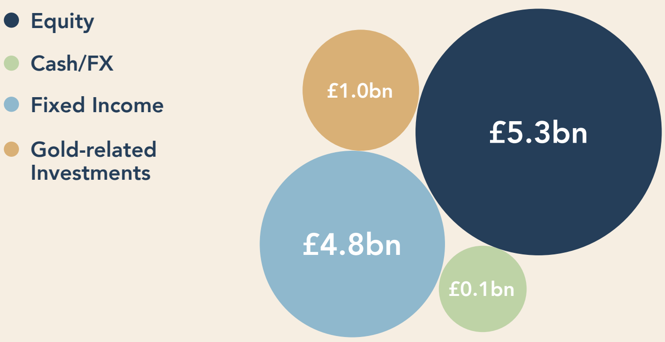
AUM (£) by Investor Type



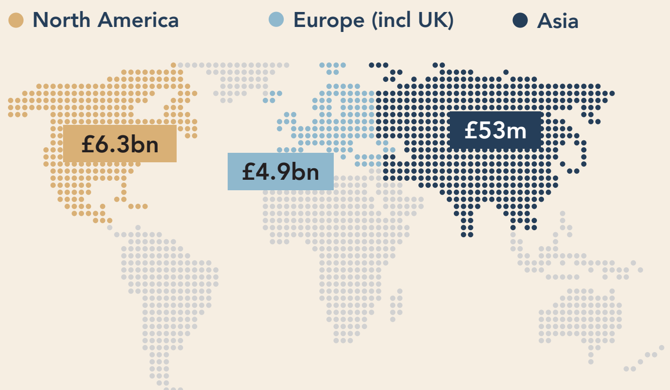
AUM (£) by Investor Domicile



AUM (£) by Asset Class



AUM (£) by Region (unhedged)



Source: Troy Asset Management Limited as at 31 December 2024

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

Activity

Troy's investment approach was informed at inception by a clear understanding of our founder investor's views and investment requirements. Lord Weinstock's stated objective of seeking long-term absolute returns, whilst avoiding the distraction of short-term market noise and benchmarks, set the approach which Troy has maintained to this day. Over the past 24 years, Troy has clearly and consistently communicated this investment philosophy in its reporting and in meetings with prospective clients, thereby seeking to attract like-minded investors.

The majority of Troy's assets under management are via open-ended collective funds and investment trusts, each with a significant number of underlying investors. Consequently, it is generally not possible to adapt our investment approach to the specific requirements of individual clients. Given the evolution of investor demand and priorities over recent years, we have taken account of market developments and client feedback with respect to changing needs.

Troy has an experienced Business Development Team with 12 full time members focused on understanding and meeting the needs of Troy's client and investor base. This includes meeting regularly with investors across the wealth management and institutional community. Troy also arranges a number of seminars, webinars and meetings hosted by the relevant Fund Manager for investors. These provide an effective and regular format for us to interact with and collect feedback from a range of investors. Troy's Business Development Team reviews client feedback and requirements from meetings, telephone or email communications at their monthly team meeting and agrees upon any actions required.

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

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

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

Further, in response to the demands of the Principal Adverse Impacts, Troy now formally considers six climate-related PAI indicators within our Irish funds. The purpose of considering these PAI indicators is to seek to mitigate the adverse impacts of the underlying investments in the fund on the climate. Troy will report on the PAI indicators of each fund at least annually. Portfolio reporting will be calculated in line with the methodology as set out in the SFDR RTS (Commission Delegated Regulation (EU)) 2022/1288 of 6 April 2022, which is weighted based on the size of the position in the portfolio.

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

To report in a transparent and coherent way to our investors, we publish monthly fund factsheets, quarterly reports, a quarterly firm-level Responsible Investment and fund-level ESG reports, and interim and annual reports for our collective vehicles. Troy's quarterly Responsible Investment Report provides quantitative and qualitative information for investors about Troy's firm-wide voting and engagement activities.

Outcome

During the reporting year, our evaluation of how effective we were in soliciting the views of our clients was predominantly informed through feedback and interaction with many of our investors and their advisors. In 2024, we hosted a total of seven webinars for investors in Troy's collective investment vehicles, each ending with an open-format Q&A session. Investors have also expressed their views and interacted with us following receipt of Troy's monthly factsheets, quarterly commentaries and investment reports, or in response to meetings, phone calls and emails.

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

Troy has seen a marked increase in interest from investors in climate analysis and reporting. In response, we have developed suitable client reporting materials, noting that all client reporting is verified to be accurate, fair and balanced by Troy's Compliance Team. Troy's responsible investment reporting has been enhanced significantly at firm and fund level.

Troy became a signatory of the NZAM initiative in 2021 and we published our first formal climate-related targets in July 2022 under the Paris Aligned Investment Initiative's 'Net Zero Investment Framework'. See the 'Targets' section of our Troy Climate Report for further information. Our approach to managing climate-related risks has been developed in response to client feedback.

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

Principle 7

Stewardship, investment and ESG integration

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

Since its foundation, Troy has sought to deliver attractive risk-adjusted returns by prioritising the avoidance of permanent capital loss, investing for long-term growth and emphasising quality within our process. We therefore invest in companies with high returns on invested capital that are sustained by durable competitive advantages. We tend to avoid very cyclical and capital-intensive businesses and favour predictable and less economically sensitive ones. Troy's selected investment universe covers c.150-180 companies, and we invest in fewer than 100 of these across our investment strategies. Rather than employing a separate ESG team, our Analysts and Fund Managers adopt an integrated approach whereby ESG factors are a component of fundamental analysis. Our aim is to evaluate how these factors can either help or impede a company's ability to generate sustainable returns and growth over the long term. To achieve this, we combine in-depth stock specific analysis with thematic ESG research as described below.

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

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

We place significant weight on corporate governance, believing that good quality governance underpins successful and sustainable companies. In our experience, companies that are well-managed and properly governed tend to be far-sighted, closely aligned with their stakeholders and better able to navigate a changing world and sustain high returns on invested capital over time. In assessing the quality of corporate governance, we look for:

- A long-term mindset and true alignment of interests between management and shareholders through equity ownership and/or remuneration policies that incentivise long-term profitability and wealth creation
- An independent and diverse Board of Directors that provides effective oversight and challenge to management
- A record of disciplined and value-enhancing capital allocation
- Coherent and effective risk management, including material social and environmental factors and a plan to mitigate climate risk specifically
- A willingness to engage and interact openly with shareholders
- Clear, transparent and appropriately audited disclosure of financial results

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

Troy has conducted a number of thematic research projects to identify and prioritise particular ESG issues faced by its investee companies. The aim of our thematic research is to enhance the depth of knowledge on specific ESG topics and research emergent ESG issues. Examples of thematic research topics explored over the reporting year include climate change, board diversity, biodiversity, health & nutrition and AI.

We expend a considerable portion of our research effort on monitoring existing holdings. Where ESG performance or management activity diverge from our expectations, we will engage either with management or the relevant board representatives, with a clear engagement objective, as detailed under Principles 9 and 11. This process is also critical to deepening our understanding of the companies in which we invest. We are active owners, voting on all proxies and conducting regular company meetings to further our understanding.

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

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

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

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

- A country's political stability, political rights and civil liberties
- The strength of the rule of law, particularly in relation to bribery, extortion and corruption
- Current account and fiscal balance, debt rating and outlook
- The risk of censure or legal action relating to breaches of regulation and conventions relating to social standards of practice and discrimination and/or environmental standards
- The sovereign's mitigation of climate-related risks including a review of the international climate conventions that the sovereign is party to, their Nationally Determined Contributions (NDCs) under the Paris accord and the presence of a net zero ambition

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

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

The equity holdings in Troy's mandates are drawn from the firm's investment universe of researched stocks that our fundamental analysis has shown meet our quality and risk criteria. The investment universe is global in nature, but with a significant focus on companies listed in developed markets. This reflects Troy's view that the quality of accounting and corporate governance in developed markets is more robust.

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

If a company meets our quality threshold, we write a detailed initiation note. The initiation note explores the sources of a company's competitive advantages, its licence to operate, the dynamics of the industry it operates in, and its ability to reinvest capital at high rates of return in the future, among other things. It includes a focus on corporate governance and an assessment of the quality of management and its record of allocating capital. There are also dedicated sections on environmental and social risks and opportunities within the investment case segment of the note.

In 2024, the Team undertook research on several new ideas and existing holdings. Each of these research notes considered environmental, social and governance issues, examples of which have been outlined in the case studies below.

Case Study: Gen AI

Alphabet Microsoft Meta

Our research in 2024 explored the environmental implications of generative artificial intelligence (Gen AI), particularly focusing on the substantial energy demands of data centre capacity required for AI training and inference. The International Energy Agency forecasts that the surge in Gen AI workloads could double global data centre electricity consumption by 2026, equating to the energy needs of Sweden.

This trend has significant implications for our investments in big tech. Companies operating large-scale data centres and participating in the AI race such as Microsoft, Meta and Alphabet, face mounting pressures related to energy efficiency, carbon emissions, and grid reliability. These pressures not only impact their operational costs but also their ability to scale AI-driven services and meet their climate commitments.

In 2024, companies like Microsoft, Alphabet, and Meta Platforms have deviated from their net-zero carbon emissions pathways due to the increased energy demands of AI and the required buildout of data centres. To address the energy dilemma, these companies are making significant investments in renewables and nuclear power. For example, Microsoft signed a 20-year agreement to purchase power from the Three Mile Island nuclear plant, which is due to reopen in 2028. Alphabet has partnered with Kairos Power to develop small modular reactors, providing up to 500 megawatts of carbon-free power by 2035.

These investments reflect a strategic shift towards sustainable energy to balance the environmental impact of AI expansion. As investors, we are actively monitoring these developments and have engaged directly with Microsoft to discuss the intersection of business growth and environmental responsibility.

Case Study: Health & Nutrition and Consumer Staples

Glucagon-like peptide-1 (GLP-1) drugs are revolutionising obesity treatment and their rapid adoption in the US has weighed on several consumer goods companies' share prices this year. These medications reduce patient calorie intake by 25–35%, creating challenges for sectors like packaged foods, confectionery, quick-service restaurants (QSRs), and alcoholic beverages.

We have conducted research on GLP-1 adoption rates and consumption habits and spoken to a number of portfolio companies on what they are observing. As investors, we recognise the dynamic risks and opportunities posed by GLP-1 adoption across consumer sectors. While the immediate challenges are most pronounced in indulgent categories, the long-term effects on consumption habits are less predictable, as dietary behaviours often revert after treatment ends.

Our research suggests that confectionary categories are most exposed to sales declines from GLP-1 adoption as they are most reliant on power users. Alcohol consumption presents a more nuanced picture: while some studies suggest reduced cravings among GLP-1 users, early findings show mixed impacts, with overlaps between heavy drinkers and GLP-1 patients remaining inconclusive. For the alcohol industry, the long-term implications of GLP-1 adoption, particularly on concentrated consumption patterns, are still uncertain.

Our investment approach remains focused on navigating these shifts, supporting companies that demonstrate resilience and adaptability through product innovation and diversification. We are closely monitoring the impact of GLP-1 adoption, both because of its inherent headwinds to certain food and beverage categories but also because of the opportunities it will bring. For example, a longstanding portfolio company, Nestlé, has launched a comprehensive GLP-1 Nutrition Support Platform to assist individuals using GLP-1 medications in its Health Science division. The company is increasingly offering products such as high-protein shakes, nutrient-rich snacks, and meal replacements designed to complement GLP-1 therapy by addressing reduced appetite, supporting muscle preservation, and ensuring balanced nutrition during weight management. While this division only accounts for ~16% of total sales, we see the growth potential of these products over time if GLP-1 penetration rates reach higher levels in the future.

Case Study: Governance – Gender Underrepresentation at Boards

We continue to advance the work we have done on promoting board gender diversity. Our stewardship approach actively promotes good corporate governance practices. We believe that cognitive diversity is important, with a good mix of backgrounds, competences and perspectives helping ensure effective decision-making and avoid the dangers of groupthink.

With that said, many boardrooms are still short of women. There is momentum around gender diversity in developed markets, with an increasing representation of women on boards paralleling the growing participation of women in the labour market. In 2022, women constituted an average of 35.5% of board members in leading public companies across G7 countries.

In the UK, the FTSE Leaders Women Review, extending the work of the Hampton-Alexander and Davies Reviews, outlines the expectation for achieving gender-balanced boards and leadership teams by 2025. Meanwhile, in the US, the Nasdaq Board Diversity Rule, implemented in 2023, mandates that operating companies with boards exceeding five members must include at least one female. Despite these efforts, the issue of underrepresentation persists. At the end of 2022, 14 companies within Troy's portfolios had less than 30% female representation. We wrote to all 14, urging them to strive for gender balance at board level in a considered and meritocratic way over a reasonable time frame. Our communication emphasised the importance of enhancing gender diversity through building a diverse candidate pipeline and incorporating diversity into long-term succession planning. In response, Troy began voting against incumbent chairs of nominating committees at boards falling below 30% female representation. At the end of 2024, the number of companies held within Troy portfolios with less than 30% female representation at board level had fallen to six. While we do not believe that these improvements are owing to Troy's efforts alone, we are pleased that several companies are taking steps to address female underrepresentation at board level.

Last year, we voted against the re-election of six directors (typically the Chair of the Nominations Committee or equivalent role) to express our dissatisfaction with the lack of progress.

Our equity research process is iterative, and we spend time gaining confidence in a company's enduring quality. Each initiation note is debated and discussed by Troy's Investment Team, which will often lead to new questions being asked. Assessing the credentials of any company we invest in is not a static process but a continuous pursuit, comprising ongoing primary research and monitoring alongside regular dialogue and/or engagement with company management.

Case Study: American Express

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

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

Troy suggested the Compensation Committee consider either targeting an absolute level of ROE that sets a sufficiently demanding hurdle rate, or re-weight the peer group towards companies with similar business models to Amex. We continued to raise this with the company in meetings with management over the course of the year and in a dedicated meeting with representatives in charge of Amex's governance and remuneration. During the 2024 AGM, Troy voted against Amex's executive compensation on these grounds for the fifth consecutive year.

This engagement is ongoing as we work in dialogue with Amex to improve the alignment of management's remuneration with the company's underlying shareholders. In November 2024, Troy met with the company's VP of Global Compensation where we reiterated our longstanding dissatisfaction with the least testing details of Amex's management pay scheme.

Troy maintains an engagement database which details each engagement, its objective and outcome and is reviewed regularly. The Investment Team is responsible for voting on all items, which is another important component of our active ownership approach. Alongside company-specific research, we conduct thematic ESG research to better understand issues that affect a number of our holdings or to explore the exposure of our portfolios to significant and material ESG themes. This is particularly useful when developing our understanding of rapidly evolving social and environmental factors. Our thematic research often allows us to identify leaders and laggards on a given ESG topic and guides our understanding of best-practice. The case studies above on AI energy intensity and GLP-1s are examples of our thematic research.

Troy retains responsibility for all aspects of stewardship including its engagement and voting decisions, except in cases where segregated account clients maintain voting rights. We receive external research and data in relation to ESG as an input into our own primary research process and we are not bound by the recommendations of any external research. We outline the service providers used in Principle 1.

Troy has ethical funds which integrate ESG in the same way as outlined above, but apply a negative screen in accordance with our published ethical exclusion criteria which is supported by MSCI ESG Research. Troy does not outsource voting decisions, its proxy voting policy or engagements. Institutional Shareholder Services (ISS) is used for proxy research as well as to administer proxy voting. As noted above, we do not retain service providers to conduct engagements or make voting decisions on our behalf. We do, however, use third-party data providers and voting administration services to support our stewardship.

During 2024, we continued using MSCI's Climate Value-at-Risk (CVaR) model to assess the resilience of our portfolios to different climate scenarios. This analysis is in its early stages and there remain some data challenges given the inherent difficulty of modelling physical climate impacts. We analysed each fund's greatest exposures to physical climate risk and the various strategies for its mitigation. The largest exposures relate to multi-national consumer and healthcare companies. We are reassured that the companies are taking the necessary actions to safeguard business continuity.

Outcome

While investment decisions are rarely made on stewardship grounds alone, ESG considerations inform our portfolio management decisions, thereby having a tangible impact on the shape of Troy's portfolios over time. Examples in 2024 include:

Purchases

In 2024, the Multi-Asset Strategy initiated a new holding in Chubb. Chubb is the largest property and casualty (P&C) insurer in the world, operating in 54 countries around the world. 43% of the business is North America commercial and a further 13% is North America personal lines. The balance is international P&C, agriculture and some health/accident insurance. The insurance industry (particularly reinsurance) appears to have shifted their position in recent years to price for higher catastrophe losses going forward, as climate change continues to drive catastrophe losses higher.

Insurance plays a crucial role in supporting society by helping individuals and businesses recover more quickly after catastrophes and loss events. As climate risks and other uncertainties increase, access to insurance becomes even more essential. However, a significant insurance gap remains, with many regions and sectors still underinsured. This presents an opportunity for Chubb to expand its reach and provide much-needed protection, reinforcing its role as both a resilient business and a positive force for economic stability.

Chubb's combined ratio has averaged 90% over the last decade, demonstrating sensible underwriting. Chubb receives payment of premiums before they pay out claims, meaning there is an opportunity for them to materially grow investment income as they invest the 'float' in higher bond yields. On average their bond maturity is ~5 years. Chubb's current investment book yield is ~4% compared to a market yield that is closer to 6%. As Chubb's bonds mature they are reinvested at a better yield, driving higher investment income. The shares have grown in line with book value per share over the long term and compounded at +12.5% over the last decade.

Sales

In 2024, Troy's UK Income and Global Income Strategies exited their positions in Domino's Pizza in the reporting year. Troy's prior research on health and nutrition and the growing regulatory scrutiny of ultra-processed foods had alerted us to the risk exposure of Domino's. We had also become increasingly concerned that the company has an appetite for doing a strategic deal in a contiguous category. This would morph the company from a vertically integrated pizza delivery business to more of a platform business with multiple brands. While this may make long term strategic sense, we think it would come with much greater risk to both the business and more importantly to existing shareholders. Our fears were confirmed when it was reported that the company was considering buying a business called Wingstop for c.£400m. We see a transaction of this scale as risky and it would require either a substantial equity raise or a highly levered balance sheet which would put the dividend at risk. Since this represents a material change to the investment case we decided to sell.

Principle 8

Monitoring managers and service providers

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

Activity

Troy's own primary research is complemented by research from a number of external service providers. This list includes sell-side investment research from investment banks and independent research providers, ESG and climate research from MSCI and Bloomberg which provides a range of financial and non-financial data. In 2024, we started using RepRisk data, a controversies provider. These vendors all provide Troy with research, news flags and company ratings relating to ESG factors on the companies within Troy's investment universe.

As mentioned above, Troy's Responsible Investment & Climate Committee is formally mandated to review and approve the appointment of responsible investment and climate-related service providers, thereby ensuring that the external systems and data we utilise in our process remains best suited to our needs. Service providers used for the outsourcing of critical services are also monitored via Troy's quarterly outsourcing provider checklist which is reviewed and completed by the Compliance Team. Additionally, Troy's COO reports to the Board on an annual basis on all service providers.

Before entering a relationship with a new service provider, we undertake in-depth due diligence, as well as identifying and managing any legal or operational risks. This due diligence includes a detailed review of their service offering and capability, the completion of Troy's data protection and information security questionnaire and financial due diligence. Troy's legal department review all third-party agreements prior to contracting. In addition, depending on the materiality of the relationship and type of service being provided, we seek assurances from the supplier in relation to their approach to data protection and in restricting slavery and human trafficking in relation to their supply chains. A trial is also undertaken before committing to any new service provider to ensure that the service fully meets our requirements. All of Troy's service providers are monitored to ensure that their service remains reflective of our needs. Formal review meetings vary in frequency depending on the nature and importance of the service being provided, but at a minimum we aim to meet all service providers annually and in practice much more frequently.

ESG analysis is also conducted in relation to external managers of gold, property and infrastructure assets held across Troy's mandates. The process of assessing the stewardship practices of these areas continues to evolve. In total, only 9% of Troy's assets under management relates to assets invested in commodity exchange-traded vehicles for precious metals such as gold and real estate investment trusts.

Outcome

To support the investment and engagement process, ISS Proxy Exchange was chosen as a provider of proxy voting research following a full market review in 2019.

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

In addition, Troy approached ISS to create a custom Voting Policy, which was adopted in 2023 to provide Troy's Investment Team with customised voting recommendations, particularly where we found ourselves frequently voting against ISS's recommendations. This also promotes a consistent approach to voting across Troy's strategies based on the firm-level views on corporate governance, as discussed under Principle 5.

Troy started using RepRisk in 2024 as a controversies data provider, with its data providing us with another tool to enhance the quality of our research and explore relevant and material topics during company meetings. For example, many companies do not report on instances of human rights abuse or impact of their operations on local communities. RepRisk data provides us with local news sources that raise flags on instances of company misconduct which aid us in our analysis and risk management. For instance, there have been reports of local community discontent owing to water stress from Heineken's operations in Mexico. We had a dedicated meeting with the company in 2024 to discuss water management and to query them on how they maintain their licence to operate.

Furthermore, we have monitored the frequency with which we voted against ISS's proxy voting recommendations over the past three years. Troy retains full discretion to vote in our clients' best interests and are not bound to follow any other party's recommendations. Table 5 below shows the frequency with which Troy voted against ISS's recommendations during 2024. At a firm-wide level, across all strategies, votes against ISS represented 6% of total votes cast, which illustrates a high level of alignment between ISS' research and the outcomes of our own analysis.

TABLE 5: Proposals voted against ISS by investment strategy

	Number of votes	Proposal voted against ISS
Troy Multi-Asset Strategy	22	8
Troy UK Equity Income Strategy	25	3
Troy Global Equity Strategy	52	10
Troy Global Equity Income Strategy	32	6

Source: ISS Proxy Exchange, 31 December 2024. The information shown relates to a mandate which is representative of, and has been managed in accordance with, the relevant strategy.

With reference to the negative screening services provided by MSCI ESG Research in relation to our ethical strategies, we are satisfied with the service provided and have confidence that the screening results are in line with our expectations and analysis.

Principle 9

Engagement

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

Troy's definition of an engagement is a "constructive and active dialogue with a specific objective which seeks to deliver an improved outcome on a material issue". While we regularly interact with company management as part of our ongoing research and monitoring, we classify engagements only if they align with this definition. Interactions with management remain an important aspect of our ongoing research and monitoring of investee companies and over 2024 we had dedicated ESG-related meetings with numerous companies. Troy does not outsource its engagements as we consider engagement an integral part of our investment process and of exercising our stewardship responsibilities.

Throughout 2024, Troy conducted 11 formal engagements with 10 companies. Troy maintains a central database of all engagements, both ongoing and completed. This helps us manage our engagement activities, report to clients and forms a valuable research and monitoring resource for the Investment Team.

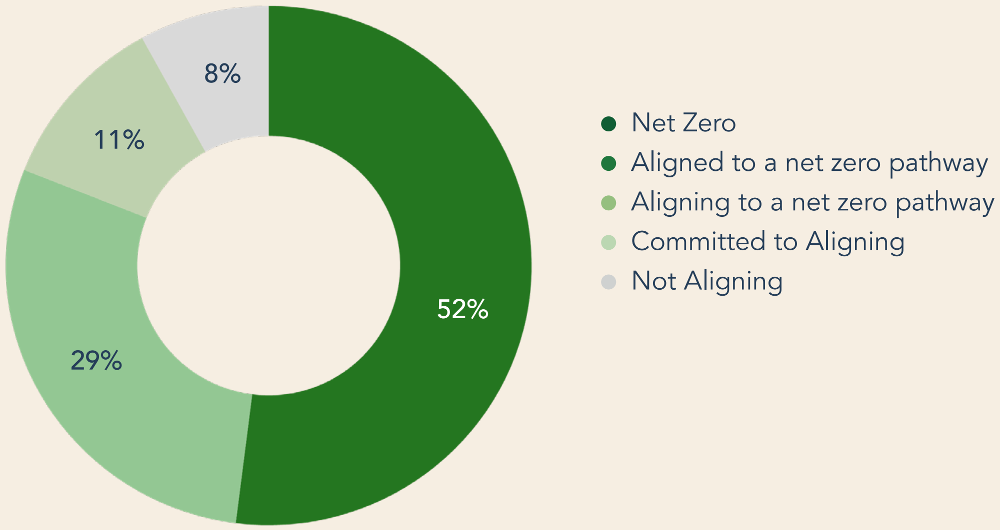
As discussed under Principle 7, ESG analysis and engagement is fully integrated into Troy's investment process and is conducted by members of the Investment Team who know the companies best. We prioritise engagements on the basis of the following parameters:

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

This approach to identifying potential engagements stems from our deep fundamental research on companies and integration of stewardship and ESG into our investment process. Troy's Investment Team also carry out thematic research, which often inform our engagements. A variety of events might trigger such an engagement, including a breach by the company of generally accepted business practices, an issue arising during our proxy voting research or in response to a corporate announcement. For example, we joined a collaborative engagement via the Investor Forum with British American Tobacco (BAT) on the topic of board effectiveness, capital allocation and the disposal of BAT's stake in ITC discussed in Principle 11.

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

Figure 2: Current Alignment of our Holdings with Net Zero by 2050 Engagements



*Reflects the most recently available data for each company prior to 31 December 2024.

Source: MSCI ESG Research, 31 December 2024. Asset allocation and holdings subject to change.

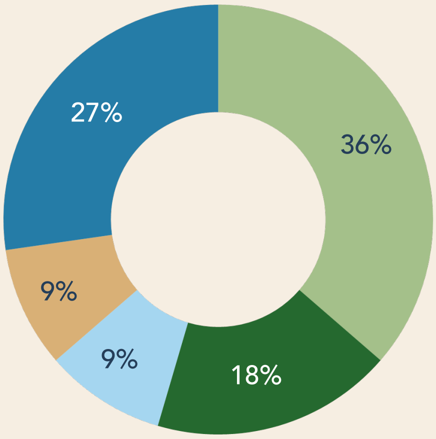
Our methods of engagement are via meetings, emails, letters or telephone calls with Directors and management of a company. Every engagement is conducted by members of Troy's Investment Team. This process ensures that any engagement is conducted within the context of the broader investment process, thus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

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

Troy has a common engagement and stewardship approach across its strategies. This means that most engagements, particularly those with companies that are held across multiple strategies, are conducted at a firm-wide level. The Responsible Investment & Climate Committee governs Troy's policies and processes all surrounding engagements.

Please find further analysis of firm-wide engagements by ESG theme, geography, strategy and outcome for 2024 below.

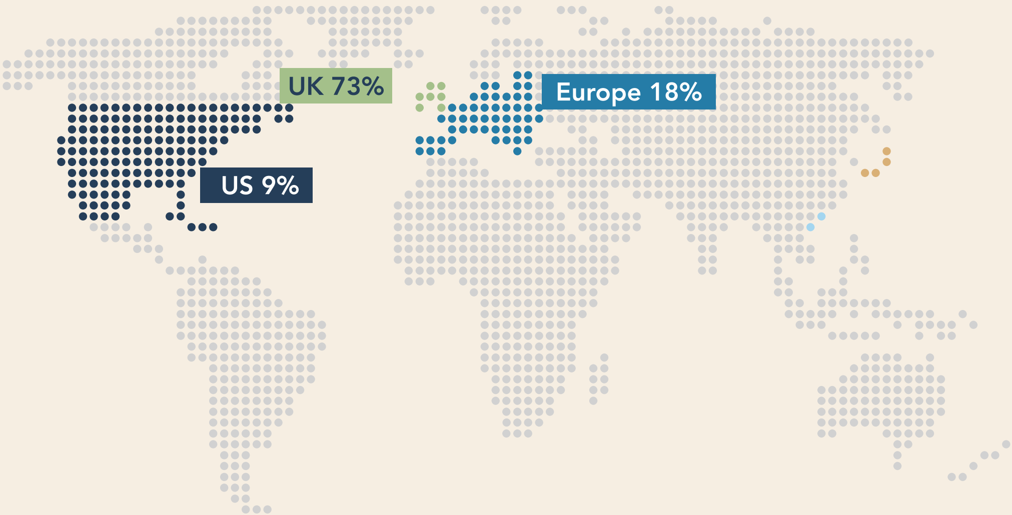
Engagement by theme



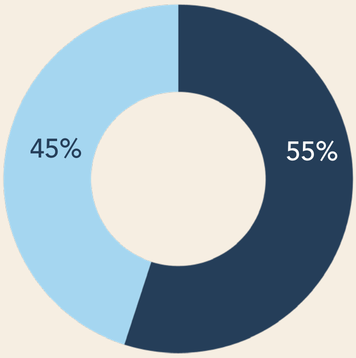
11 formal engagements

- Governance - Chair & CEO Separation
- Governance - Board Diversity
- Enviromental - Climate Change
- Governance - Remuneration
- Governance - Capital Allocation
- Environmental - Natural Resources

Engagement by geography

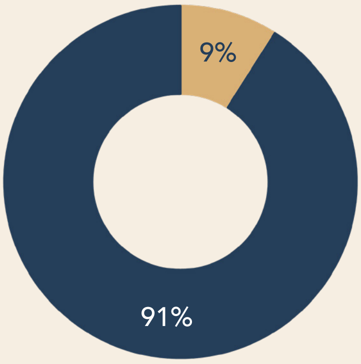


Engagement split by collaborative and Troy only



- Troy only 55%
- Collaborative 45%

Engagements by Outcome: Successful, Unsuccessful and Ongoing



- Ongoing 91%
- Successful 9%
- Unsuccessful 0%

The engagement chart above highlights that the number of engagements with UK companies is higher than elsewhere, however this is broadly in line with the geographic split of the companies Troy is invested in. Troy's engagement policy is applied uniformly across mandates, geographies, and asset classes.

The next case study aims to illustrate an outcome of our engagement activity in 2024. It is important to note that wherever possible, Troy aims to engage with investee companies by raising our concerns and desired objectives in meetings. Though we may write to companies articulating our reason for engagement, objective and timeframe over which we hope to observe progress, we have found greater success when this is either preceded or followed by a face-to-face interaction.

Case study: Nestlé

As longstanding shareholders in Nestlé since 2009, we have consistently advocated for strong and independent leadership at the board level. The current Chair, Paul Bulcke, previously served as CEO, and we believe this lack of independence does not align with governance best practice. Retaining former CEOs in the chairman role can hinder objectivity and renewal at the board level. Troy has voted against the re-election of the Chair at the last three AGMs.

The recent abrupt leadership transition at Nestlé has heightened our concerns, particularly regarding the board's management of succession planning and the lack of clear communication to shareholders during this period. This is especially notable against a backdrop of underperformance, with recent M&A activity falling short of expectations, slowing growth in core categories, and increasing leverage—all of which make effective governance and leadership crucial.

Given our ongoing engagement on the issue of chair independence, we felt the handling of the leadership transition warranted escalation. We expressed our concerns in a letter to Nestlé's Lead Independent Director, emphasising the critical role of the Chair in ensuring a smooth transition. This led to a constructive meeting with the company secretary in December, during which we reiterated our governance concerns and encouraged the appointment of an independent chair. This engagement remains ongoing, and we are committed to working with the company to advocate for governance enhancements that align with Nestlé's cultural values and will support its long-term success.

Principle 10

Collaboration

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

Context

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

Troy is a signatory to NZAM in order to advocate for the importance of Paris-aligned investing. Troy is also a member of a number of collaborative engagement platforms such as the Investor Forum and Climate Action 100+.

Activity and Outcome

Troy became a member of Climate Action 100+ in 2021 to better facilitate collective engagement on climate-related issues. This included joining a collaborative engagement with other Unilever shareholders to address shortfalls in the company's climate strategy. The development of this engagement in 2024 is discussed in the case study below.

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

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

Case study: Climate Action 100+ Collaborative Engagements

Unilever has long been one of the most carbon-intensive companies in which Troy invests. Its annual CO2e footprint is 10.65mn tonnes across all three scopes, including both upstream and downstream scope 3 emissions.

Given the growing risk posed by climate change, both in terms of transition risks and physical risks, we believe that taking action to decarbonise its operations can allow Unilever to better prepare for increased climate regulation and the transition to a lower carbon economy. Inevitably, this takes time and investment.

To influence the company to take the necessary steps to decarbonise, Troy joined a collaborative engagement with Unilever via Climate Action 100+ in 2021. The first phase of this engagement set out to encourage Unilever to increase their climate related initiatives and partnerships in addition to providing more impactful messaging to their customers on their climate strategy. The group engaged with Unilever's Global Sustainability Director in April 2021.

Following the publication of Climate Action 100+'s 2022 benchmark, the CA100+ group participated in a planning meeting to agree on next steps. The objectives of this second phase include Unilever enhancing their disclosure of any climate lobbying activity, ensuring alignment of Unilever's capex planning and their climate strategy, and finally encouraging Unilever to set clearer scope 3 emissions reduction targets.

98% of Unilever's carbon footprint lies in its value chain. Downstream emissions, tied to product use, are not directly within Unilever's control. However, as a consumer-focused company, Unilever has a significant role in empowering consumers to make more sustainable choices. This is evident in its initiatives to reduce plastic packaging and offer household care products, such as laundry detergents and washing tablets, designed to perform effectively at lower temperatures, thereby reducing household energy consumption.

Other decarbonisation efforts at Unilever largely focus on upstream emissions, the greatest source of these is raw materials (49%), logistics and distribution (15%) and finally packaging materials (12%).

Troy participated in Unilever's consultation to inform its renewed Climate Transition Action Plan (CTAP) in Q4 2023. We provided input on the plan and were pleased by the more granular emissions reduction targets for scope 3 emissions, aligned with the Science Based Target initiative's Forest Land and Agriculture (FLAG) methodology and associated pathways for land-based emission reductions. There are still unanswered questions on decarbonisation methods associated with the chemicals used in products, which will require advances in green chemistry, which is a focus area for Unilever's R&D team.

We voted in favour of the company's 'Say on Climate' at their 2024 AGM and remain a participant in the Climate Action 100+ collaborative effort. In 2025 Troy became an official co-lead of this engagement. The next stage of the engagement is to focus on climate accounting and capital expenditures related to decarbonisation.

Principle 11

Escalation

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

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

- Collaborative engagement when either Troy's engagement has proved insufficient to gain traction or we believe other investors' insights would be beneficial
- We may seek to vote against management on a particular resolution that would adequately reflect our concern
- Escalating the engagement from management to the executive and/or the board of directors
- We may consider a partial or complete sale of the holding where other avenues of engagement have been unsuccessful and the issue is of sufficient materiality

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

Escalation will always be considered in the context of the wider investment case, as we believe this leads to the best outcome for our underlying investors.

Whilst our policy on escalation is outlined in our Troy Responsible Investment & Stewardship Policy, since 2021 we have also detailed additional parameters specific to the escalation of climate engagements in our Troy Climate Change Mitigation Policy.

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

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

Along with equities, Troy has investments in fixed income and commodities. Troy's fixed income exposure consists entirely of UK and US sovereign debt. We do not currently hold any corporate debt securities. Troy has so far not directly engaged with or escalated any issues with the UK and US governments in relation to their sovereign debt.

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

Case study: British American Tobacco

Troy initiated an engagement with British American Tobacco's ("BAT") in October 2023 regarding the company's financial stake in Indian Tobacco Company. In February 2024, Troy wrote a letter to the Chair of BAT and advocated for the complete monetisation of the ITC stake. We reiterated our preference for BAT to act swiftly to capitalise on this opportunity before market dynamics shift and potentially diminish the value that can be realised from such a transaction.

We strongly believe that most of the proceeds from the ITC stake sale should be directed towards strengthening BAT's balance sheet. Following the letter, Troy met with the company Chair and Head of IR, to continue our engagement with BAT to push for a full divestment on the ITC stake and use the proceeds to reduce leverage. We received context on why disposing of ITC will take time, as well as clarity that BAT has begun to sell its ITC stake.

The company has since changed its tone and intends to retain its stake. Troy has escalated the engagement by recently writing to the Chair of the Board. We believe that retaining a non-core, minority stake creates unnecessary complexity and may drive a discount in BAT's valuation. Selling the stake would also provide capital that could be better deployed elsewhere.

This engagement remains open as we await further clarity from the company.

Principle 12

Exercising rights and responsibilities

Signatories actively exercise their rights and responsibilities.

Context

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

Our approach towards voting is explained within our Troy Responsible Investment & Stewardship Policy. Troy's voting policy applies across all pooled funds and all geographies.

Troy conducts analysis of each management or shareholder resolution ahead of voting. Votes are then cast in line with what we deem to be the best long-term interest of shareholders. Environmental and social sustainability are considered alongside governance factors in this analysis.

Troy has a custom Voting Policy created with ISS to ensure consistent voting on corporate governance issues. Troy's Investment Analysts and Fund Managers review and apply the policy recommendations, though they may on occasion vote differently to the recommendations of Troy's custom Troy Voting Policy & General Voting Guidelines, when circumstances dictate a divergence to be in the best interests of our underlying investors. In such an event the rationale is recorded.

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

To assist us in exercising our voting rights, we make use of the services of a proxy adviser, ISS, who provide us with research in relation to resolutions and a platform, Proxy Exchange, through which votes are cast. Whilst ISS research is reviewed and their recommendations are taken into consideration, they do not drive our voting decisions (illustrated by our votes against ISS recommendations in Table 5 under Principle 8).

Activity

It is Troy's policy to vote all shares at all meetings and in 2024 100% of votes were cast. Table 6 summarises the voting activity across our investment strategies.

TABLE 6: Analysis of Troy's proxy voting by investment strategy

	Meetings voted		Meetings with at least one vote against management		Proposals voted		Proposals voted against management	
	No.	%	No.	%	No.	%	No.	%
Troy Multi-Asset Strategy	15	100%	8	53%	261	100%	22	8%
Troy UK Equity Income Strategy	40	100%	6	15%	801	100%	25	3%
Troy Global Equity Strategy	28	100%	18	64%	499	100%	45	9%
Troy Global Equity Income Strategy	31	100%	15	48%	569	100%	33	6%

*Includes Cross Holdings.

Source: ISS Proxy Exchange, 31 December 2024. The information shown relates to a mandate which is representative of, and has been managed in accordance with, the relevant strategy.

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

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

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

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

A final word

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

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

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

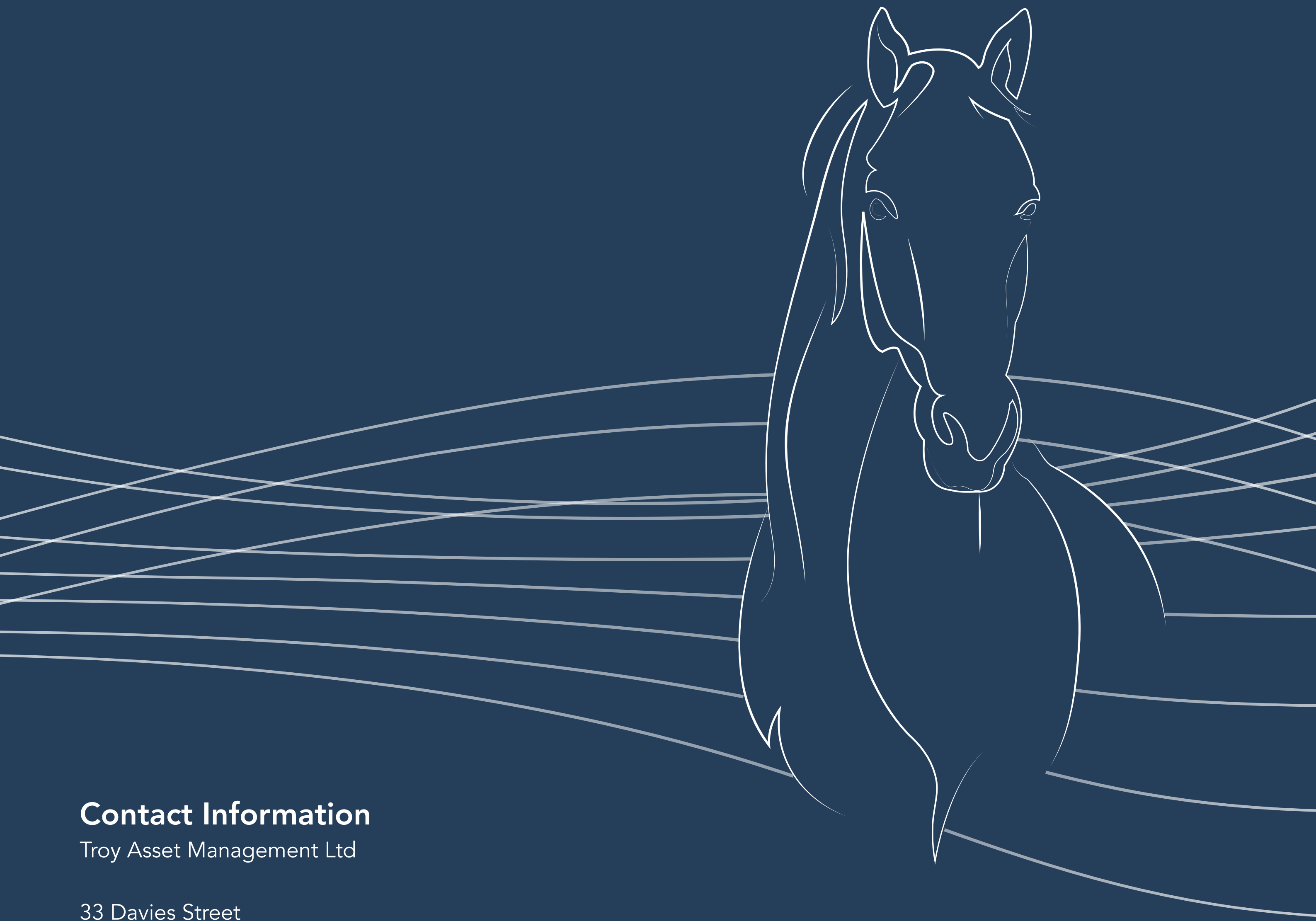
Sebastian Lyon

Founder and Chief Investment Officer

On behalf of Troy Asset Management Limited

TROY

ASSET MANAGEMENT



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Regulatory Information

All data as at 31 December 2024 unless stated otherwise.

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