Stewardship Report
2024

ARTEMIS
The Profit Hunter

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Paras Anand
Chief Investment Officer

A message from our Chief Investment Officer

The past year has been key for the development of the role of stewardship at Artemis and within the asset management industry more broadly. Central to this has been the FRC's consultation on its planned revision of the UK Stewardship Code. This has been both thorough, with wide stakeholder engagement, and from our perspective, welcome. Whilst we can understand the ambition of the 2020 Code was to act as a kite mark of exemplary stewardship and disclosure practices for UK and (given how broadly the Code is referenced) international investment teams, it has unintentionally underplayed the breadth of approaches to stewardship. Additionally, stewardship is often presented as a procedural activity, with a focus on spotlighting where investee companies are falling short as opposed to fostering positive change.

At Artemis, our proximity to investee companies and the relationships that we have built with them over decades as shareholders is foundational to our proposition as active managers. We understand that leadership teams are continually balancing short term and longer term priorities. The risk of what one might call 'desktop stewardship' which often asks companies to improve on an endless list of metrics advertises a lack of appreciation for the complexities of running businesses and a misunderstanding of value creation.

We therefore welcome a revised Code which recognises both stewardship as a positive contributor to investment returns and the collective value of different approaches. Some would argue that a move towards greater pragmatism, moderating the level of reporting and adopting a more supportive versus adversarial stance represents a dilution of ambition. We would argue the opposite. Any active stewardship processes that are motivated by fostering real and lasting change are far better off recognising and accepting the complexity, interdependence and unpredictability of these evolutions rather than pretending they don't exist. It is time for the industry to move on from a more formulaic approach.

It is in that spirit, that I am pleased to present our 2024 Stewardship report which showcases our commitment to impactful stewardship across our diverse range of investment strategies. We hope you find it an interesting read and we remain open to ways in which we can refine and develop our approach, so your thoughts and feedback are very welcome.

Paras Anand
Chief Investment Officer

Insight to Artemis: who we are and what we do

Artemis provides dedicated active investment solutions to meet our clients' needs. As a boutique multi-strategy manager, we serve retail and institutional clients through our range of equity, fixed income and multi-asset strategies which invest in the UK, Europe, the US and worldwide.

Independent and owner-managed, we are headquartered in the UK with offices in London, Edinburgh, Munich and Zurich.

Fund managers' interests aligned with investors'

Owner managed business

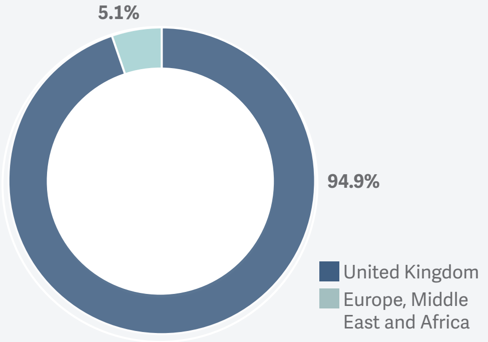
Founded in 1997

Offices in: London, Edinburgh, Munich and Zurich

209 colleagues

39 of whom are Investment Professionals

Clients by region*



*<0.1% in other regions.

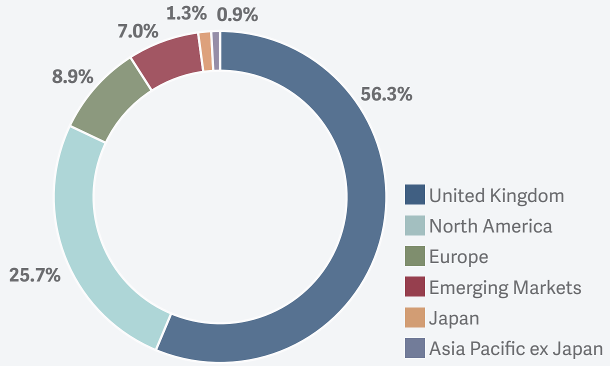
Total assets under management

£26.8bn

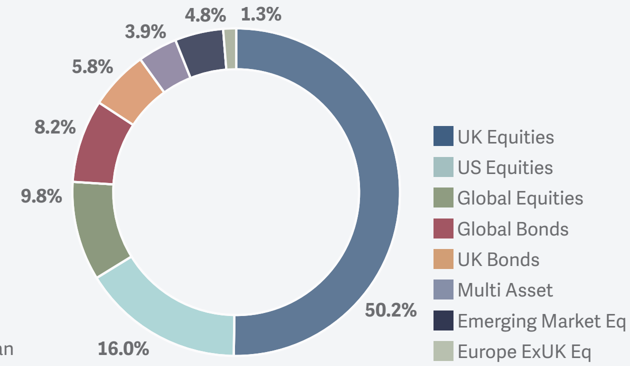
Retail
£22.5bn

Institutional
£4.3bn

Assets under management by region



Assets under management by strategy focus



Source: Artemis. All figures included in this report are as at 31 December 2024, unless otherwise stated. Please note figures may not add up to 100% due to rounding.

Active stewards of our clients' assets since 1997

We are stewards of £26.8billion* of client assets under management across a range of funds including UK and Luxembourg domiciled structures and segregated institutional portfolios.

Our culture supports a strong collegiate ethos where we share ideas and insights to maintain and enhance our offering as trusted and active stewards of our clients' capital.

Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries, leading to sustainable benefits for the economy, the environment and society.

The UK Stewardship Code 2020, Financial Reporting Council (FRC)

We are pleased to have gained industry recognition in 2024:

LSEG Lipper Fund Awards

Best Fund over 5 Years – UK Select Fund
Best Group over 3 years Mixed Assets Large Company – Artemis

AJ Bell Investment Awards

North American Equity Active – Artemis US Smaller Companies Fund

Investor Relations Society Best Practice Awards

Best Investor Engagement – Artemis

Investors' Chronicle/Financial Times

Celebration of Investment awards

Unit trust/OEIC of the year – Artemis UK Select Fund

Investment Week Women in Investment Awards

Fund Manager of the Year (small to medium firms) – Swetha Ramachandran

Professional Pensions – Investment Awards

UK Equity Manager of the Year – Artemis UK Select Fund joint winner (with Ninety One)

Citywire UK Portfolio Manager and Group Awards 2024

Bonds – Global Flexible – Artemis Strategic Bond Fund

Investment Week Fund Manager of the Year Awards

Global Emerging Markets – Artemis SmartGARP® Global Emerging Markets Equity Fund
UK Equity Income Highly Commended – Artemis Income Fund
Outstanding Fund Manager Achievement Award – Derek Stuart

RSMR

Best emerging markets equity fund – Artemis SmartGARP® Global Emerging Markets Equity Fund

*as at 31 December 2024

2024 developments

Held over **1,200 company meetings**, over **150 engagements** and voted on more than **11,000 resolutions** at just over **800 meetings**.
see Principle 12

Industry participation: actively participated in **industry initiatives** including The Investment Association (IA), Investor Forum and Institutional Investors Group on Climate Change (IIGCC). Our Chief Investment Officer (CIO) became Chairman of the IA's Stewardship Committee.
see Principle 10

Internal infrastructure: enhanced **engagement record keeping**, tracking and dissemination across investment strategies and implemented accompanying dashboards. Engagement milestones logged and timelines developed.
see Principle 9

Won the 2024 Investor Relations Society Best Practice **'Best Investor Engagement'** award as voted for by the Investor Relations departments of listed companies and analysts surveyed by Extel.
see Page 5 & Principle 9

Cross-strategy thematic and sector research undertaken on key themes.
see Principles 7&9

Internal investment collaboration: migration to an **improved research sharing platform,** allowing for continued collaboration and cross-pollination amongst investment teams. Strengthened partnership between Stewardship and Impact teams through working together on specific engagements and thematic research.
see Principle 9

External research: established **stronger and broader research relationships** with key external research analysts leading to a strengthening of research availability and quality.
see Principle 7

Climate: developed **climate data dashboard** and **climate engagement plan** drawing on the Net Zero Investment Framework (NZIF) 2.0 published in June.
see Principles 9 & 10

Continued involvement in industry initiatives on **modern slavery**, notably through the Find it, Fix it, Prevent it initiative.
see Principle 10

Voting policy: updated our **voting policy** including updating our principles on shareholder rights and climate.
see Principles 8&12

Exclusions: implemented our extended **firmwide weapons exclusions.**
see Principle 7

FRC Stewardship Code consultation: actively contributed to the consultation process, through the Investor Forum, IA and directly.
see Principle 5

FRC Stewardship Code signatory status: **achieved** for our 2023 Stewardship report.
see Principle 5

Completed Year 6, and launched Year 7, of the **Artemis Profit Hunt** in partnership with Arrival Education. To date, over 400 students have participated in the programme, supported by Artemis mentors from across the firm. Through the Diversity Project we also helped launch the Profit Hunt at other member firms.
see Principle 1

First **Taskforce for Climate-Related Financial Disclosures (TCFD)** entity and product level reports: published on our website.
see Principle 4

DIVERSITY PROJECT

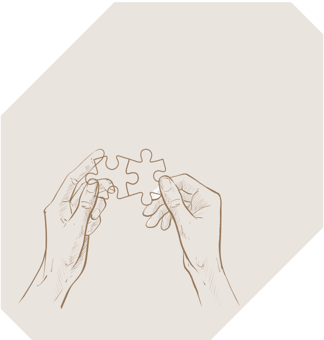
Diversity, Equity and Inclusion (DEI): deepened our involvement in industry initiatives principally through the Diversity Project; formed a new partnership with Progress Together, an organisation created to drive socio-economic diversity at senior level across UK financial services; grew our DEI working group.
see Principle 1

Stewardship in action at Artemis: a principle by principle account

1	Purpose, strategy and culture
2	Governance, resources and incentives
3	Conflicts of interest
4	Promoting well-functioning markets
5	Review and assurance
6	Client and beneficiary needs
7	Stewardship, investment and ESG integration
8	Monitoring managers and service providers
9	Engagement
10	Collaboration
11	Escalation
12	Exercising rights and responsibilities

Our Purpose and our Governance

1	Purpose, strategy and culture
2	Governance, resources and incentives
3	Conflicts of interest
4	Promoting well-functioning markets
5	Review and assurance



Purpose, strategy and culture

Our purpose and our values

As dedicated, active investors, our purpose is to create better futures for our clients through the craft of investing.

We are driven by our clients' needs and ensure our investment outcomes are aligned with those needs.

Our three core values underpin our purpose and reinforce the client-focused, investment-led culture we foster throughout the business. They are also central to our mission of being a leading multi-strategy boutique asset manager.

Our values

Clients come first
Fairness, clear communications, openness and transparency

Collaboration
Collegiality, teamwork and collaboration

Integrity and accountability
Integrity, accountability, expertise and talent

Our strategy

Our strategy is defined by our purpose and our mission. It is anchored on our values and our heritage and focused on ensuring we understand and respond to our clients' needs.

Our strategy rests on five interconnected aims, as outlined below.

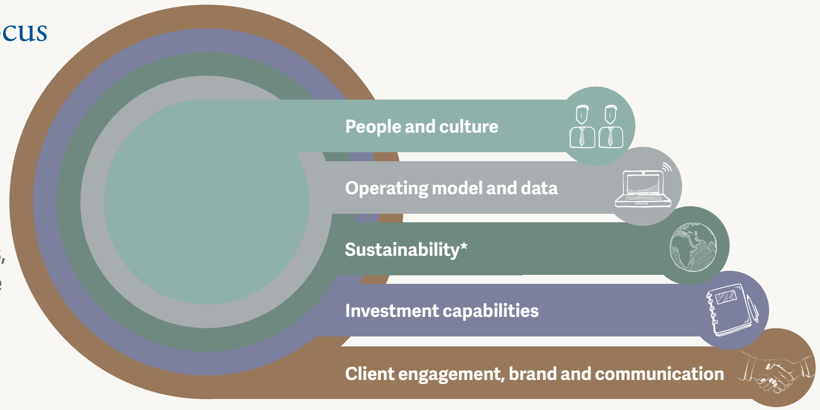
Our strategic aims

- **A strong service mindset**
- **A suite of high-quality investment capabilities aligned to client needs**
- **An effective and integrated operating environment**
- **A data-driven and digitally-enabled platform**
- **A compassionate, inclusive and creative culture**

Everything we do is underpinned by our commitment to putting our clients first.

Five areas of focus

To support these aims, we have also defined a set of five interconnected areas of focus, each of which are being supported by actions, to raise the collective performance of our firm.



* We use Sustainability as the overarching term to describe our approach at both the firm and from an investment (stewardship) perspective to ensure the long term success of our business.

PRINCIPLE 1

Purpose, strategy and culture

Our stewardship strategy

We believe stewardship activities can contribute to better-performing companies and therefore returns for our clients. Our stewardship activities encompass the integration of environmental, social and governance (ESG) factors into investment processes, engagement with investee companies, and voting.

How we think about stewardship

In partnership with investment teams

Primary focus is investment performance

- Integration of material ESG factors enhances investment process
- Action based on a thorough understanding of the investment case and business model
- We favour engagement over exclusions*
- A collaborative approach in partnership with investment teams and external initiatives

Stewardship at Artemis takes a dual approach:

- stewardship at a firm level
- stewardship at an investment strategy level

Stewardship team

Firm-level stewardship

Firm-level stewardship relates to the role we play in addressing overarching market and systemic risks.

We are involved in a range of collaborative engagement and industry initiatives which align with our firm-wide beliefs and objectives. We work with others to raise standards, manage risks and help drive change across our industry and in the companies in which we invest.

You can read more about our collaborative engagements in Principle 10.

Specialist stewardship insight and cross-team support

The Artemis Stewardship team supports our fund managers by providing insight, research and analysis, and discussion on ESG integration, engagement and voting matters.

They collaborate internally on stewardship issues and in the wider industry as active participants on a range of initiatives.

You can find out more about how the team is resourced in Principle 2.

Investment-strategy-level stewardship

At a strategy level, stewardship activities are principally driven by each individual team within the context of the firmwide approach.

This means that a team's assessment of financial materiality – including the financial materiality of ESG issues – may differ due to factors including investment approach, geographical focus, holding period, portfolio positioning and construction, and risk tolerance.

You can read more about our approach in Principles 7, 9, 10, 11 and 12.

An assessment of the effectiveness of our stewardship and investment strategy in meeting client needs can be found in Principle 6.

*Meeting companies does not apply to our systematic based strategies which use SmartGARP® or other data driven strategies such as Strategic Assets.

PRINCIPLE 1

Purpose, strategy and culture

Our people

At Artemis, our people define our business and enable our purpose.

Our annual engagement survey is an important mechanism by which we capture colleagues' opinions and determine areas for action. The most recent survey was in September 2024.

86% of the firm participated, up from 81% in the previous year and we had an overall engagement score of 71%, which has held steady for a second year.

86% colleagues participated

71% engagement score

Following our first survey in 2021, we identified learning and development and leadership communication as key areas for focus and directed our efforts accordingly. We were pleased to see a strong improvement in these scores over the last few years, demonstrating that actions taken are having the desired impact.

Diversity, Equity and Inclusion (DEI)

We continue to develop our approach to DEI – through our people, practices, DEI Working Group activities and involvement in collaborative initiatives.

We are committed to fostering an inclusive and diverse workplace, where people of different ethnicity, gender, age, religion, ability and sexual orientation, and with differences in education, personality, skillset, experience and knowledge can succeed.

We focus efforts on (i) tangible actions that benefit the firm and the industry and (ii) raising awareness and increasing internal engagement with DEI. To help achieve this we work with organisations like the Diversity Project, Future Asset, Arrival Education and Progress Together.

Our commitment is firmwide, and the tone is set from the top. Our CIO is the Executive Sponsor for DEI. He is a top 50 LGBT Executive Ally for LGBT Great, a Non-Executive Director of 25x25, a not-for-profit association with a direct focus on gender balance, and a member of the Diversity Project's Advisory Council. Our Co-Head of Stewardship, Antonia Stirling, is on the Diversity Project's Steering Committee with colleagues actively involved in a number of other workstreams. We have also been closely involved in the Diversity Project's Pathway programme, a programme targeting developing the female portfolio managers of the future, in the form of leading and hosting events. Two of our female analysts were part of the first cohort.

DEI at Artemis

PRINCIPLE 1

Purpose, strategy and culture

2024 developments

In 2024, Artemis became a member of Progress Together, a membership body working to level the playing field for employees from all socio-economic backgrounds. Progress Together launched in 2022, the result of a government commissioned taskforce led by the City of London Corporation and delivered by Connect and a group of committed organisations. Our Chief Operating Officer, Sheenagh Dougall, is the Executive Sponsor for social mobility and hosted a webinar with Progress Together to talk about the importance of supporting social mobility in the workplace. This partnership expands the work of our social mobility working group, a key focus of which has been on internal data collection to form a baseline on which we can monitor progress.

During the year, we also continued with our intern programme, welcoming two interns from the 10,000 Black Interns and Arrival Education programmes. Yin Loke, a Career Returner, also secured a full time position in our Global Income team as an analyst.

Our DEI Working Group

Our DEI Working Group consists of c.30 volunteers from across the business, providing leadership, support, advice and challenge to our DEI strategy, with CIO Paras Anand acting as the executive sponsor.

The group has six main workstreams: gender diversity, cultural diversity, neurodiversity, social mobility, mental health and wellbeing, and sexual orientation. Members represent Artemis at industry initiatives and ensure we celebrate, support and evolve a culture of DEI throughout our business.

In 2024, our focus was on 'allyship' in all its forms. As we enter 2025, and a changing global context, we remain committed to creating opportunities that unite rather than divide, and supporting the Diversity Project's themes of leading with courage and empathy; improving performance with the best talent; and meeting client needs and regulatory requirements.

DEI initiatives we support:

Diversity Project
LGBT Great
Women in Finance Charter
GAIN Girls Are INvestors
30% Club Growth Through Diversity
Progress Together
Investment 20/20
Future Asset
#10000 Black Interns
arrival education

The Artemis Profit Hunt

During the year, we completed Year 6 and launched Year 7 of the Artemis Profit Hunt, in partnership with Arrival Education. This programme introduces sixth form students from across London to the world of work and financial markets, as well as introducing them to essential skills such as communication and teamwork in an office environment. In 2025, supported by the Diversity Project, the Profit Hunt is being rolled out at other firms, increasing the reach and impact of this programme.

The Profit Hunt involves five teams of Year 12 students from London schools. They are mentored by Artemis colleagues, and create and manage a portfolio of five stocks over six months. They meet with their mentors monthly at the Artemis offices to discuss their portfolios and trading strategies.

During the competition the students also meet with Profit Hunt alumni, hold a presentation on one of the companies in their portfolio and have the opportunity to meet and quiz a Chief Executive Officer (CEO) from a leading company. At the end of the five-month competition there are prizes for the best performing portfolio, best presentation and also for the best team spirit. The winning team spends a few days at the Artemis London office and the students spend time hearing from colleagues from across the organisation.

To date over 400 students have participated in the programme, and we are now starting to see our early alumni break into careers with leading businesses, highlighting what we believe will be the transformative long-term impact of the programme.

After the 2023 programme, 100% of students said they developed their knowledge of investment principles and that they had improved their teamwork skills.

PRINCIPLE 1

Purpose, strategy and culture

Women in Finance Charter

As a firm, we are a signatory to the UK Government's Women in Finance Charter, aimed at achieving gender balance at all levels across financial services businesses.

Our current targets are:

- At least 35% female in the senior management population (Executive – 1) excluding Investment Management, by 2030
- At least 30% female Fund Managers by 2030

Our progress against the above targets as of 30 June 2024* was:

- 45% of senior management (Executive – 1) excluding Investment Management are female
- 16% of Fund Managers are female

* We report on our targets annually effective 30 June.

The Environmental Working Group (EWG)

The EWG is a voluntary staff group, facilitated by the Office Management team, working to reduce Artemis' corporate carbon footprint. The EWG focuses on changing behaviours on areas including travel and accommodation and on-site office utilities, to encourage those which are more sustainable.

In tandem with the EWG's work, Artemis is also a member of Planet Mark, a certification programme recognising companies which have a commitment to continuous improvement in sustainability. Recognising that a large proportion of Artemis' emissions are from travel between the London and Edinburgh offices, a new travel policy was introduced in 2023. This policy requires staff to consider their carbon footprint whenever travelling and choose public transport over private and train over air travel. Hotels with high sustainability ratings should also be preferred.

2024 was the sixth year that Artemis attained Planet Mark certification.

The Artemis Charitable Foundation

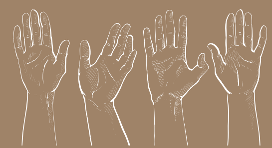
The Artemis Charitable Foundation is at the heart of our culture. Artemis gives a proportion of annual revenues to the Foundation, the Trustees of which manage our charitable activities.

The Foundation supports a number of core charities in the areas of health, education, poverty and the environment usually on a multi-year basis, to enable greater impact and a deeper understanding of their work. Colleagues have the opportunity to take part in volunteering days, charity trips, fundraising events and workshops with these charities, many of which are small, lower-profile charities and organisations where we believe we can have a significant impact. Further information on the work of the Foundation can be found on our website.

50 ARTEMIS COLLEAGUES **VOLUNTEERED** WITH **PARTNER ORGANISATIONS**

OVER **£110,000*** RAISED BY COLLEAGUES THROUGH **FUNDRAISING CHALLENGES**

OVER **£745,000** DONATED TO **125 CHARITIES**



182 ARTEMIS COLLEAGUES TOOK PART IN **CHARITY CHALLENGES**

OVER **£85,000** GIVEN BY COLLEAGUES VIA **GIVE AS YOU EARN**

*Figure includes donations from the Artemis Charitable Foundation in support of colleagues fundraising efforts throughout the year.

PRINCIPLE 2

Governance, resources and incentives

Our firm-level governance

Artemis is a Limited Liability Partnership (LLP) with 209 staff, including 25 partners. Independent and-owner managed, Artemis is owned by current and former staff and related persons, and Affiliated Managers Group (AMG), a US-based international investment management company listed on the New York Stock Exchange. Together, they own 100% of the equity of the business.

Artemis is strategically and operationally independent of AMG; that is, AMG is not involved in the day-to-day running of the business.

We believe this partnership model is the ideal structure for our business because it means we can focus entirely on meeting our clients' needs.

Our stewardship governance

Stewardship matters are embedded in the responsibilities of a number of our governance mechanisms, as shown in the structure diagram.

The **Management Committee** has ultimate responsibility for overseeing the firm's long-term success, establishing the firm's strategy, culture, values and standards and ensuring that risk is managed effectively. It monitors financial and regulatory reporting as well as making sure the necessary resources are in place so that our objectives, including on stewardship, can be met.

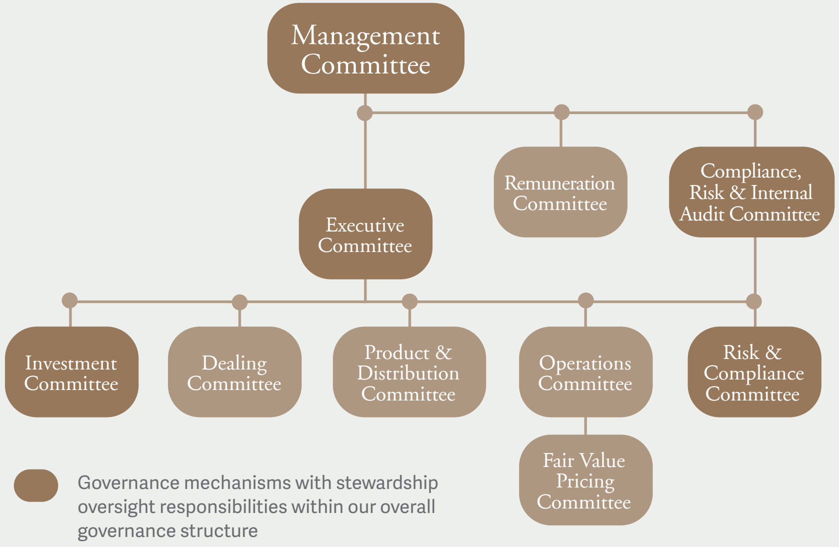
The **Executive Committee** implements strategy by managing day-to-day operations, including monitoring and assessing the delivery of good customer outcomes.

Artemis' **Investment Committee** is responsible for the oversight of our investment activities, including stewardship developments.

As part of a regular review of the governance structure at Artemis and, in light of the progress made by the firm over recent years to embed sustainability and stewardship practices across the business, it was decided in February 2025 that the **Sustainability Committee's** responsibilities be absorbed by other firm committees, most notably the Executive Committee and the Investment Committee.

An assessment of the effectiveness of our governance can be found in Principle 5.

Governance structure



PRINCIPLE 2

Governance, resources and incentives

The Stewardship Team

Our four person Stewardship team provides a dedicated resource, working with our investment teams on ESG integration, engagement, voting and related activities.

Inez Oliver

Inez joined Artemis in 2005 and is Co-head of Stewardship. She has a degree in information systems and management from the University of London; a masters in sustainability from the University of Cambridge; and an MBA from Imperial College London. Inez has more than 25 of years experience in investment management and holds the Advanced Certificate in Corporate Governance from the Chartered Governance Institute UK & Ireland and the Certificate in Impact Investing from CFA UK.

Antonia Stirling

Antonia joined Artemis in 2019 as Co-head of Stewardship. She came from Standard Life Aberdeen, where from 2010 she was Head of Corporate Stewardship. Before that, Antonia spent five years at Deloitte and is ACA qualified. She holds an MA in Human Sciences from the University of Oxford. Antonia also holds the Sustainable Investing Certificate from the CFA Institute, is on the steering committee of the Diversity Project, the Investment Association's Next Generation Investment Committee, and is chair of the Artemis Diversity, Equity and Inclusion working group.

Daisy Waggett

Daisy is an analyst in the Stewardship team. She joined Artemis in 2023, having previously worked at Tesco Pension Investment as an analyst in the Responsible Investment team where she carried out research into a range of sustainability topics and worked across the investment desks to integrate ESG into investment activities and engage with portfolio assets. Prior to this, she worked at derivatives exchange and clearing house, Eurex, from 2019 as an analyst in the fixed income sales team. Daisy studied Geography at the University of Edinburgh and holds the Sustainable Investing Certificate from the CFA Institute. Daisy is a member of the Artemis Diversity, Equity and Inclusion Working Group.

Hifsah Malik

Hifsah is a junior analyst in the Stewardship team and holds the Sustainable Investing Certificate from the CFA Institute. She joined Artemis in 2021, spending her first year supporting clients of the firm's Institutional team. Hifsah studied English at King's College London and has completed the Investment Operations Certificate (IOC) from the Chartered Institute for Securities & Investment (CISI). Hifsah is a member of the Artemis Diversity, Equity and Inclusion Working Group and is particularly involved in the mental health initiatives across the firm. She is a mental health first aider and is certified by Mental Health First Aid (MHFA) England.

PRINCIPLE 2

Governance, resources and incentives

Continuous professional development

We are committed to continuous learning and education including ESG-related training and upskilling. Our Sustainability Risk & Regulation team provide regular briefings and training to our board members and Executive team on ESG regulation and risks and governance matters, including training the management team and the non-executive directors on climate-related issues. Additionally, the Stewardship team attend monthly investment management meetings. During the year, there were presentations on the climate transition, the IRA and the energy and water consumption of data centres.

We encourage continuing professional development on the theme of stewardship and sustainability across departments. Colleagues have undertaken ESG and specifically climate-related training opportunities over the past few years including the CFA Sustainable Investing Certificate, CFA Certificate in Impact Investing Certificate and the CFA Certificate in Climate and Investing.

Our remuneration philosophy

Where relevant, ESG considerations form part of the annual appraisal process and associated incentives for our fund managers and analysts, as well as their objectives for the year ahead.

Our remuneration philosophy supports our business ethos to deliver value to our clients through exemplary client service, outperformance of the market and producing long-term returns for our investors. Different structures are in place for different roles, and our rewards are discretionary.

Partners – All partners share in the profitability of the partnership. Our approach maximises the line of sight between investor outcomes and individual remuneration with a shared understanding of the need to manage costs and risks in order to generate sustainable revenues and profit growth. Long-term incentives are in place for key partners.

Employees – All employees receive a combination of salary and bonus. Industry salary surveys (produced by McLagan) are used to help benchmark employees' pay. Employees also have an annual appraisal where performance and objectives are discussed. Bonuses are discretionary and based on each employee's role and contribution.

Equity participation – Most partners and senior staff are investors in the holding company of the business.

Fund Managers – Artemis' fund managers are required to invest in the funds that they directly manage, and investment professionals and senior managers are actively encouraged to invest in Artemis' other funds. This has been a key tenet of Artemis' approach to investment since the firm started. It ensures our fund managers' interests are directly aligned with those of our clients.

PRINCIPLE 3

Conflicts of interest

Effectively identifying and managing conflicts of interest is fundamental to the effective stewardship of the assets we manage on behalf of our clients, for the protection of our people and our business.

In line with our principles of "Clients come first" and "Integrity and Accountability", we have a well-established approach in the form of a **five-point framework** to maintain effective processes for identifying and preventing potential and actual conflicts of interest. Should any arise, this framework ensures they are actively and rigorously managed.

Clients come first in our five-point framework

When considering conflicts of interest, our approach is to always act in the best interests of our clients – treating them fairly in every interaction and communicating with them in an open and transparent manner.

Our Conflicts of Interest Framework has five key components:

1. The Conflicts of Interest Policy

This sets out minimum requirements and standards. It describes how we manage conflicts of interest with a view to taking all reasonable steps to prevent conflicts of interest from adversely affecting the interests of clients. The policy highlights the conflicts of interest commonly faced by investment management firms and explains the processes established by us to ensure that identified conflicts of interest are managed in an appropriate and reasonable manner.

2. The conflicts of interest management process

This describes the methodologies adopted to identify, assess, manage, record and, where appropriate, disclose conflicts of interest relevant to the firm. Where we identify a conflict of interest which has arisen, or may arise, we use one of four methods to manage the risk of material damage to the interests of our clients. These are to: avoid the conflict; control the conflict; disclose the conflict; or decline to act.

3. The conflicts of interest reporting framework

This component outlines the approach we use to report on conflicts of interest to relevant governance fora. Central to this approach is internal reporting of an aggregated conflicts of interest dashboard which communicates the status of our most significant conflicts of interest and associated controls.

4. Conflicts of interest governance

This refers to the governance arrangements and defined roles and responsibilities for managing and overseeing conflicts of interest.

Our Management Committee has ultimate accountability for the Enterprise-wide Risk Management Framework addressing our regulatory, financial and other obligations and responsibilities, including, but not limited to, our arrangements to avoid or manage conflicts of interest.

The Compliance, Risk & Internal Audit Committee (whose members are non-executive) is responsible for monitoring and overseeing the effectiveness of our systems of internal control to avoid or manage conflicts of interest.

At an executive level, the Risk & Compliance Committee is responsible for overseeing the management and maintenance of conflicts of interest systems and controls and for having a holistic view of the effectiveness of these.

5. Conflicts of interest training and awareness

This refers to the arrangements in place to ensure all partners and staff understand our approach to managing conflicts of interest risk, including their individual responsibilities. Failure to act in accordance with the framework will be regarded as a serious matter and could result in disciplinary action.

On the following pages we summarise examples of the conflicts we have recorded in our Conflicts of Interest Register and comment on the results from our 2024 monitoring activities.

PRINCIPLE 3

Conflicts of interest

All Artemis activities are subject to our firm-wide Conflicts of Interest Policy.

Our policy acknowledges the various forms conflicts can take, and highlights appropriate steps to identify and prevent conflicts of interest. Our Conflicts of Interest Policy can be provided on request.

All colleagues are required to read and adhere to the policy and provide an annual attestation of compliance as regards any personal conflicts of interest. They are also encouraged to seek advice from the Risk & Compliance team if there is any doubt about how a potential conflict of interest should be managed.

Artemis also maintains a Conflicts of Interest Register.

- The Conflicts of Interest Register records conflicts that may arise within the firm. Conflicts of interest are categorised as 'potential' or 'actual' :
  - Potential conflict of interest: a reasonably foreseen situation where a conflict of interest may arise in future, conditional to certain circumstances or events.
  - Actual conflict of interest: a situation where a conflict of interest is actively present.
- In addition, each conflict of interest is assigned a conflict type designation (e.g. Firm vs Client, Client vs Client).
- The Conflicts of Interest Register also details how each conflict is managed to prevent giving rise to a material risk of an adverse effect to the interests of one or more clients.
- The Conflicts of Interest Register contains the inherent and residual risk assessment and also provides details of who is responsible for managing each conflict, including the oversight arrangements in place to ensure that the management of each conflict remains effective.

PRINCIPLE 3

Conflicts of interest

1. Conflict type – Firm vs Client

Voting shares where Artemis has a business relationship with the investee company

Risks

We might support management proposals at an Annual General Meeting (AGM)/Extraordinary General Meeting (EGM) where we have a business relationship with an investee company, such as:

- In a company which is our client.
- In a company which is a key distributor of our funds or adviser to our clients.
- In a company where a partner or a member of staff is a director.

Controls

- Fund managers receive an alert ahead of making a voting decision at an investee company where a material potential conflict has been identified. Any vote amendments contrary to the Artemis voting policy need to be referred to the CIO.
- In 2024, we worked with our proxy voting services provider, ISS, to refine alerts for conflict of interest meetings. We have an alert in place which notifies us when there is an attempt to override a resolution which is contrary to the Artemis voting policy and for a potential conflict of interest meeting. This alert now also incorporates vote decisions on proposals which are referred to Fund Managers so that these can be reviewed ahead of the meeting. Refer items cover resolutions related to corporate actions or on other occasions where ISS are unable to provide a recommendation using our voting policy.
- On a quarterly basis conflict of interest meetings are presented to the Investment Committee disclosing whether any vote instruction amendments were made.
- On a half-yearly basis votes against policy, where the percentage of votable shares was >1% and the dissent level >20%, are presented to the Investment Committee with rationale for our voting decision.
- Directorships require Senior Partner pre-approval in line with our Outside Activities Policy.

2024: During the year there were no votes recorded which were not in line with the Artemis policy recommendation on a holding where a material potential conflict had been identified. There were also no unusual warnings or alerts flagged by Investment Management Support team on a holding where a potential conflict had been identified.

2. Conflict type – Client vs Client

Aggregation and allocation conflicts between clients of a firm

Risks

- One client's trades executed before another's when dealing in the same financial instrument.
- Trades in the same underlying financial instrument are not allocated fairly between participating clients.
- In certain circumstances, transactions may be undertaken which may not be fully completed. This could encourage a fund manager to allocate the executed portion of the order to certain clients to the detriment of others.
- Investment strategies taking different voting decisions for the same resolution.

Controls

- Prevention. Regulatory requirements on client order priority and fair allocation reflected in internal procedures and systems controls.
- Detection. Client order priority and fair allocation monitoring conducted by our Portfolio Services team and reviewed by Risk & Compliance, with regular reporting provided to internal governance committees.
- Segregation of duty between fund managers and the dealers.
- Monitoring and reporting: Our fund managers have the final decision on how to vote.
- As we highlighted in our 2023 Stewardship report, we identified split voting as an area to monitor and have worked with ISS to implement split voting alerts which notify us when one or more of our strategies are voting differently for the same resolution to enable us to review our vote instructions as a firm, ahead of the AGM. We continue to present information on split voting to the Investment Committee.

2024: During the year post-trade monitoring activity did not identify any breaches of the firm's Order Aggregation and Allocation Policy. There was no split voting at the meetings for which we voted in 2024 but we recognise that occasionally Artemis fund managers of different strategies may choose to vote differently.

PRINCIPLE 3

Conflicts of interest

3. Conflict type – Individual vs Client

Artemis partner or member of staff has outside interests

Risks

- Partner or a member of staff has an external directorship of, and/or material investment in, a company in which we have invested or intend to invest on behalf of our clients.
- Partner or a member of staff has an external directorship of, and/or a material investment in, a company with whom we have a business relationship.
- Partner or a member of staff has a material investment in, and/or time commitment to, a non-Artemis business undertaking.
- Artemis outsources a service to a company in which a member of staff has a financial or other interest.
- Partner or a member of staff has a relationship with an individual employed by another firm that may influence behaviour in a way that conflicts with the interests of our business and our clients.

Controls

- Our Outside Activities Policy requires all partners and staff to disclose outside interests where an actual or perceived conflict arises. Partners and staff must seek Senior Partner approval before making a material investment in, and/or time commitment to, a non-Artemis business undertaking.
- Investment by Artemis in a company in which a partner or a member of staff has an external directorship of, and/or investment in, requires approval by the Senior Partner.
- All partners and staff are required to disclose personal relationships with employees of firms in a business relationship with Artemis. We may reallocate responsibility to avoid potential conflicts of interest.

2024: During the year Artemis' Outside Business Activities Policy and associated pre-approval and disclosure controls continue to operate effectively. The firm has not identified any significant concerns regarding outside activities that may conflict with the interests of Artemis or its clients.

PRINCIPLE 3

Conflicts of interest

4. Conflict type – Intra-group

Appointment of an in-house investment manager

Risks

- The appointment of an in-house investment manager might lead to decisions that favour the interests of the investment manager and are not in the best interests of fund investors.
- An in-house investment manager may be less inclined to exercise a suitable level of fund oversight in comparison to that of an independent investment manager.
- An in-house investment manager might not give sufficient focus to the overall service and value being delivered to fund investors.

Controls

- All of our governance bodies are constituted under Terms of Reference/ Matters Reserved, which include responsibilities to identify and manage conflicts of interest and act in the best interests of our clients.
- The Artemis Investment Management (AIM LLP) Management Committee (board equivalent) includes three experienced independent Non-Executive Officers. The Board of Artemis Fund Managers Limited (AFML) includes two experienced Independent Non-Executive Directors. The role of the Non-Executives is to contribute impartial views, help to ensure decisions are in the best interests of clients, and that robust oversight arrangements (including on conflicts of interest) are in place. Our governance structure and Enterprise-wide Risk Management Framework is designed to ensure that effective oversight and control is exercised across the business, primarily for the benefit of clients ('clients come first' cultural principle).
- The Board of AFML oversees the product governance framework, including the annual product review process and annual assessment of value reporting. Instructions will be given to the investment manager if actions are needed to enhance the delivery of value to clients.
- All of our governance bodies are subject to an annual effectiveness review, which includes an assessment of effectiveness in discharging responsibilities, including responsibilities for acting in the best interests of clients.

2024: During the year Artemis' Conflicts of Interest Framework and the Product Governance Framework continued to operate effectively. The firm has not identified any significant concerns regarding conflicts (or potential conflicts) between the investment manager or the authorised fund manager which may conflict with the interests of Artemis' clients.

PRINCIPLE 4

Promoting well-functioning markets

Identification and response to market-wide and systemic risk(s)

The identification, assessment and management of risk is critical to Artemis' clients and ultimately to the success of Artemis' business.

Overall responsibility for risk management rests with our Management Committee. The Management Committee has delegated responsibility for overseeing the effectiveness of the firm's risk management arrangements, including the design and operation of Artemis' Enterprise-wide Risk Management Framework (ERMF), to the Compliance, Risk & Internal Audit Committee.

The ERMF includes a range of processes to identify risks and significant developments which may impact the firm, its clients and/or markets. We consider risk in eight main categories, as illustrated in the diagram below. For each we have underlying Key Risk Indicators (KRIs) which are used to monitor our risk profile versus risk appetite. The status of these KRIs is reported to, and challenged by, the Risk & Compliance Committee and the Executive Committee on a monthly basis, and the Compliance, Risk & Internal Audit Committee on a quarterly basis.

In 2024, the ERMF was updated to specifically address climate risk, including the physical risks which arise from climate change and the transition risks arising from a movement to a low carbon economy, which impact both at the firm level and the fund level. We then conducted a risk assessment using the firm's Risk and Control Self-Assessment methodology to assess and report the impacts of these risks on the firm, its clients and the markets in which it operates.

Eight risk categories

Investment Risk

We encourage our fund managers to pursue outperformance through active fund management. Drawing on the data and analysis generated by our Performance and Investment Risk teams, our fund managers regularly assess and monitor risk including at a stock, sector, country (where relevant) and overall portfolio levels.

The Investment Risk team reports to the Investment Committee at each meeting, and, at least three times a year each investment strategy has an investment risk review meeting, a process led by the Investment Risk team with involvement from our CIO.

In 2024, the team continued to enhance the firm's liquidity risk management framework, including:

- Improving the pro-rata liquidation methodology.
- Improving the capacity management framework by including additional modelling around alpha-generation capability and transaction costs. This modelling helps calibrate the capacity review levels that we use to monitor investment strategies.
- Commencing work to further define our process should an investment strategy reach its defined capacity review level.

In relation to market risk, we also transitioned to a new risk model that provides more intuitive and reactive risk management information. We are also working on enhanced scenario analysis to help drive risk and performance assessment of our strategies in specific scenarios such as a new inflationary spurt or an Artificial Intelligence (AI) tech bubble bursting.

In trading, we have significantly improved our trading analytics management information, helping the fund managers to improve the timing of their trading decisions to maximise returns to our investors.

PRINCIPLE 4

Promoting well-functioning markets

Market-wide risks

Market-wide risks are those which can lead to financial loss or affect overall performance of the entire market. At a fund level, it is the primary responsibility of Artemis' investment teams to identify and manage the market-wide risks that have a bearing on each underlying investment strategy.

In 2024 the firm identified several market-wide risk themes which required particular attention. These included: the concentration of the US equity market; the continued rise of passive investing and its effect on stock valuations and correlations; as well as the increase in private assets under management and the opacity this creates when it comes to system-wide risk signals. We also monitored the ongoing uncertainty about the future path of interest rates amid renewed inflationary pressures. Finally, we looked at the potential impact of developments in AI on productivity and considered which industries will be most affected.

For fixed income, the most recent UK budget put pressure on the gilt market. Corporate balance sheets remain healthy despite the unprecedented rise in interest rates in 2022. We have not seen a significant rise in defaults. There was a specific area of stress in one UK water company which we monitored and discussed at length with our fixed-income fund managers who had a small exposure at the start of 2024, as discussed on the right.

Systemic risks

Systemic risks are those which may lead to the collapse of an industry, financial market or economy. The current economic and political backdrop is challenging but the skills and experience of our managers is critical in effectively navigating this. In this context it is even more clear that well-functioning markets are critical for the long-term performance of our investments, and for a more sustainable future.

We are bound by our duties as stewards of our clients' assets, to play our part in addressing systemic risks. We do this at an industry, firm and investment strategy level according to our investment processes and client mandates.

Example 1:

*In 2024, **Thames Water**, a holding in our **Corporate Bond Fund**, faced significant regulatory scrutiny and financial challenges. This, coupled with subsequent contagion to the UK water utilities sector, led us to monitor our exposure. There was also additional uncertainty around utilities because of the change in the UK government. Nationalising the UK water utilities would have added a significant debt to the government's already stretched balance sheet. It was hoped that the delayed Labour budget would be a 'clearing event' for markets but it put further pressure on inflation and therefore interest rates. In July we exited our position in Thames Water.*

Example 2:

*In August 2024, the **Japanese market** experienced its biggest one-day drop in history with the Nikkei falling by almost 14%. The move was swiftly reversed in the next few days and no specific economic or market news explained it. This happened during the low trading volumes over the summer but highlighted how unstable liquidity can be, even in a major equity market. This move did not lead to contagion with other Asian markets experiencing much smaller drops of less than 5%. Artemis has very little exposure to Japan and Asian markets overall.*

We have taken a targeted approach to ESG and stewardship related systemic risks. Given our size and purpose, we believe one of the best ways for us to drive meaningful systemic change on some of the most critical and emerging sustainability issues is to focus on what we believe to be the most financially material issues impacting holdings in our portfolios, rather than attempting to cover a spectrum of issues.

PRINCIPLE 4

Promoting well-functioning markets

Our response to regulatory developments

Regulatory developments continued at pace, bringing further emphasis on the importance of investment firms' stewardship approach and activities. These have taken place at an international and individual country level, bringing forward new disclosure rules and standards for securities issuers, asset owners and asset managers. The main sustainability disclosure rules directly impacting Artemis as an asset manager are the EU's Sustainable Finance Disclosures Regulation (SFDR), the FCA's Sustainability Disclosure Requirements (SDR) and investment labels, and the FCA's TCFD disclosure requirements.

In 2024, we published our inaugural TCFD reports covering both entity-level and fund-level climate disclosures which are available on our website. We continued to meet our regulatory commitments under SFDR, including publishing the periodic disclosures required under the regulation and our entity-level SFDR Principal Adverse Impact (PAI) report. These are available on the SFDR: Sustainability-related disclosures page of our website.

We also implemented the requirements of the FCA's UK SDR regulation and published consumer facing sustainability disclosures for two UK funds.

Working with other stakeholders to improve the functioning of financial markets

We acknowledge the responsibility we have to promote well-functioning financial markets. Through our involvement with the Investment Association, we work with other stakeholders to improve the functioning of financial markets:

Investment Association (IA)

The IA is the trade body and industry voice for UK investment managers. In 2024, we were represented in various IA committees. Whilst each of the committees has defined terms of reference with specific objectives, each aims to contribute to the success of the asset management industry, including the functioning of financial markets. Our committee representation includes:

- Investment Committee
- Stewardship Committee
- Strategic Business & Risk Committee
- Cyber Resilience Committee
- Fixed Income Committee
- IA Advisory Council
- Investment Operations Committee
- Next Generation Investment Committee
- Product Development and Regulation Committee
- Sustainability and Responsible Investment Committee

Involvement in industry initiatives

Example:

A key focus for the IA's Sustainability and Responsible Investment Committee in 2024 was the effective implementation by the industry of the FCA's SDR Regulation, the UK's flagship ESG product labelling and disclosure regime. Our Head of Sustainability, Risk and Regulation is a member of the committee and contributed our views, insights and experiences to the committee which liaised regularly with the FCA to provide industry feedback. Interactions between the IA and the FCA on SDR resulted in further regulatory guidance being published by the FCA to provide clarifications to help overcome any practical challenges with regulatory implementation.

Artemis actively participates in industry-wide initiatives and collaborative engagement, recognising that to instigate change a collective approach can often make success more likely.

On stewardship, our involvement in industry initiatives is outlined in Principle 10, together with associated investment implications.

Assessment of effectiveness

Artemis is committed to identifying and responding to market-wide and systemic risks and promoting well-functioning markets for the benefit of investors and other stakeholders. We focus on identifying and addressing such risks and strive to continue to improve our approach, recognising there is always more work to do, particularly due to the growing systemic and market-wide risk global environment in which we operate.

PRINCIPLE 5

Review and assurance

Internal and external assurance in relation to stewardship

As stewards of our clients' capital, we endeavour to ensure that the investments we make on behalf of our clients have long-term benefits. To support our efforts, we regularly assess our policies and processes to make sure they remain relevant and fit for purpose.

We have a range of internal and external review and assurance processes in place that cover all aspects of our investment activities, including our investment policies, risk management models, and reporting commitments.

A number of our committees have responsibilities which encompass stewardship and sustainability, as outlined in the table and in Principle 2. Our Stewardship team reports to the Investment Committee at each meeting, on activities, focus areas and matters for approval, including our Stewardship report, and voting and engagement policies.

In addition, our Internal Audit function and Risk & Compliance Monitoring team undertake a range of risk-based reviews across the business, including within the investment team.

Committees at Artemis with stewardship-related responsibilities
You can find further detail about these and other internal governance mechanisms in Principle 2.

Mechanism	Responsibility
Compliance, Risk & Internal Audit Committee	Monitors and oversees the effectiveness of the firm's systems of risk management and internal control, the firm's internal audit process and processes for compliance with applicable and incoming law and regulation.
Investment Committee	Oversees the firm's investment activities and stewardship role as a fund manager, including addressing corporate governance and stewardship issues related to managed investments that may pose reputational risk to the firm.
Risk & Compliance Committee	Provides ongoing management oversight and independent assurance of the design, implementation, provision and appropriateness of the firm's systems of risk management and internal control including: ▪ establishing, maintaining and reviewing the ongoing adequacy of the Risk Management Framework ▪ overseeing the development and implementation of appropriate risk policies and procedures and, ▪ establishing monitoring mechanisms to provide oversight of the key risks identified, ensuring they are managed or mitigated within the firm's tolerances Matters of risk management and internal control are reviewed and discussed by this Committee before escalation to the Compliance, Risk & Internal Audit Committee, as necessary.

PRINCIPLE 5

Review and assurance

How we assess our committee effectiveness

All committees carry out an annual effectiveness review, aided by a confidential survey of committee members' views. This process helps us to understand what is working well, and where improvements could be made.

A key component of committee effectiveness is ensuring that each committee has a clearly defined and understood terms of reference. In addition to driving governance effectiveness this also reduces duplication which is especially relevant for sustainability and stewardship matters that impact a wide range of activities and areas across the business.

How we report on our stewardship activities

Reporting on our stewardship activities and outcomes gives us the opportunity to assess, reflect and improve, and to keep pace with industry developments. However, the rising demand for stewardship reporting, coupled with increasing regulatory scrutiny, means that fair, balanced and understandable reporting has never been more important.

Many teams across the business including Risk & Compliance, Investment Management, HR, Marketing and Client Services have provided significant contribution to this report, with the overall report production being the responsibility of the Stewardship team. The Investment Committee has approved this report alongside our CIO who has ultimate sign off responsibility as Chair of the Investment Committee.

UK STEWARDSHIP CODE

Continuing our commitment to the UK Stewardship Code

This report is the fifth annual account of our activity, progress and areas for development in relation to the Code's twelve principles. We achieved FRC Stewardship Code signatory status for our 2020, 2021, 2022 and 2023 Stewardship reports.

Acting on feedback and assessing stewardship team effectiveness

On an annual basis we review the content of our Stewardship report based on stakeholder feedback and industry developments and guidance.

We have played an active role in the review of the UK Stewardship Code, starting April 2024 with a meeting convened by The Investor Forum and the FRC to discuss the principles and application of the Code. We have contributed our views through meetings convened by the IA and Investor Forum and are supportive of the developments set out in the consultation. We have also had direct engagement with the FRC to discuss our reporting and the feedback has been incorporated into this year's report.

Internally, our Risk & Compliance Monitoring team also produce and deliver an integrated Risk & Compliance Monitoring Plan ("RCMP"). The RCMP is developed using a risk-based approach and may, depending on the risk assessment outputs, include a periodic review of the design and/or implementation of stewardship activities. Similarly, Artemis' outsourced Internal Audit function, produce and deliver a risk based Internal Audit Plan. Depending on output of the Internal Audit risk assessment, a periodic review of the design and/or implementation of stewardship activities may be carried out. Any findings and recommendations arising from the monitoring activities described will be reported to the Risk & Compliance Committee and/or the Compliance, Risk & Internal Audit Committee. This is in addition to the ongoing feedback the team receives from internal committees and meetings.

Our Investment Approach

6	Client and beneficiary needs
7	Stewardship, investment and ESG integration
8	Monitoring managers and service providers

PRINCIPLE 6

Client and beneficiary needs

Our clients

The clients who entrust us with their assets typically do so with a long-term investment horizon which is aligned with our investment philosophy and the type of investments we manage. We are explicit about our investment timeframes in our marketing and client materials.

Our client breakdown at the end of 2024 was as follows:

Total assets under management

£26.8bn

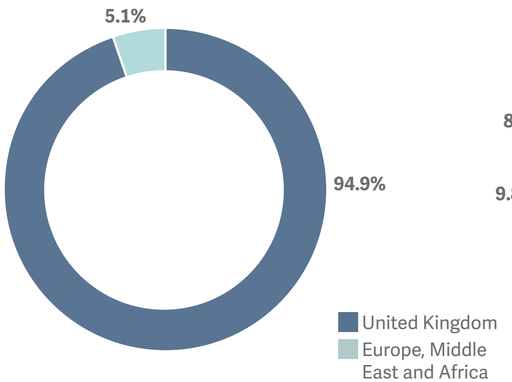
Retail

£22.5bn

Institutional

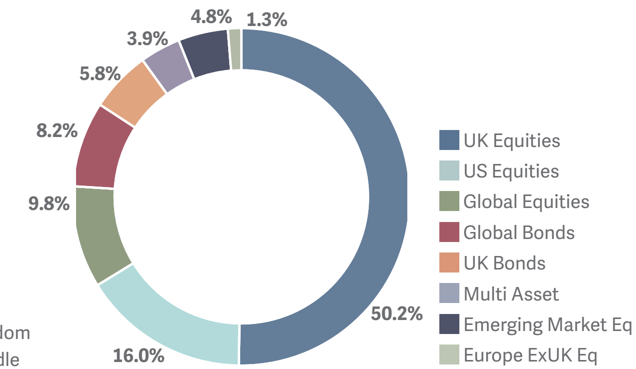
£4.3bn

Clients by region*



*<0.1% in other regions.

Assets under management by strategy focus



Artemis as at 31 December 2024. Please note figures may not add up to 100% due to rounding.

How we have listened and engaged

Evaluating our effectiveness from our clients' perspective is a crucial aspect of our responsibilities as asset stewards. We ensure information is easily accessible and that feedback channels remain open.

To gather clients' opinions, we utilise tools such as our annual investor survey for private investors, as well as in-person and virtual meetings, events, and presentations for our intermediated and institutional clients, where we actively seek feedback.

We participate in research studies (such as Research in Finance) with clients and their advisers each year to gain direct feedback on a variety of aspects of our activities. We consistently score highly in terms of the access we provide to our fund managers.

Our proactive external communications with clients and their professional advisers range from formal reports, such as quarterly fund manager reports to blogs on our website, short videos and social media. We also host regular webinars, which are well attended by clients. During 2024 we held 26 webinars, covering 16 of our strategies.

As part of our ongoing commitment to the FCA's Consumer Duty requirements, we have continued to create more regular consumer-friendly fund commentaries and insights to help end investors. At times of market stress, we have used our PR capabilities to comment in a timely fashion through TV, radio or press outlets, channels we know are used by our direct investors.

In response to feedback gathered in our annual direct investor survey about investors' level of understanding of investment, we developed a series of Help and Support guides on our website, covering a range of topics. We took advice from the Wisdom Council, on language and issues that are important to consumers, both in this regard and when developing new products. We have also, through the IA, received feedback from the Council on SDR and customer awareness on sustainability disclosures.

In 2024, we were pleased to have our efforts recognised again in the annual Readability Report, a survey of investment content carried out by marketing consultancy Communications and Content. For the second year in a row, Artemis was scored second out of a total of 28 investment firms in terms of the readability of our content.

PRINCIPLE 6

Client and beneficiary needs

Our investor survey

We invite clients with direct holdings in our strategies to participate in our annual investor survey. This survey asks questions related to matters such as: understanding risks, investment processes, fees and charges, performance, value for money, and client service experience based on factors such as our ability to resolve queries efficiently, our speed of response, and website usability.

We have found that engaging this group of investors provides a useful barometer of sentiment and a focused account of where we are meeting their needs, and where there is room for improvement.

Our ninth investor survey was released in late 2024. 84% of the 495 respondents said they have been investing with Artemis for at least 10 years, with the proportion of investments with us remaining relatively unchanged over time with 48% having over a tenth of their investments under our stewardship.

Participants told us the most important factors, when considering Artemis as a business, are the interaction between fund managers and the management of the companies they invest in and the longevity of fund managers. This was unchanged on the previous year.

Of those who would make a recommendation on fund providers, 64% of the survey participants would recommend Artemis, while 33% would not offer a recommendation as a matter of principle. Where investors would recommend Artemis, comments referenced good performance, trust in the business and Artemis providing a good service. This aligns with results from the previous two years.

How we assess value

The FCA has asked all managers of UK-domiciled funds to carry out an annual review of the funds they manage to assess the overall value delivered to clients. Our Assessment of Value (AoV) report considers performance, costs and charges, and services when determining whether value has been delivered.

You can find our latest AoV report on our website.

We include some questions based on AoV in our investor survey. In our 2024 survey, 31% of the respondents had read the AoV report, a 5% increase on the previous year.

In addition, 66% of respondents scored 4 or 5 out of 5 when asked if they believed they were receiving good value from their investment, up from 52% in 2023.

PRINCIPLE 7

Stewardship, investment and ESG integration

Our principal aim is to deliver long-term capital growth for our clients through active management. We believe that ESG factors can be important drivers of risk and opportunity for the companies we invest in. Integrating these factors into our investment processes therefore enhances company analysis and improves the decision-making process.

At Artemis, ESG analysis and integration is the responsibility of each individual fund management team. This means that their assessment of financial materiality – including the financial materiality of ESG issues – may differ due to factors including investment approach, geographical focus, holding period, portfolio positioning and construction, and risk tolerance. While this independence of thought is the basis of our approach, there are some overarching views on how ESG issues are integrated where this forms part of the investment process:

- We believe that the integration of material ESG factors into our investment process will enhance returns for clients over the long term.
- We assess material risks from both a sector and company-specific perspective. We use this risk assessment to inform investment decision making and prioritise engagement with our investee companies.
- We use company meetings as an opportunity to discuss the most material risks with companies' executive board members as well as periodic stand-alone meetings with dedicated sustainability managers and Non-Executive Directors when appropriate.
- We document investment analysis, company meetings and company engagements and these are shared across investment teams.
- We can explain how factors which can be material such as companies' environmental performance and governance processes are integrated into our investment decisions.

While our analyses and conclusions are led by the individual investment teams, we use a variety of inputs to help us, including:

- Our in-house Stewardship team provides specialist insight, research, analysis, and discussion on matters related to ESG integration, engagement and voting. Additionally, our climate data dashboard helps fund managers to visualise portfolio level climate data.
- We use a number of external frameworks such as the Sustainability Accounting Standards Board (SASB) framework and the Net Zero Investment Framework (NZIF) to help identify relevant ESG-related risks and opportunities.
- External research, including ESG data from MSCI, Truvalue Labs and Bloomberg, as well as sell-side research, publicly available research and data from other organisations such as NGOs, research institutes and industry-wide initiatives such as the Transition Pathway Initiative (TPI).

Our approach to screening

We support the aims of the international conventions on cluster munitions and antipersonnel mines and therefore will not knowingly invest in companies which produce these weapons. We do not invest in companies that grow cannabis, manufacture or retail cannabis products (excluding for research and testing) or companies that are 50% or more owned by a company with cannabis involvement.

In 2024 we introduced additional exclusions at firm level as follows: manufacturers of biological/chemical weapons, blinding laser weapons, incendiary weapons, non-detectable fragments and depleted uranium. Companies with any industry tie to nuclear weapons in countries which have not ratified or accessioned the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) are also excluded. We also offer portfolios where exclusions can be tailored to clients' specific mandate requirements.

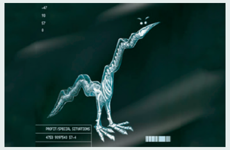
PRINCIPLE 7

Stewardship, investment and ESG integration

How we integrate ESG into our individual investment portfolios

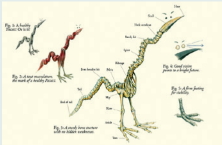
The following table provides an overview of our strategies, their approach to investment and a brief overview of how each investment team integrates ESG factors into their process. Please see our website for more information.

Case studies for individual strategies on engagement and voting can be found under Principles 9, 10, 11 and 12.

Strategy name	Overall investment approach	How we integrate ESG
EQUITIES		
Artemis Income; Income (Exclusions) 	This strategy aims to provide investors with a steady and growing income along with capital growth. Its holdings tend to be stable, well-established businesses with strong cashflow generation that gives them the financial strength to pay solid dividends to their shareholders. The fund typically holds 45 to 55 stocks and the managers seek to avoid over-exposure to any one industry or company. Position sizes reflect the level of expected return from each stock and the managers' confidence in the company. Income (Exclusions) follows the same strategy but there are a number of exclusions on the fund relating to tobacco, gambling, weapons and fossil fuels.	Our approach is founded on the belief that good or improving ESG characteristics can lead to a better financial outcome, a lower cost of capital and long-term value creation. Companies that are aware of their wider stakeholder responsibilities – to their employees, the environment and society as a whole – are more likely to be able to generate attractive cashflows over the longer term. We are long term stewards of client capital with a current average holding period of over six years. Regular meetings with companies are an important part of our investment process. We engage with companies when there are material issues to discuss.
Artemis UK Select 	A 'best ideas' strategy, we target long-term capital growth by investing in a focused portfolio of 40 to 60 stocks, without regard for benchmark composition. A truly unconstrained approach, the fund is free to invest across industries and the market cap spectrum. Our largest holdings are those in which managers have the highest levels of conviction and where there is a strong positive alignment between the stock-specific investment thesis and the manager's macroeconomic views.	We believe the benefit of ESG integration is to provide additional insight into the balance of risk/reward and hence impact on the share price. We focus on those factors which do or could have an impact on value. We engage where needed as this is a key component for improving company performance.
Artemis UK Special Situations 	This strategy aims to achieve superior long-term growth by investing in underappreciated and undervalued areas of the market. 'Special situations' are companies that have fundamentally sound prospects over the medium term but have undergone a period of poor performance. This leaves them out-of-favour and trading on depressed valuations. If a turning point for such companies can be identified there is potential for significant capital growth.	We consider responsible stewardship a key investment consideration with improvement in ESG factors often being integral to the financial rehabilitation of companies we invest in. We expect to see a roadmap for overall improvement for factors we believe to be material to the investment case.

PRINCIPLE 7

Stewardship, investment and ESG integration

Strategy name	Overall investment approach	How we integrate ESG
EQUITIES		
Artemis UK Smaller Companies 	This strategy aims to harness the superior growth potential of smaller companies' shares. A disciplined bottom-up investment process focused on enduring, undervalued free cashflow. Detailed financial research and company meetings identify between 60 and 90 growing businesses the managers believe will produce excellent risk-adjusted returns over the longer term.	We believe that good ESG analysis offers significant scope for better returns given the challenges of limited stock coverage from traditional research providers and inconsistent company reporting. Our approach is focussed on: in-house, research-intensive process; company specific basis for assessing ESG factors; and direct access to management and boards. We identify key ESG metrics for each company and track the disclosure and trend of these. Disclosures by companies in the investment universe can often be poor, so this is an area we engage on.
Artemis US Select, US Smaller Companies 	US Select is a 'best ideas' US equity strategy. The strategy adopts a flexible and pragmatic approach to stock-picking, shifting style to deliver returns through the market cycle. Individual stock ideas undergo a rigorous evaluation process assessing both upside potential and downside risk. US Smaller Companies has a similar investment approach, focusing on stocks with a market cap of under $10 billion. SFDR Article 8: The Artemis Funds (Lux) sub-fund versions of these strategies have several exclusions in relation to tobacco, weapons, thermal coal and companies determined to be in breach of the United Nations Global Compact (UNGC) principles on human rights, labour rights, the environment and anti-corruption. The Artemis Investment Funds ICVC sub-funds (UK versions) of this strategy does not have exclusions.	ESG factors are considered as part of our 'Up/Down' investment process. Key to stock selection is that a risk is only worth taking if the potential reward from owning a stock significantly exceeds the potential loss. The team structure and specialism means that ESG factors are analysed on an industry and company specific basis. Inputs include a range of ESG metrics, analysis and assessments from internal and external research.
Artemis US Extended Alpha 	The US Extended Alpha Fund is an equity 'long/short' fund. The managers use their stock-picking skills in seeking to profit from falling, as well as rising, share prices. The combination of a traditional portfolio of 'long' US stocks with a portfolio of 'short' positions gives greater scope to generate returns through stock-picking. SFDR Article 8: The Artemis Funds (Lux) sub-fund version of this strategy has several exclusions in relation to tobacco, weapons, thermal coal and companies determined to be in breach of the UNGC principles on human rights, labour rights, the environment and anti-corruption. The Artemis Investment Funds ICVC sub-funds (UK versions) of this strategy does not have exclusions.	ESG factors are considered as part of our 'Up/Down' investment process. Key to stock selection is that a risk is only worth taking if the potential reward from owning a stock significantly exceeds the potential loss. The team structure and specialism means that ESG factors are analysed on an industry and company specific basis. Inputs include a range of ESG metrics, analysis and assessments from internal and external research.
Artemis Global Income 	The Artemis Global Income strategy invests in companies worldwide that we believe can generate a high level of free cashflow and cash returns. We combine bottom-up stock analysis with strong macroeconomic and style views, to better understand potential risks and rewards. We aim to build a differentiated, contrarian portfolio using a multi-cap approach which is diversified across core income, dividend growth and higher risk special situation investments.	Income investing is inherently biased to mature, profitable companies. We therefore consider ESG characteristics/integration to be a factor that determines a company's ability to support its free cashflow and dividends over the medium-term. ESG risks and opportunities that we believe to be over- or under-estimated by the market are another source of mispricing that we can exploit. Our investment approach tends to be contrarian in nature and valuation sensitive. This often precludes us from investing in ESG leaders, but we try to avoid companies with poor ESG credentials as these companies can often be value traps. We have, however, found that ESG improvement can be a powerful driver of re-rating.

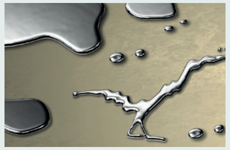
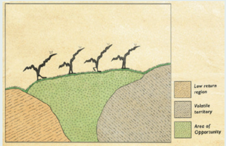
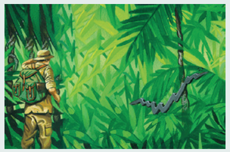
PRINCIPLE 7

Stewardship, investment and ESG integration

Strategy name	Overall investment approach	How we integrate ESG
EQUITIES		
Artemis Global Select 	This strategy pursues long-term capital growth through investing in high-quality stocks. Companies are selected using an investment process aligned to long-term, secular global growth trends. The managers favour companies with strong market positions, excellent finances and the ability to maintain pricing power over time. Rather than short-term trading, the managers invest for the long run. This strategy has several exclusions in relation to tobacco, weapons, arctic oil and gas, oil sands, thermal coal and companies determined to be in breach of the UNGC principles on human rights, labour rights, the environment and anti-corruption.	ESG factors are assessed for every stock on an ongoing basis for both the risks and opportunities they pose to the investment case. This process involves a range of inputs including ESG metrics, analysis and assessments from external research providers, and our own due diligence, experience and company knowledge.
Artemis Leading Consumer Brands 	This strategy aims to grow capital over the long term by tapping into the earnings potential of the emerging middle-class and changing consumer demand through investing in leading consumer brands. The management team looks for underlying brand strength that creates strong barriers to entry, giving the companies that own them pricing power and high profit margins. SFDR Article 8: This strategy has several exclusions in relation to tobacco, gambling, weapons, coal, oil and gas, and companies determined to be in breach of the UNGC principles on human rights, labour rights, the environment and anti-corruption.	Leading consumer brands are often seeking to create leading sustainability practices – be it through the adoption of innovative materials, engaging in regenerative sourcing and above all, responding to a growing consumer mindset of 'buy less, buy better'. The team looks for brands increasingly prioritising value over volume, whose consumption is considered, rather than casual. Brands which prioritise craftsmanship and supply chain transparency typically also have above-normal pricing power – their attention to sustainability being rewarded through margins, and in turn share price performance, that exceeds those of their peers. ESG metrics and analysis which input into the process therefore include considerations such as supply chain management, employment practices, carbon intensity, carbon transition plans, culture, leadership, remuneration and shareholder rights.
Artemis Positive Future 	We seek leading global equity performance by investing in companies which create positive change. This strategy has a number of exclusions, relating to factors including alcohol, tobacco production, weapons, gambling, adult entertainment, fossil fuels and companies determined to be in breach of the UNGC principles on human rights, labour rights, the environment and anti-corruption.	We believe that ESG is more than simply a risk to be managed; we seek to invest in companies whose products and services make a positive impact and provide them with a sustainable competitive advantage. To do this, we consider the sustainability of a company's products (the 'what') and its practices (the 'how'). In Q1 2024, the investment team who had managed the portfolios and funds in this strategy since launch left the firm, and the Head of Impact Equities has since assumed lead management responsibility. We have pivoted our approach to one that focuses on investor impact and prioritises engagement over exclusion. An important part of the investment process is constructive dialogue with investee companies on material ESG issues.
Artemis SmartGARP® Global Equity, Global Emerging Markets Equity, European Equity and UK Equity 	The Artemis SmartGARP® strategies apply a proprietary systematic, quantitative framework across a specific range of equity funds that aggregates a range of bottom-up and top-down inputs using growth at the right price (GARP), behavioural insights and market signals. SFDR Article 8: Only the Artemis Funds (Lux) SmartGARP Global Emerging Markets Equity sub-fund has several exclusions in relation to tobacco, weapons, and thermal coal.	ESG is one of eight factors considered by the SmartGARP® framework alongside other bottom-up and top-down inputs such as macroeconomic and investor positioning information. SmartGARP®'s ESG factor has two subcomponents, one capturing companies' carbon footprint and the other focusing more generally on the strength of their ESG newsflow. Meeting company management does not form part of the SmartGARP® process although the strategy does aim to vote all its stock.

PRINCIPLE 7

Stewardship, investment and ESG integration

Strategy name	Overall investment approach	How we integrate ESG
FIXED INCOME		
Artemis Corporate Bond 	This strategy invests predominantly in sterling investment-grade bonds, with scope for other currencies. We focus on where the corporate bond market may be mispriced, seeking value across the market.	When considering individual issuers, the consideration of materiality and trajectory of ESG risks/opportunities is undertaken with the ultimate aim of positively contributing to portfolio performance. We utilise the expertise of Artemis' wider fixed income and equity teams to inform decision making.
Artemis Global High Yield Bond and Short-Dated Global High Yield Bond 	For this strategy, the team selects high-yield bonds, those with greater yields than government or investment grade corporate bonds. No one region or currency predominates – we adopt a global approach. The short-dated strategy restricts itself to bonds that are close to maturity. The fund's target duration (exposure to interest rate risk) is 0-2 years. SFDR Article 8: These strategies have several exclusions in relation to tobacco, nuclear power, weapons, thermal coal, oil sands and companies determined to be in breach of the UNGC principles on human rights, labour rights, the environment and anti-corruption.	We consider ESG risks alongside our analysis of other relevant investment factors including financials, covenants, and the pricing of risks. We do not believe a standardised or fully automated approach to ESG analysis results in effective management of ESG risks within a high-yield portfolio. This is due to the lack of research coverage of the high-yield market by external ESG ratings services. We utilise the expertise of Artemis' wider fixed income and equity teams to inform decision making.
Artemis High Income 	This strategy seeks to identify the best income generating opportunities across investment grade, high yield and government bonds. It will also invest up to 20% in the shares of dividend-paying companies to enhance income and capital growth. By analysing the prospects of companies that issue high-yield bonds, the managers seek to identify quality companies that are stable and less likely to default on interest payments. This analysis allows the managers to seek the right balance between risk and reward.	This strategy is managed jointly by our UK Select and High Yield investment teams and therefore draws on the ESG integration processes outlined on pages 31 and 34, respectively.
Artemis Strategic Bond 	This strategy adopts an unconstrained approach and aims to hold the right bonds for each stage of the economic cycle and selects from investment-grade credit, high-yield credit and government bonds. We choose resilient business models which support sustainable free cashflow generation to meet debt service obligations over the long term.	When considering individual issuers, the consideration of materiality and trajectory of ESG risks/opportunities is undertaken with the ultimate aim of positively contributing to portfolio performance. We utilise the expertise of Artemis' wider fixed income and equity teams.
Artemis Short-Duration Strategic Bond 	This strategy aims to generate capital gains from long and short allocations across fixed income using physical bonds and derivatives. The portfolio includes mainly developed-market government and investment-grade bonds. We may also invest up to 40% in a combination of high-yield and emerging market bonds. Please note the name of this strategy changed from Target Return Bond in March 2024.	The consideration of materiality and trajectory of ESG risks/opportunities is undertaken with the ultimate aim to positively contribute to portfolio performance. We utilise the expertise of Artemis' wider fixed income and equity teams.

PRINCIPLE 7

Stewardship, investment and ESG integration

Strategy name	Overall investment approach	How we integrate ESG
MULTI-ASSET		
Artemis Monthly Distribution 	The goal of this strategy is to generate monthly income, combined with capital growth over a five-year period and typically holds 50% bonds and 50% equities. Blending offers some of the capital and income growth potential of equities, along with the greater predictability of bonds.	This strategy is managed jointly by our Global Income and High Yield investment teams and therefore draws on the ESG integration processes outlined on pages 32 and 34, respectively.
Artemis Strategic Assets 	The objective and overall strategy is to grow capital by more than 3% above the Consumer Price Index (CPI) per year (after fees) over a five-year period. The strategy looks to gain exposure to a broad number of asset classes via indices across equities, bonds, commodities, and currencies where suitable via exchange traded funds (ETFs) or futures and options. The focus is less on individual securities or stocks/shares and more on index driven exposure.	This strategy does not integrate ESG into its investment process.

PRINCIPLE 7

Stewardship, investment and ESG integration

ESG integration examples

Below we provide a snapshot of thematic, sector and company-specific ESG integration examples from 2024. Increasingly we are identifying themes or sectors where we can combine the different areas of expertise within our investment and stewardship teams to analyse, incorporate and engage on specific material ESG issues.

Thematic examples

Water

Water has been an area of focus over the last year, with activities including research into water risk for data centres, engaging with UK water utilities and assessing sector specific water risk.

Data centres

With investments projected to reach $1 trillion by 2027[1], the data centre industry is growing exponentially. Achieving this growth requires coordination, capacity and expertise across a broad spectrum of sectors and balancing the complex needs of multiple stakeholders, including regulators, utility providers and contractors.

In collaboration with our investment teams, the Stewardship team undertook research into the opportunities and risks created by this growth specifically related to water requirements and energy needs (see section on nuclear power page 37), researching the impact on companies and stakeholders and assessing the investment implications.

Cooling equipment in data centres consumes vast amounts of water, principally drinking water quality, making water availability and quality a material consideration. Further, there is a trade-off between power and water consumption, with cooling methods using less water generally requiring more electricity, and vice versa. Data centres situated in regions experiencing water stress, often influenced by the availability of wind and solar power, are at risk of encountering operational, reputational, and legal challenges. These challenges arise from tensions with stakeholders, including communities, farmers, and advocacy groups, who are concerned by the negative implications this demand requirement will have on them.

Examples of holdings exposed to this theme include **Advanced Micro Devices** which builds products that accelerate next generation computing experiences, including a broad portfolio of compute products optimised to address the diverse needs of data centres; **Segro** which owns, manages and develops industrial space, including data centres, across Europe; and **nVent** which provides a platform for data centre solutions including thermal management ranging from air up to high-density liquid cooling.

Investor Forum: UK water utilities

In 2023 the Investor Forum created a Water Working Group given the complex array of challenges facing the UK water industry. This work continued into 2024.

The objectives of the working group were to: better understand the material effects of changes and the readiness of water companies to address future challenges; work with companies to understand the competing expectations and ensure credible plans are being produced, which shareholders and debt financiers can assess them against; and engage with regulators to demonstrate how investors assess company priorities as well as plans for delivery against their environmental and performance objectives and agreed commitments.

We participated in meetings with the **Environment Agency, United Utilities** and **Costain Plc** (a holding in our **UK Smaller Companies** strategy).

During the year we had exposure to the UK water utilities sector in the **Corporate Bond** portfolio. We sold **Thames Water** in July on assessment of the credit and regulatory risk (see page 23). We also had meetings with **Southern Water, Wessex Water, Yorkshire Water, Anglian Water** (held during the year), **Ofwat** and **Severn Trent.**

Water solutions

Our **Positive Future** team has focused on water solutions, with exposure to this theme including:

- **Core & Main (also held in US Select and US Smaller Companies)**
  Core & Main is a distributor of water, wastewater, storm drainage and fire protection products, and related services. The company provides infrastructure solutions to municipalities, private water companies and professional contractors across municipal, non-residential and residential end markets, nationwide.

[1] Data centers at crossroads of tech and resilience: PwC

Reference to specific shares or companies should not be taken as advice or a recommendation to invest in them.

PRINCIPLE 7

Stewardship, investment and ESG integration

- **Tetra Tech**
  Tetra Tech provides specialised management consulting and engineering services. The company focuses on water, environment, infrastructure, resource management, energy, and international development services. Tetra Tech serves government and commercial clients worldwide.
- **Xylem**
  Xylem is a designer, manufacturer, equipment, and service provider for water and wastewater applications addressing the full-cycle of water from collection, distribution, and use to the return of water to the environment. The company's products include water and wastewater pumps, treatment and testing equipment, industrial pumps, valves, heat exchangers, and dispensing equipment.

We also held the debt of **SNF Group**, a specialty chemical company and an expert in water chemistry, offering over 1,000 water-soluble polymer products used in treating, preserving, and recycling water[1]. Their products help reduce energy needs and carbon intensity while contributing to responsible extraction of key mineral resources essential for energy transition.

Defence

Investing in the defence industry continues to be a topic of global focus.

At a strategy level, we have a number of defence holdings. Geopolitics, regulatory regimes, governance oversight, and history of controversies factor into our investment decisions and meetings with companies.

At an industry level, we have been an active participant of a number of industry groups where this has been a topic of focus. In 2022, The Investor Forum formed a working group to reflect on the issues surrounding investing in the defence sector. We contributed our views and in December 2022 a report was published: Investing in the Defence Industry. Following publication, further events were held in 2023 and 2024, in which we also participated. One such meeting was with the CEO of ADS, the UK trade association for aerospace, defence, security and space, to discuss observations around challenges and opportunities facing defence companies.

In January 2024 ADS launched the UK Defence ESG Charter which outlines the sector's commitment to building a "stronger, fairer and more prosperous United Kingdom"[2].The Charter's inaugural signatories include **BAE Systems** (a holding in the **Global Income** strategy). The purpose of the charter is to drive ambition and action on sustainability and to promote greater transparency on climate transition and clean tech, societal impact and governance and ethics.

Nuclear power

The shift in narrative around nuclear over recent years has been acute. While it has a complex history, marked by factors such as accidents, waste disposal issues, cost overruns, operational delays and government policy challenges, the urgency for power coupled with addressing climate change puts it in a unique position. It has an unmatched ability to generate carbon free electricity 24 hours a day with the lowest life cycle greenhouse gas emissions of all power generation and with a longer life cycle than wind and solar installations.

In the US, nuclear has strong bipartisan support and we have invested in this theme through holdings such as **Constellation Energy, Fluor Corporation** and **Vistra**. Other holdings include **Cameco Corporation**, one of the largest global providers of uranium fuel and **Vinci**, which has an extensive history in building nuclear power plants and is involved in both their daily operation and throughout the industry's value chain.

The growth in data centres is also fuelling demand. The hyperscalers have all set ambitious net zero targets, however, given the vast amount of electricity required to power these centres and the challenges renewable energy faces, such as intermittency, the need for grid investment/adjustment, lower load factors and current capacity, renewable energy alone will be unable to meet the demand requirements. This has implications across the energy sector and we believe, positive investment implications for nuclear, as evidenced by developments at Three Mile Island and the purchase agreement **Microsoft** signed with **Constellation Energy** (both holdings in a number of our **US** and **Global strategies**).

[1] https://www.snf.com/
[2] https://www.adsgroup.org.uk/our-focus/sustainability/uk-defence-esg-charter/
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PRINCIPLE 7

Stewardship, investment and ESG integration

Company-specific case studies

Tackling the energy transition

Prysmian (Electrical Equipment)

Global Income, Positive Future

- The company develops, designs, produces, supplies, and installs a wide range of cables for applications in the energy and telecommunications industries. The company offers submarine transmission, asset monitoring systems, network components, and optical fibres.
- With the transition to more renewable capacity from unpredictable solar and wind energy, significant upgrades to electrical grids and networks will be required. The increase in demand from electrification and the digital transformation will see data centre growth boost demand of premium data cable solutions, which will also increase as 5G coverage grows and Internet of Things devices proliferate.
- Demand for low, medium and high voltage cables is underpinned by a multi-year structural trend. There is a structural shortage of cable production capacity globally, especially for end uses such as offshore wind, where high voltage sub-sea cables are needed.

SSE (Electric Utilities)

UK Income, Global Select and Positive Future

- The company aims to deliver strong and increasingly high-quality growth in earnings in three key areas: renewables, flexible power plants, and electricity networks.
- The firm's strategy is underpinned by a premium portfolio of projects and assets across essential technologies at the heart of the energy transition, and is viewed as one of the structural growth opportunities providing value through a range of market conditions.
- Net Zero Acceleration Programme Plus: 90% of £20.5bn investment programme for renewables and networks and positioned to deliver a significant proportion of the UK's 2030 Clean Power Plan, but with opportunities in other areas across EU and Japan[1].
- In 2022 the company revised its ambition to target net zero across Scope 1 and 2 emissions by 2040 and aims to cut carbon intensity by 80% by 2030 (2018 base year)[2].

Anglo American (Diversified Mining)

UK Income, UK Select, UK Special Situations, Global Select, High Income

- We believe Anglo American has amongst the best ESG credentials in its industry. The company has an attractive portfolio mix, with around half of its revenue derived from copper and platinum group metals, both of which are essential components of electrification and decarbonisation.
- The company produces very high-grade ore which significantly reduces emissions and the carbon footprint of steel production. The company aims for carbon neutrality across operations by 2040[3]. But some challenges remain for operations in South Africa and the production of methane from steel-making coal operations in Australia. In South Africa, the joint venture with EDF Renewables, called Envusa Energy, aims to supply 3-5 GWs of wind and solar energy[3]. Renewable energy supply for its Australian operations is due to come onstream in 2025.
- Towards the end of 2024, the company announced the sale of its steelmaking coal business in Australia, to further enhance its operational efficiencies and sustainability commitments.
- The company has set a stretch goal of net positive impact on biodiversity by 2030 across the group[3]. More than 80% of the company's asset portfolio is located in water stressed regions and it has set a target to reduce the withdrawal of fresh water by 50% in these areas by 2030 against a 2015 baseline[4].
- FutureSmart Mining (Anglo's innovation-led approach to sustainable mining) is using technology and data analytics and a more localised approach to reduce the overall environmental footprint and has been a fundamental factor in the development of projects such as Quellaveco, Woodsmith and Sakatti.

[1] https://www.sse.com/media/pf3fsfak/sse-plc-annual-report.pdf
[2] https://www.sse.com/media/fplphyky/nztp-report-oct22-final.pdf
[3] https://www.angloamerican.com/~/media/Files/A/Anglo-American-Group-v9/PLC/investors/annual-reporting/2023/aa-annual-report-full-2023.pdf
[4] https://www.angloamerican.com/~/media/Files/A/Anglo-American-Group-v9/PLC/investors/annual-reporting/2025/sustainability-report-plc-2024.pdf

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PRINCIPLE 8

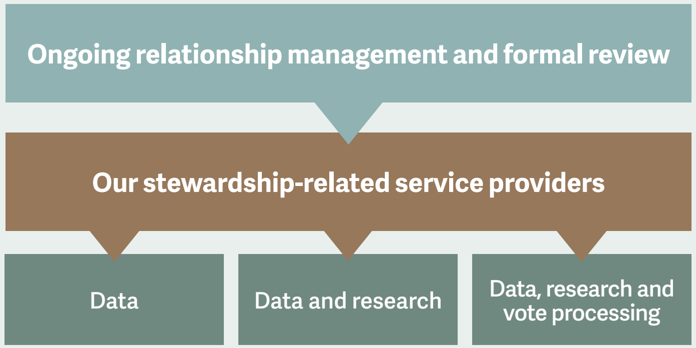
Monitoring managers and service providers

We use a number of data service providers to support our stewardship activities. They provide a mix of data, research and other services which we monitor through ongoing relationship management and formal review.

A list of our main service providers is shown in the table, below.

Service providers directly linked to our stewardship activities at Artemis

Service	Provider
Proxy voting research & vote processing	ISS
ESG scores, research & data	MSCI, Truvalue Labs
Business involvement screening	MSCI
Climate & carbon analytics	MSCI



How we evaluate effectiveness

For most of our providers, our review involves a qualitative assessment of whether the data and research enhances our investment decision-making and whether they offer regular improvements in the quality of the information, as well as its access and use.

All our providers send regular newsletters and updates, as well as organising webinars and interactive sessions on services and planned improvements. We have a dedicated account management team at each provider who can answer questions and with whom we can raise issues if necessary.

Institutional Shareholder Services (ISS)

ISS is our sole provider of proxy voting services including research, information on voteable resolutions at upcoming company meetings, interpretation of how companies meet our custom vote policy, data on meeting results and reporting services, as well as transmitting our voting instructions for company meetings.

Over the years we have made better use of the tools in the ISS platform and alerts which means that there has been a more active engagement between companies, the investment teams and the Stewardship team.

As previously reported, in Q1 2024, we worked with ISS to implement split voting alerts which notify us when one or more of our strategies are voting differently for the same resolution to enable us to review our vote instructions as a firm, ahead of the AGM. During 2024 there were no meetings with split votes.

On an annual basis we review our voting policy with the ISS research team, based on fund manager feedback and best practice developments. Informed by our voting decisions in 2024 and discussions with each of our investment teams, we have updated our policy in 2025 on significant shareholders, shareholder rights, climate change, matters relating to financial statements and executive remuneration.

PRINCIPLE 8

Monitoring managers and service providers

MSCI

Our work with MSCI continues to focus on ESG metrics (rather than ESG scores), which we find more informative for our analysis. For example, climate data, such as corporate Greenhouse Gas (GHG) emissions, decarbonisation targets and alignment with the Paris climate goals are some of the metrics we have used for our analysis of ESG risk and help with identifying engagement targets.

We also source forward-looking climate data from MSCI, which relies on modelling and forecasting tools, such as Climate Value at Risk (CVaR) and Implied Temperature Rise (ITR) metrics. These datasets help us to form an assessment of the future risk and impact profile of investee companies. We also utilise MSCI datasets for business involvement and controversy assessments.

Truvalue Labs

Truvalue Labs provides a measure of ESG newsflow, positive and negative which we can use to inform our ESG risk and opportunity assessment. Recent enhancements to the system have consolidated the data in one platform which has enabled us to interact with the data in new ways while maintaining the drill down capabilities to view individual news items and scores. Further integration of the SASB standards and underlying metrics were discussed during the year.

Broker research and research sharing

During the year we migrated to an improved research sharing platform, allowing for continued collaboration and cross pollination amongst investment teams. We also established stronger and broader research relationships with key brokers leading to a strengthening of research availability and quality. These relationships are owned by our Investment Management Support team, with regular engagement with the service providers on access, improvements and delivery.

Firmwide third-party oversight and selection of business critical service providers

Third-party Onboarding & Oversight Framework

The firm's Third-Party On-Boarding and Oversight Framework is designed to govern the onboarding and ongoing oversight of third-party service providers, safeguarding the firm and its customers in accordance with industry good practice and regulatory expectations. The focus of the framework is to ensure that all third-party providers deemed in-scope of the framework principles are categorised according to the risk they pose to the firm's operating model and to our clients. This drives a proportionate level of due diligence and ongoing oversight to ensure key risk areas are identified, reviewed and service standards are maintained.

Completing our outsourcing review

The migration of our middle office, fund administration and registration functions was completed in 2023. In 2024, we reviewed our centralised dealing activity and in January 2025, were able to successfully complete the outsourcing of this function to Northern Trust.

Our Approach to Engagement

9	Engagement
10	Collaboration
11	Escalation

PRINCIPLE 9

Engagement

What is engagement?

The Investor Forum's definition of engagement is:

"active dialogue with a specific and targeted objective. It is intended to put the stewardship role into effect. The underlying aim of the engagement dialogue should always be to preserve and enhance the value of assets on behalf of beneficiaries and clients."[1]

In our view, as active investment managers, it is helpful to distinguish between four types of engagement:[2]

- Engagement with individual companies with the goal of **encouraging change** that is specifically connected to an issue which directly impacts the investment case. This type of engagement helps companies to understand the focus of investors and the nature of any concerns.
- Engagement with individual companies for **insight** to better understand the company and build conviction in or challenge the investment thesis, in order to make informed investment decisions. This also helps investors gain clarity on board priorities. The Investor Forum included engagement for insight in its Annual report for the first time in 2024.
- Engagement with individual companies which seek to **address thematic, market-wide or systemic risks** such as climate change, but may not directly impact the investment case within the usual investment time-period. For longer-term active investors with corresponding engagement timelines, it is more productive to set broader objectives, rather than fixed milestones. A more iterative approach can then be accommodated, particularly in circumstances where external forces and factors may have a significant impact on outcomes both positive and negative. In these cases, divestment is unlikely to be a helpful course of action as shareholder rights, influence and constructive dialogue can continue to be used while the investment case remains intact.
- Engagement/participation in **industry forums**. This can be either directly at the level of the investee company or more broadly at industry or system level. Engaging with a company through industry forums can be a time- and resource-efficient way for company directors to reach a wide cross section of the shareholder base and discuss issues of key importance to investors. These meetings often have a specific agenda, curated and facilitated by the industry body (eg the Investor Forum), allowing for a focused and constructive discussion.

Collaborative engagement involves investors working together to achieve a common engagement goal. Please see **Principle 10** for further information on collaboration.

Where initial engagement is not successful it may be necessary to use an **escalation** approach. Please see **Principle 11** for more details.

Regular communication to gain information as part of ongoing research and assessment is generally not counted as engagement, although we believe asking companies to provide more detail on strategy, plans or outcomes and how actions are expected to contribute to these is engagement.

General company meetings, which do not classify as engagement, are also an invaluable part of the investment process for many of our investment strategies. Developing a deeper understanding of the businesses in which we invest and building long-term relationships with companies, their management and boards helps to provide context and insight as well as supporting circumstances where we can productively challenge and discuss change (i.e., engage) when necessary.

Why we engage

Engagement forms a part of our stewardship activities and how we manage our clients' assets, as active investors. Engaging with companies is the mechanism by which we develop our understanding of companies, raise issues with management and monitor subsequent developments. We value the relationships we build, and knowledge we derive from meeting and engaging with companies.

Our engagement policy

Our formal engagement policy sets out our general approach to engagement with companies and associated record-keeping and is available on our website. This policy applies to all our investment strategies where engagement with companies forms part of the investment process.[2]

[1] Defining-Stewardship-Engagement-April-2019 (investorforum.org.uk)
[2] Meeting companies does not apply to our systematic based strategies which use our quantitative framework SmartGARP®, or other macro data-driven strategies such as Strategic Assets.

PRINCIPLE 9

Engagement

How we engage

At an **investment-strategy level**, our targeted engagement reflects individual investment approaches and priorities identified by fund managers to address material issues in their portfolios.

For **thematic engagement** where material risks have been identified across investment strategies, such as climate change, engagement may also reflect firm-wide exposure:

Other factors which can influence targeted engagement are:

- position in the portfolio and where we hold a significant proportion of the capital either at individual portfolio level or across the firm
- mitigation efforts by investee companies linked to improving or resolving the issue
- local, industry or regional context which may impact a company's ability to deliver change
- likelihood of access to management or board and hence our ability to engage productively.

Engagement strategies are set after discussion between fund managers and analysts, with the specialist support of our Stewardship team.

Engagement can include face-to-face meetings, calls, emails and letters on a wide range of topics including strategy, operational performance, ESG issues and industry-specific considerations.

Given our size, we believe we can more usefully contribute to engagement with policy makers via the industry bodies, forums and initiatives we are members of. More information on the initiatives and memberships can be found in Principle 10.

Recent developments and plans

In 2024 we further developed our infrastructure to enable better recording and tracking of our engagement activities, distinct from company meetings. Please see page 59 which includes metrics on engagement activity during the year.

Dashboards which allow the visualisation of activity for use by investment and client teams now also include timelines of stewardship activity.

At the IR Annual Best Practice Awards 2024, organised by the Investor Relations Society, **Artemis won the Best Investor Engagement award**, *as voted for by the IR departments of listed companies and analysts surveyed by Extel (1700 submissions). We were very pleased to receive external recognition of what is a key part of our value proposition as active investors and believe it is testament to the partnership between the investment and the Stewardship teams.*

Some examples and outcomes of our engagement

Please also see our engagement case studies as part of collaboration and escalation in Principles 10 and 11 and how engagement forms part of ESG integration in Principle 7.

Thematic/sector-based engagement across multiple investment teams[1]

Player protection in gambling companies – US and UK strategies

In 2024, the Stewardship team conducted a piece of research into the risks of problem gambling, from a regulatory, reputational and strategic perspective, and the player protection approaches of different companies held in our portfolios. These included **Flutter**, **Entain, Churchill Downs** and **Evoke**. This research led us to engage with some of these companies to gain further insight into their approach and identify areas where we felt improvements could be made.

Flutter: Recognising the company's comprehensive approach and its good disclosure, we sought to understand how Flutter can influence players to utilise the various tools it offers ('Play Well' tools) to help ensure customers play responsibly. Flutter has a goal of 75% of active online customers globally using at least one of the Play Well tools by 2030[1].

Given the US market listing and the legalisation of online casinos and sports betting in some US states, we were also interested in the company's views on how the regulatory and legal landscape may develop in the US and the extent to which Flutter intends to apply the standards established in the UK, to the US.

Flutter's approach is in our view industry-leading and it is applying its experience and advanced knowledge, to its expansion in the US. The approach broadly falls into two categories – data-driven restrictions and the 'opt in' approach, focused on education. For the former, Flutter reviews customer behaviour over time, leveraging various data points such as regularity of play, quantum of deposit and time of day. Being industry-leading, Flutter spends a lot of time speaking to regulators and governments about the most effective measures to protect customers.

Acknowledging that it will become more challenging to achieve the 2030 target with the company's expansion, particularly into less mature markets, we encouraged the company to continue with its comprehensive approach.

[1] https://www.flutter.com/sustainability/

Reference to specific shares or companies should not be taken as advice or a recommendation to invest in them.

PRINCIPLE 9

Engagement

Company-specific case studies

Case study 1: Airlines

UK Income and UK Select

In 2024, we continued our work on airlines, engaging with **easyJet** (held in **UK Income strategy**) and **International Airlines Group** (IAG) and **Ryanair** (both held in **UK Select**) to discuss progress and challenges with their transition strategies, especially as relates to sustainable aviation fuel (SAF).

easyJet: We discussed key developments in the last 12 months regarding measures to reduce emissions, including fleet renewal, descent management and fuel optimisation. We sought to understand the company's preparedness for meeting the upcoming EU and UK SAF mandates, discussing supply challenges, the areas of focus (regions, fuel type), price expectations and potential fines for non-compliance. On carbon credits, we discussed the EU Emissions Trading Scheme, market dynamics, financial implications for the airline and the company's lobbying activities on the topic. easyJet is also investing in future technologies, such as hydrogen-powered aircraft.

The company also reported significant developments in labour agreements in the year, reaching agreements with two key unions in the UK, with further negotiations to come. Improving the diversity of engineers is seen as an important target to meet the required skills capacity, particularly with the shortages seen in this area.

IAG: has made significant progress on its climate-related transition plans since discussions with the then CEO back in 2019. Artemis has had regular meetings with management and board members, but the purpose of the meetings in 2023 and 2024 with the Head of Sustainability were to focus on the actions taken to meet interim targets for 2030 for the use of SAF and in Scope 1 emissions reductions. Discussions centred around the work to embed the net zero commitment across the group, short and medium-term actions to build capacity in and supply SAF and operational efficiencies which are leading to reductions in carbon emissions such as route planning and fuel management, leveraging internal data from the last 15 years.

We remain confident that the board looks at a range of material factors such as environmental commitments, employee relations and customer feedback which impact the success of the business. In our view this is a company that is positively evolving, in an industry that is consolidating and gaining greater pricing power as key infrastructure is increasingly constrained. We believe current valuations do not reflect the significant changes both internal and external for IAG.

Case study 2: Engaging with AIM-listed companies on governance standards

UK Smaller Companies

During the year we wrote to companies held in our portfolio that are Alternative Investment Market (AIM)-listed, highlighting our belief in the importance of robust corporate governance practices; noting the track record of poor long-term performance at AIM companies (8% p.a. under performance since inception when compared to similarly sized companies on the main market[1]); and in the context of the reduction of AIM's inheritance tax benefits to 50% from April 2026.[2]

We sought to understand:

- what would be required for a move to the main market;
- where current governance standards are below those required by main market companies; and
- whether there are plans to move to the main market

Our expectations:

- we look to hold AIM-listed companies to the same governance standards as main market stocks and want them to be in the position to move to the main market if appropriate
- all Directors should be subject to annual re-election, in line with the UK Corporate Governance Code*
- a remuneration report should be submitted for a shareholder vote at every AGM*

Where companies did not meet our expectations, we have been encouraging them to enhance governance standards. We have also gathered helpful feedback from portfolio companies that have made the transition from AIM to the UK main market, on challenges with the process. As part of our wider work within the investment industry, we are looking to support efforts to increase the attractiveness of the UK as a market for companies to list, including reducing the barriers to moving from AIM to the UK main market.

[1]Source: Bloomberg
[2]https://www.gov.uk/government/consultations/reforms-to-inheritance-tax-reliefs-consultation-on-property-settled-into-trust/reforms-to-inheritance-tax-agricultural-property-relief-and-business-property-relief-application-in-relation-to-trusts#:~:text=The%20rate%20of%20relief%20for,study%201%20in%20Annex%20A).
*these are required under the QCA Code as of reporting periods on or after April 1 2024

PRINCIPLE 9

Engagement

Case study 3: Union Pacific

Global Select
During the year, we initiated an engagement with **Union Pacific Corporation** which operates a rail network in western USA. The aim was to understand the efficacy of the company's initiatives in promoting safety and reducing incidents, and determine how the safety culture has evolved. We requested specific disclosures to enable shareholders to monitor the progress of initiatives to improve safety, how safety culture is being embedded across the organisation, including with contractors, and how these are built into executive pay. From our conversations, it is clear this is progressing well and that Union Pacific Corporation is taking these, and other sustainability matters, seriously.

Our conversations also informed our broader understanding of the company's approach to a range of sustainability issues with regards to environmental stewardship (specifically biofuels) and its processes and procedures regarding forced labour. The company was receptive to our feedback, noting it is always looking for ways to improve disclosure and drive progress. Engagement is ongoing.

Case study 4: Seaspan

Global High Yield, Short-Dated Global High Yield and High Income
In the year, we continued our engagement with **Seaspan** (which we reported in our 2023 Stewardship report). Seaspan is an operator of container ships. We initiated an engagement as the company is one of the biggest contributors to financed emissions in a number of our Fixed Income funds, and had limited emissions disclosure, with no emissions reduction targets.

The 2023 Sustainability report, released in July 2024, noted some positive developments, including a reduction in absolute emissions and emissions intensity, owing in part to 18 newbuild vessels which were larger and had a more efficient design. We also noted the more comprehensive approach to measuring emissions, including disclosing Scope 2 emissions for the first time.

In December we had another meeting to discuss progress. In addition to the developments disclosed in the report, the company shared in the call that it has successfully rolled out a fleet of Liquefied Natural Gas (LNG) vessels and customers saw a cost benefit from LNG's favourable pricing at the time. Seaspan shared good progress on various initiatives that research and aim to accelerate the roll out of decarbonisation levers (such as alternative fuels). The measures taken to minimise the impact of Seaspan's ships on ocean ecosystems and species, were also discussed. We will evaluate further progress when they publish the next Sustainability report.

Case study 5: Hilton Worldwide

US Extended Alpha, Global Select, Leading Consumer Brands, Global High Yield and Short-Dated Global High Yield
During the year we initiated an engagement with **Hilton**, a global hospitality company, on its decarbonisation plans and remuneration disclosure. Hilton's ESG reporting is comprehensive across several sustainability topics, and includes granular detail on the company's emissions reduction roadmap, which includes operations, energy efficiency, renewable power procurement, retrofitting and electrification, on-site renewable power generation and offsets.

We discussed the role that renewable power procurement and on-site generation play in the company's decarbonisation strategy and the challenges which hold up adoption, such as onsite solar generation requiring new roofs and long wait times on power procurement agreements. As such, in the shorter term, energy efficiency is a key focus.

Hilton has set Science-Based Targets initiative (SBTi) - approved emissions reduction targets for its managed (Scope 1 and 2) and franchised (Scope 3) portfolios. Its initiative, LightStay, requires all properties in the portfolio to enter various sustainability data, including energy and water use, waste, donations made, community impact, to track, manage, report and reward progress. This enables robust external reporting. The tool also serves as a platform for sharing best practice and peer collaboration, offering opportunities for potential co-investments into decarbonisation measures.

There is some progress to be made with regards to Hilton's Scope 3 emissions (from franchised hotels) and in a relatively short timeframe (2030). We have therefore encouraged Hilton to consider setting specific decarbonisation targets or expectations for franchisees, leveraging the LightStay initiative.

On remuneration disclosure, we have provided examples of good practice with regards to disclosure of remuneration targets, as requested by the company. Engagement is ongoing.

Reference to specific shares or companies should not be taken as advice or a recommendation to invest in them.

PRINCIPLE 9

Engagement

Case study 6: Clean Harbors

US Select, US Smaller Companies, US Extended Alpha and Positive Future
Clean Harbors is North America's leading provider of environmental and industrial services. Its customer base spans a number of industries, including chemical and manufacturing, with services including end-to-end hazardous waste management, emergency spill response, industrial cleaning and maintenance, and recycling services. The business is therefore focused on the provision of solutions which protect and restore the natural environment. While it is taking measures to reduce emissions, in August 2023 we commenced our engagement with the company, requesting further disclosure on the company's climate transition plan. We welcomed the publication of their 2024 Sustainability report in August. Progress included setting an emissions reduction target for the first time, setting a net climate benefit factor target, a quantified recycling target, improving safety performance and people metrics including reducing voluntary turnover.

Case study 7: Tesco

UK Income, UK Select, UK Special Situations and Global Income
Tesco has been a long-standing holding across a number of our strategies. During 2024 Tesco appointed an external consultant to discuss areas of ESG priority and ESG perception of Tesco with a number of key investors. We provided our views, setting out the need for a focus on financial materiality, and the research findings were then shared with the Board via the Sustainability Committee.

Throughout the year we engaged on a number of specific topics including its approach to sustainable agriculture and how this fits in with its net zero targets. Tesco has a very thorough approach to various sustainability topics and aims to be a leader in sustainable agriculture. The farming industry faces huge challenges from numerous sides - climate and nature degradation and the need to transition and adapt are key considerations. We also discussed the company's approach to modern slavery, specifically their response to the recommendations of the Review of the Seasonal Worker Visa by the Migration Advisory Committee. We sought to understand how the recommendations aligned with their key advocacy asks for the reform of the seasonal worker scheme.

Case study 8 Bodycote: engaging on emissions and diversity

UK Select and UK Special Situations
We engaged with the Chief Sustainability Officer at **Bodycote** during the year to gain further insight on the material sustainability issues. The company provides thermal processing services to customers globally and the focus was on carbon emissions as energy costs have a significant impact on the bottom line, so reducing emissions has both financial and environmental benefits. There is considerable support across the business for energy efficiencies and carbon reductions as these are material to the operational performance of the firm. Bodycote's technology and processes also reduce carbon emissions for customers, which can be up to 60% per part[1]. This is considered a competitive advantage and a real commercial proposition with interest from customers globally.

The company has set SBTi near-term absolute GHG emissions reduction targets for Scopes 1 and 2 and increased its ambition to a 46% emissions reduction (from 28% reduction previously) from a 2019 baseline aligned more towards 1.5 ⁰C[1]. The company has built better carbon calculation tools to demonstrate the possibilities to clients of the outsourcing model. The company has also introduced additional targets around green revenues and avoided emissions for 2025 and 2030 respectively[2]. Longer-term emissions reductions are dependent on the investment cycle and the extended timeframes for renewal of parts and infrastructure, but electrification is achievable from a technological perspective. The company also operates a closed-loop cooling system and has reduced water use generally across the firm, although water use is a less material factor.

Health and safety, employee engagement and DEI are also important for the company. We discussed diversity and inclusion and the relatively low female participation in the manufacturing industry. Women account for 21% of the staff across the business however the pay gap of 8.6% at Bodycote favours women reflecting the seniority of their roles[2]. The company recognises the value of a diverse and skilled workforce and in our view is committed to creating and maintaining an inclusive and collaborative workplace culture with diversity embedded in recruitment and human resources practices. Bodycote's employment policies promote the pursuit of diverse candidates beyond gender.

We also note that Bodycote meets the Parker Review target for all FTSE 250 boards to have at least one member from an ethnic minority, with two members who meet the Office for National Statistics (ONS) classification of Asian/British Asian and mixed/multiple ethnic groups, respectively. There is broad international representation on the Executive Committee, with 8% of members being from ethnically diverse backgrounds.

[1] https://www.bodycote.com/sustainability/carbon-smart/
[2] https://www.bodycote.com/wp-content/uploads/2024/04/Bodycote-2023-annual-report.pdf

PRINCIPLE 10

Collaboration

Given our size, we can improve our ability to encourage positive change by joining initiatives and partnering with others. This can be either directly at the level of the investee company or more broadly at industry or system level.

Collective action can be an effective lever in bringing about progress on overarching themes, such as climate and human rights. It is an efficient way for smaller asset managers like Artemis to contribute and is our main practical route for policy advocacy. We believe collaborating with others not only increases our voice, but by sharing expertise and views we can improve the knowledge base from which we can all draw as part of our stewardship activities.

We consider a number of factors when looking to join or reviewing our participation in collaborative initiatives, and these were reviewed during the year:

- significant and increasing interest from our stakeholders according to the feedback we gather in meetings, surveys and through our networks;
- the regulatory environment and pressure for change as set out in consultation and policy documents;
- improving best practice within the investment management industry and areas where we invest, for example as set out by the Investment Association;
- how well industry initiatives are established, supported and focused on the material, financial impact of the issue; and
- the nature of the issue itself, including the how it impacts the firm, a specific fund, or both, and how the initiative could enhance our investment process.

How we dedicate resource to collaborative initiatives is an important consideration, and we monitor how they are contributing to driving change more broadly and our work specifically.

The following case studies highlight collaborative activity in 2024. As in previous years we have continued to focus on climate and social issues.

Modern Slavery Initiative: Find it, Fix it, Prevent it

As disclosed in our last report, we are supporting investors in **CCLA's Find it, Fix it, Prevent it initiative (FIFIPI)** - an investor led, multi stakeholder project involving investors, academics and non-governmental organisations aimed at making the corporate response to modern slavery more effective. The current focus of FIFIPI is construction businesses listed in the UK, and we are, through our **UK Smaller Company** strategy, the lead investor with **Keller Group**, the world's largest geotechnical specialist contractor. Given the nature of the business, and operations in more than 40 countries across five continents, we assessed modern slavery as a potential investment risk.

Our engagement with the company so far has been constructive – Keller takes the issues seriously and has showed willing to advance its policies and procedures. The company has taken learnings from its work to improve health and safety practices. Keller published an updated Modern Slavery statement in the year which incorporated initial progress on areas we had discussed, for example the use of more robust language and an extended section on compliance, performance and further steps. A subsequent call was held with the CEO and Group Company Secretary, in which the company shared plans for advancing its approach.

During the year we also engaged with **Morgan Sindall** and **Balfour Beatty** on their approach.

PRINCIPLE 10

Climate

Collaboration

We lead an engagement with **FirstGroup** as part of the **Net Zero Engagement Initiative (NZEI)** – a collaborative engagement initiative co-ordinated by **IIGCC**. The company has worked with a specialist consultancy to complete a full Scope 3 emissions assessment and identify all material Scope 3 emissions. In 2024 it published The FirstGroup Environmental Performance report 2024 – Annex to the Annual report and Accounts which included for the first time all material Scope 3 emissions. FirstGroup has a SBTi near-term target for Scopes 1 & 2 and a near-term target for partial Scope 3 emissions reduction from fuel and energy related activities with a commitment that 75% of suppliers by emissions, covering purchased goods and services and capital goods, will have science-based targets by FY 2028[1]. Engagement with the company in 2024 focused on its transition plan, and work on a Transition Plan report in line with Transition Plan Taskforce guidance is at an advanced stage. This has involved workshops across the key business functions and briefing to the Board. FirstGroup published its first Transition Plan report in March 2025.

During the year we also signed the collective engagement letter to **Keyence** through the NZEI. Keyence develops and manufactures industrial automation and inspection equipment worldwide. Given the nature of the company's operations and its role as an environmental solutions provider, we believe there is scope for the company to be more transparent on its climate transition plan.

We remain members of the **IIGCC Proxy Voting Working Group**, which continues its work providing guidance to investors. In addition, it also engages with the proxy voting advisors regarding their voting policies and implementation with respect to climate change.

We also continued our collaborative engagements with two companies (energy and power generation) as part of **Climate Action 100+**.

Since our last report the **Net Zero Asset Manager initiative (NZAM)** has announced a review of the initiative, to ensure it remains fit for purpose in the new global context following recent developments in the US Pending the outcome of this review, the commitment statement and list of NZAM signatories have been removed from its website, as well as signatories' targets and related case studies. Tracking and reporting activities have also been suspended.

Our approach continues to focus on stewardship activities. Our primary lever for managing climate change-related risk and supporting real economy emissions reductions is therefore direct and collaborative (where appropriate) engagement with investee companies and participating in industry initiatives to help drive industry and policy change.

We are further developing our approach and associated tools for assessing companies where climate-related risk is higher and financially material. This analysis inputs into prioritising engagement with a focus on disclosure, short to medium-term target setting, plans to meet targets and how climate-related risks are managed. Examples of ESG integration and engagement can be found in Principle 7 on pages 36 to 38 and in Principle 9.

[1] https://www.firstgroupplc.com/~/media/Files/F/Firstgroup-Plc/reports-and-presentations/reports/annual-report-2024.pdf

PRINCIPLE 10

Collaboration

THE INVESTOR FORUM

The Investor Forum (IF)

We are a founder member of the IF, a not-for-profit community interest company set up by institutional investors in UK equities. Its purpose is to provide a forum to foster dialogue between investors and companies to create good engagement outcomes which aim to deliver long-term value for all stakeholders. Our CIO is a member of the IF's Board.

We attended a number of group meetings with companies organised by the IF during 2024 where Chairs of Boards provided the opportunity to discuss topics of interest to investors. These discussions supplemented those we held directly with the companies. We also participated in one formal corporate collective engagement.

As detailed in **Principle 7**, during the year we actively participated in the IF's water working group and defence workstream. On water, we attended meetings with industry bodies connected to the water utilities industry, a water utility company, and a construction firm to assess investment, the regulatory regime, transparency and efficient delivery of agreed services.

On defence, we actively participated in the IF's work which was initiated in 2022. We have a number of holdings in the defence industry and recognise this is a complex topic, of global focus, for a multitude of stakeholders.

We also participated in a number of roundtables with the FRC to inform views on the review of the UK Stewardship Code.

THE INVESTMENT ASSOCIATION

The IA

The IA is the industry body for the investment management industry in the UK. We have a number of representatives on IA committees and working groups which target improving best practice and providing input into policymaking and regulation. These include areas such as investment, risk, corporate reporting, operations, cyber resilience, product development and regulation, as well as thematic areas such as net zero and climate change. In 2024 our CIO was appointed chairman of the IA's Stewardship Committee.

PRINCIPLE 10

Collaboration

Other memberships

IFRS Sustainability Alliance

IFRS Sustainability Alliance
We became members of the SASB Alliance in 2019, to help businesses around the world identify, manage and report on the sustainability topics that matter most to investors. The SASB standards are now consolidated under the IFRS Foundation and incorporated into the new International Sustainability Standards Board (ISSB) standards.

Signatory of: PRI Principles for Responsible Investment

The Principles for Responsible Investment (PRI) works to support the understanding of the investment implications of ESG factors and its members efforts to incorporate these factors into investment and ownership decision making. We became a signatory in 2015. PRI signatories are required to publicly report their responsible investment activities which are then assessed by the PRI and scores are provided for individual modules and questions. A copy of our latest PRI report for the year 2023 (published in 2024) is available on our website. We received four stars (from a total of five stars), for policy, governance and strategy, listed equity and corporate fixed income modules and three stars for SSA[1] fixed income.

Transition Pathway Initiative

Transition Pathway Initiative (TPI)
We continue to support the work of the TPI which provides valuable data and analysis. We use this as part of our assessment of investee companies' management of climate-related risks and opportunities, and transition pathway to net zero. The ongoing research into material sectors and the increase in company coverage continue to inform our work in this area.

Finance Statement on Plastic Pollution[2]

In April, we signed the Finance Statement on Plastic Pollution prepared by The United Nations Environment Programme Finance Initiative (UNEP FI), the Principles for Responsible Investment (PRI), the Finance for Biodiversity Foundation, the Business Coalition for a Global Plastics Treaty, the Dutch Association of Investors for Sustainable Development (VBDO) and CDP[3]. We signed the Statement to demonstrate support from the financial sector for an instrument to end plastic pollution and to set out what a robust agreement would include from the perspective of the financial industry.

Global Investor Statement to Governments on the Climate Crisis[4]

We also signed the 2024 Global Investor Statement to Governments on the Climate Crisis which was coordinated by the Founding Partners of the Investor Agenda – Asia Investor Group on Climate Change (AIGCC), CDP, Ceres, Investor Group on Climate Change, Institutional Investors Group on Climate Change (IIGCC), Principles for Responsible Investment (PRI) and UNEP Finance Initiative. Considered to be the most comprehensive investor call for climate action to date, the statement demands a whole-of-government approach to achieving ambitious climate targets by enacting economy-wide public policies; implementing sectoral strategies, particularly in high-emitting sectors; address nature, water and biodiversity challenges; mandate climate-related disclosures across the financial system and mobilise private investment into climate activities in emerging markets and developing economies.

[1] Debt securities issued by supranational organisations (e.g. multilateral development banks or international unions), sovereigns (e.g. government bonds in any denomination), government agencies (e.g. government sponsored agency bonds, quasi-government agencies), and municipalities, sub nationals and local governments (e.g. muni bonds).
[2] UN PRI (2024), 'Statement From The Private Financial Sector To The Member States Negotiating The International Legally Binding Instrument (ILBI) To End Plastic Pollution', online at https://www.unepfi.org/wordpress/wp-content/uploads/2024/04/Finance-Statement-to-end-Plastic-Pollution-20241125.pdf
[3] https://cdp.net/en
[4] Investor Agenda (2024), '2024 global investor statement to governments on the climate crisis', online at https://www.unepfi.org/wordpress/wp-content/uploads/2024/09/FINAL-2024-Global-Investor-Statement_17-Sep-2024.pdf

PRINCIPLE 11

Escalation

Escalation in context

There are times when we need to escalate our engagement efforts to intensify our efforts, to reinforce our message when progress is not forthcoming, to take a position on situations we consider to be serious, or to accelerate action when time is critical.

Potential activities include:

- Talking or meeting with the board and company management
- Writing to the company to explain our expectations
- Voting against or abstaining from management's resolutions
- Supporting a shareholder resolution
- Collaborating with other shareholders to increase pressure for change

We are very unlikely to submit resolutions at shareholder meetings.

As with other aspects of our stewardship and investment approach, the decisions on whether and how to escalate are ultimately made by our fund managers, who are supported by our dedicated Stewardship team.

The specific escalation strategies used depend on a variety of factors, including, the scale and significance of the issue, the fund managers' views on what will be most effective in encouraging change, the specific market, regulations and norms, the size of our holding and our relationship with management.

However, we do tend to favour certain escalation strategies in certain circumstances.

- When we want to discuss operational and financial matters and the details of strategy execution, we generally **contact the executive team**. When we have concerns about board oversight, governance and/or risk, we generally **discuss these with non-executives** although, in certain circumstances, we may speak with the chairman or senior independent director. To explain our expectations as investors, we may also put our request or concerns in writing in the form of a **letter to company management.**
- We raise and escalate matters with companies when we believe they are material to the short- and long-term success of the company. Our belief is that most issues can be addressed through **dialogue. Well-established relationships** with company management and a clear alignment of interest with companies mean that the majority of issues can be resolved this way. In particular, as an active manager, our decision to invest in a company is based on our trust in, and belief that, management will run the company in the best interest of shareholders. **That being said we are prepared to sell our holdings if we feel that the company is not responding appropriately to our concerns.**
- We recognise the importance of using our shareholdings to send formal signals to companies and we will **abstain or vote against management** if we feel that our concerns are not being recognised or if the actions being taken are insufficient (see Principle 12 in this report for examples of our voting activity). While voting is often seen as an escalation strategy, we recognise that it is also a de-escalation strategy as voting in favour of management demonstrates that we are satisfied with the actions being taken or planned to be taken by management.
- We will also **collaborate with other shareholders** including through **industry groups and initiatives** where there is likely to be a better chance of a successful outcome as resources are pooled in pursuit of broadly similar objectives. We will look to collaborate in situations where we have relatively small holdings in a company, in situations where we are struggling for access to senior management or the board, when we believe a collective voice could add value in addition to direct communication, and in situations where we do not have significant resources to allocate to the issue but want to signal our support. More information on some of the initiatives we have been involved in can be found in Principle 10 of this report.

PRINCIPLE 11

Escalation

Examples of escalation

In 2024, we had a number of examples where we needed to escalate our engagement by raising matters with management and/or by voting against management (also see Principle 12). Over the following pages we share some case studies to illustrate escalation in action.

Case study: continuing to target better diversity at smaller companies

Board diversity is an important topic for our **UK Smaller Companies strategy**, given our view that this is more likely to lead to better governance, strategy choices and enhanced performance. However, we accept that this can be challenging for smaller firms where it may take longer to implement. Nonetheless, we expect all of our UK companies to comply with the relevant regulation with regards to board diversity and strive for a board which is balanced, with representation from varied backgrounds and genders.

For FTSE 350 companies, our formal policy is that we will consider voting against the chairman of the nomination committee where board gender diversity is less than 33%. For FTSE Small Cap, Fledgling and AIM companies, we will consider voting against the chairman of the nomination committee where there is no gender diversity on the board. For these companies, we are likely to abstain where there is only one member of the board from the under-represented gender.

Over the last few years we have written to the chairs of nomination committees at small cap companies in the UK Smaller Companies portfolio, where board diversity did not meet our expectations and invited them to discuss their plans. We have escalated where we have not felt that change has been forthcoming. Two examples of this are **Alliance Pharma** and **Sigma Roc** – see timelines for these engagements and subsequent escalation on the right.

ALLIANCE

Feb 2021 — **Engage**
We engaged with the Chairman on the lack of board diversity, as there was only one female director - recently appointed. Letter from Chairman committed to diversity at all levels.

May 2021 — **Vote**
Given commitent in the letter we supported director(re-) elections

May 2022 — **Vote**
Abstained on the re-election of the Chair given lack of progress on board diversity

Nov 2022 — **Engage**
Further engagement with the Chair setting out our expectations

May 2023 — **Vote**
Abstained on the re-election of the Chair given lack of progress on board diversity

Nov 2023 — **Engage**
Additional female Non-executive director (NED) appointed, but enlarged board means that the board remains below expected best practice threshold

Jul 2024 — **Vote**
Abstained on the re-election of the Chair given lack of progress on board diversity

Sigma Roc

Nov 2022 — **Engage**
We engaged with the Chairman on the lack of board diversity, as there was only one female director - recently appointed.

Apr 2023 — **Vote**
Abstained on the re-election of the Chair given lack of progress on board diversity

Apr 2024 — **Vote**
We abstained on accepting the financial statements as none of the directors were on the ballot for re-election despite our engagement on this issue. We also noted the lack of progress on board gender diversity.

Sep 2024 — **Engage**
We reiterated our expectations on board diversity. They have added two new NEDs this year, one is a female, so we acknowledge some progress has been made

PRINCIPLE 11

Escalation

Escalation case studies

C&C Group

UK Income

As a large shareholder in drinks company, **C&C Group**, we have been engaging with the company on an ongoing basis on its strategy and governance as it relates to operational missteps that have led to poor performance. This includes discussions on board changes after the Chair assumed the CEO role temporarily following the departure of the CEO and disclosure of accounting issues at the firm.

We were supportive of the shareholder-appointed non-executive director, bringing more consumer-facing experience to the board and through our conversations, we were comfortable that the company was on a stable footing. We felt, however, that given the nature of the departure of members of the executive board, the exit package was inappropriate, not least due to the direct impact that the circumstances had on shareholder value. As such, we voted against the Remuneration report at the AGM in August, informing the Board of our decision to do so.

Leaver arrangements is an area we take particular interest in and while we believe executives should be rewarded for good performance, executives' inflight or unvested long-term incentive plan (LTIP) grants should lapse in most cases if they decide to leave the company. In this case, the members of the Remuneration Committee chose to exercise discretion in allowing 2022 and 2023 grants to potentially vest, and we did not believe the circumstances warranted this.

The vote did not pass, although being advisory, the company was not compelled to action any recommendations. The company responded by committing to engage with shareholders who voted against the resolution.

DFS

UK Special Situations and UK Smaller Companies

We met with **DFS's** Chair in April to discuss proposed changes to the Remuneration Policy, namely moving from a traditional LTIP to Restricted Share Awards for the executive team. We explained that we want to ensure management are appropriately incentivised, and our interests are aligned. When the final Policy was shared, the changes to the LTIP, which would likely result in a significant pay rise, were not seen as aligned to performance. Further, the salary for the CEO was already above average, despite the company's poor performance. We felt there should be a metric incorporated that targets a suitable level of profit.

At the AGM in November 2024, we voted against the Remuneration Policy and Share Plan. Following the AGM, we met with the Chair again to discuss the announced departure of the company's Finance Director (FD) and DFS's recovery prospects after several difficult years, the interim FD and our views on the medium-term potential of the business. We took the opportunity to reiterate our reasoning for voting against the award of restricted stock at the recent AGM.

Vistry

UK Select

Early in 2024 we met with the Executive Chair of **Vistry** following the merging of the Chair and CEO roles. While we believed this not to be ideal, we did acknowledge that it had been led by US shareholders who are more comfortable with this arrangement and that the board had taken time to explain their rationale to key shareholders and its desire for continuity during a critical period of implementing strategic change. We were encouraged that they were intending to make a significant hire for the senior independent director (SID) role. We had an early meeting with the SID on his first impressions of the board structure, the roadmap for succession and returning to a more standard board arrangement.

Latterly, we have engaged with the CEO and Chief Financial Officer (CFO) following the announcement that costs had been understated in one of its divisions, which led to profit warnings. We were interested in how the issue arose, and how it is being dealt with, and the company's confidence that the issues were contained in the divisions already identified. There have been management and reporting line changes in the impacted division. Internal audit has conducted a review across the business and there have been deep dive reviews into the divisions and procedures. Post this meeting, we engaged again with the SID to get his perspective on recent issues and the changes to operational oversight and controls that have been implemented across the group. We also discussed succession planning and were pleased to hear that they are putting in place a plan and timeline to return the Board to a more conventional/separate Chair and CEO structure.

We remain invested in Vistry. The business case remains strong given the UK Government's agenda on housing: improving affordability factors, strong support for addressing the UK's housing shortage, and changes to the planning approval process. The company has the ability to take advantage of scale, and its partnership business model is well positioned to capitalise on the improving outlook for this sector. Given the unconventional board structure and recent accounting issues we will continue to track and engage on developments in these areas.

Exercising Our Rights and Responsibilities as Active Investors

12 Exercising rights and responsibilities

PRINCIPLE 12

Exercising rights and responsibilities

We exercise our voting rights and responsibilities as part of our stewardship duties. We aim to vote our shares for all stocks unless we are restricted from doing so by local market practice, laws or regulation.

We are committed to upholding and improving the corporate governance standards of the companies in which we invest, in the long-term interests of our clients.

We build relationships with the management, boards and representatives of investee companies, and as an active manager, we invest in companies where we believe management will run the company in the best interest of shareholders. We are therefore more likely to support management but we are prepared to vote against, and especially support shareholder resolutions relating to increased transparency, when we believe this will be of benefit to us as shareholders. When we identify issues, we engage with the company ahead of a vote if there is an opportunity to do so.

Our voting policy

Our formal voting policy sets out our general approach to voting and is available on our website. It sets out the principles which direct our votes. Please see our core voting principles and case studies in this section for further details. Our voting policy is global in scope, and unless otherwise stated, the principles that direct our votes apply across all regions.

How we exercise our rights in fixed income

The fixed income team votes on corporate actions in relation to their portfolio holdings, which may involve minor amendments to existing indentures or, on occasion, decisions on accepting terms for tender arrangements. During the year the team voted at 25 meetings.

The team seeks to invest in issuers which can service their debt beyond the maturity of any bonds purchased and not be subject to large contingent liabilities or technological disruption. While we welcome alignment of interests of bond holders with the owners and management of our investments, we are mindful that the fiduciary duty for company directors is largely towards the shareholders, the owners. Investment grade issuers rarely default. To that end, assessment is mostly focused on the longer-term strategic plans for a company, from the shareholders perspective, and whether that aligns with our interests as bond holders.

PRINCIPLE 12

Exercising rights and responsibilities

Our core voting principles

1. **Board of Directors – Independence:** Every company should be headed by an effective board of directors who take collective responsibility for the company's long-term success. For all companies quoted on main markets, our view is that at least half of the board should be independent. Where the independence of directors does not conform to best practice, we look carefully at the reasons why. Independence is often defined in terms of the length of time a director serves on a board (tenure), whether he or she holds share options in the company and the relationships which may influence decisions. In our view, a failure to meet some of these criteria does not necessarily stop non-executive directors discharging their duties and responsibilities effectively.

   We believe it is important to consider a director's contribution and, specifically, whether they behave in an independent manner, before deciding to vote against a director for not being independent.

2. **Board of Directors – Chairman:** Our preference is for the roles of CEO and Chairman to be separate. Where the combined role is more common, good governance practices will be considered in order to support this arrangement.

3. **Board of Directors – Election of Directors:** We believe it is in shareholders' interests for directors to be submitted for regular re-election. Our preference is for annual election by a majority vote, and we believe that boards should not be classified (a structure under which directors serve terms of different length).

4. **Board of Directors – Committees:** All members of the audit committee should be independent and the majority independent for the nomination and remuneration committees.

5. **Board of Directors – Succession Planning and Diversity:** As part of a board's approach to succession planning, we expect the report & accounts to contain information on progress towards meeting best practice guidelines on diversity at board and senior management levels. For main markets we have set specific board diversity guidelines as detailed in our policy.

6. **Board of Directors – Board Accountability on Climate Change:** For companies where we believe climate is a material investment risk we will consider voting against the responsible incumbent director or committee where the company is not taking steps to understand, assess and mitigate climate-related risks.

7. **Report & accounts and audit:** We are likely to vote against resolutions relating to the report & accounts where there are concerns on audit processes and audit fees. If non-audit fees are more than audit fees for two consecutive years without a good explanation being offered, we will consider voting against the resolution authorising the board to fix the auditors' remuneration. We generally support management recommendations for the (re-)appointment of the auditor unless we have serious concerns about the effectiveness of the auditors (including conflicts of interest) or audit practices.

8. **Remuneration:** We believe management should be appropriately rewarded for good long-term performance, however, levels and in particular increases in pay should be justified with a clear rationale.

9. **Governance arrangements and shareholders' rights:** We will vote against anti-takeover provisions and changes leading to further reductions to voting rights which we do not believe are in the interests of shareholders.

10. **Corporate actions and capitalisation:** We consider every corporate action on its own merits.

11. **ESG Resolutions – Disclosure:** Decisions on whether to support shareholder resolutions calling for more disclosure on ESG issues are based on whether additional disclosure is likely to enhance or protect shareholder value in both the short and long term.

12. **ESG Resolutions – Say on Climate:** We assess these resolutions on a case by-case basis taking into consideration the rigour and completeness of the company's transition plan.

PRINCIPLE 12

Exercising rights and responsibilities

How we implement our voting policy

Fund managers make the final decision on how to vote based on a range of inputs, including internal research, Stewardship team guidance, engagement with companies and other external research in addition to that provided by ISS, our proxy voting adviser. On a half-yearly basis, the Investment Committee sees a report on voting activity.

We do not lend stock for Artemis' funds. If a client's custodian does so, Artemis will not recall it for voting without prior arrangement.

We publish a summary of our votes and details of those instances in which we have voted against management in the standard quarterly investment reports we send to our institutional clients. On the Engagement and Voting page of our website, we provide:

- A full record of all of our votes.
- A Significant Votes report, highlighting votes where we voted against management's recommendation and held more than 1% of the votable shares. In each case, we provide an explanation for the decision that we made.

We are not able to offer investors in our funds the ability to direct voting at the present time. Institutional clients with their own segregated accounts can discuss voting requirements with their account director and of course may make their own arrangements to vote.

Our voting data

In the following pages, we present examples of our voting activity in 2024, together with the outcomes of those votes.

You can find further information on our escalation strategies, including additional voting case studies, in Principle 11.

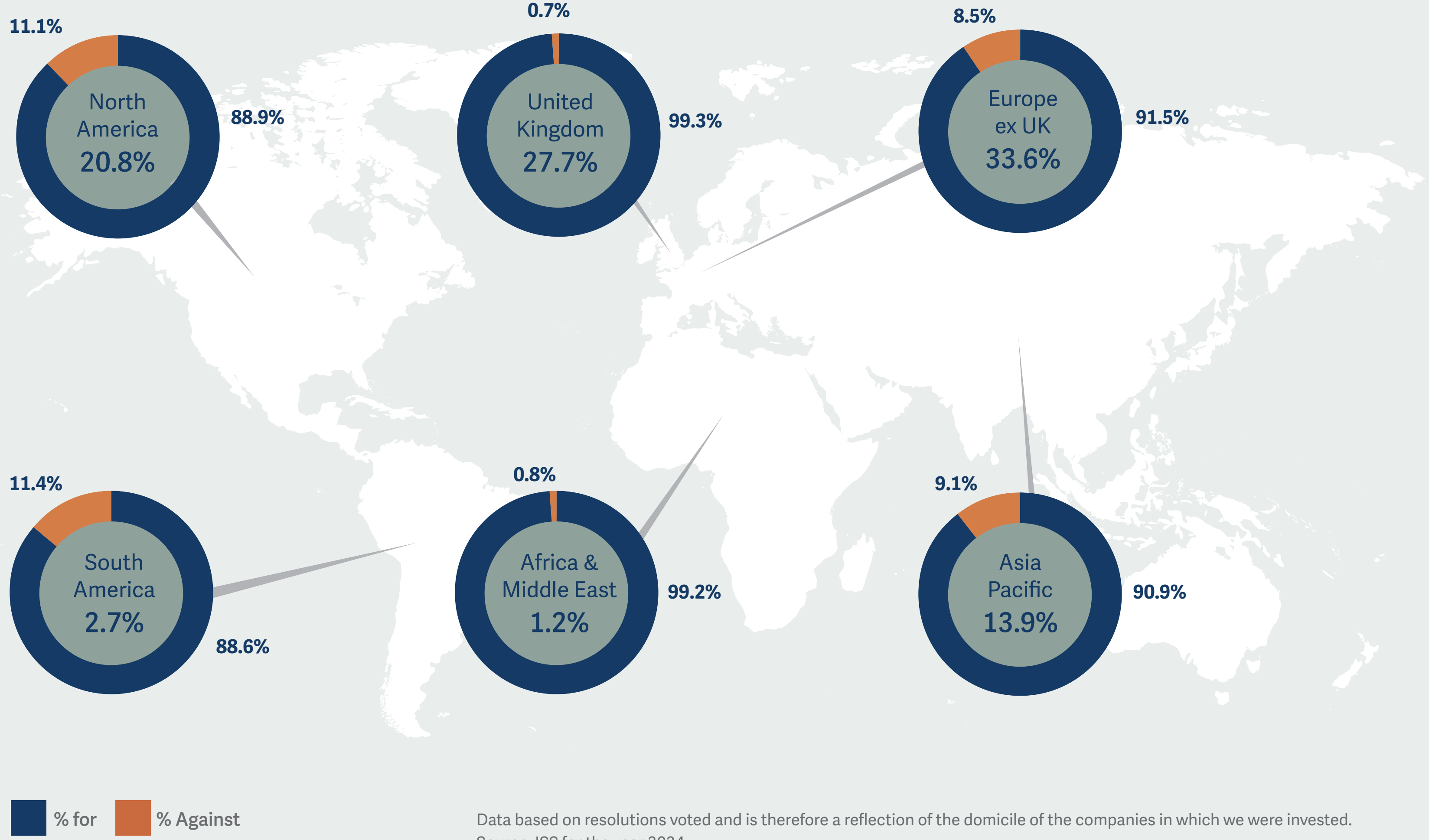
PRINCIPLE 12

Exercising rights and responsibilities

Voting & engagement statistics – where we vote and engage

Voting statistics

Resolutions voted for and against management by region (% of total)



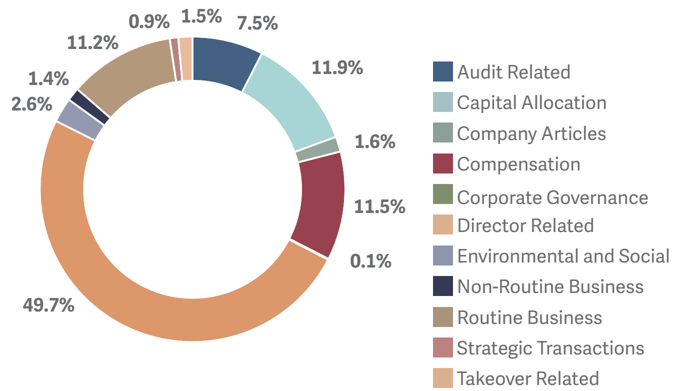
Data based on resolutions voted and is therefore a reflection of the domicile of the companies in which we were invested.
Source: ISS for the year 2024

PRINCIPLE 12

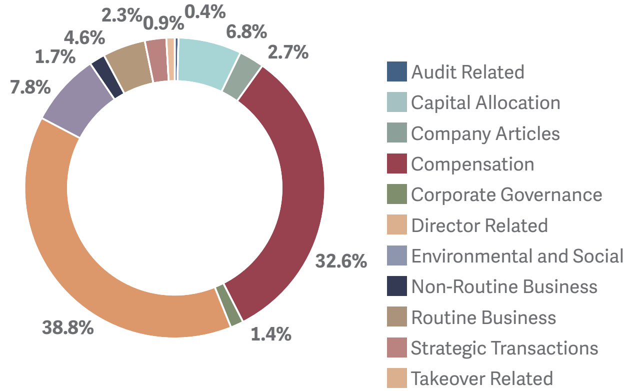
Exercising rights and responsibilities

Voting statistics

Resolutions voted by category



Votes against management by category



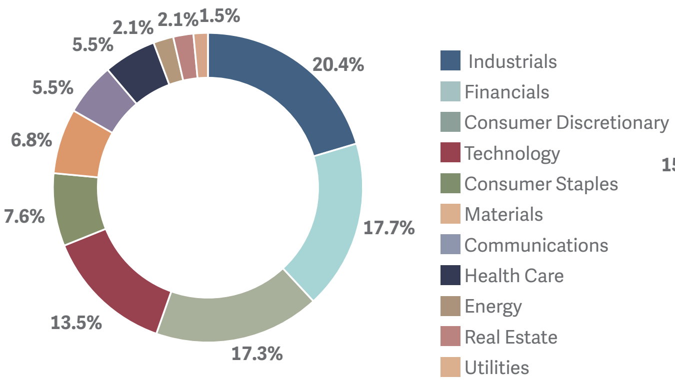
Number of resolutions voted as percentage of total number of eligible resolutions	**99.3%**
Number of meetings voted as a percentage of total number of eligible meetings	**99.6%**
Percentage of votes against management	**7.0%**
Percentage of votes against the Artemis voting policy	**1.0%**
Percentage of meetings with at least one vote against management	**38.7%**

Source: Artemis, ISS. Routine business includes matters relating to financial statements, audit and auditors, articles of association, dividends. All data for the year ending 31 December 2024. Please note figures may not add up to 100% due to rounding.

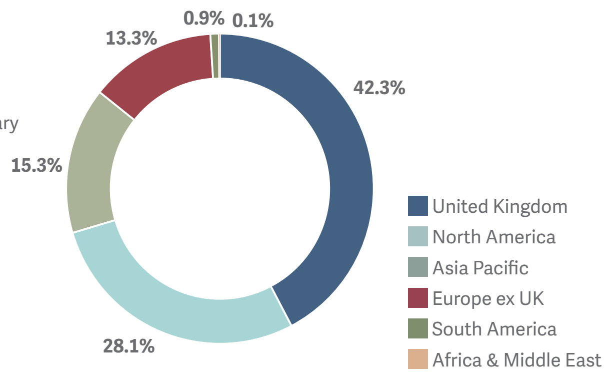
Company meetings statistics

Total number of meetings – 1,275*

Meetings by sector



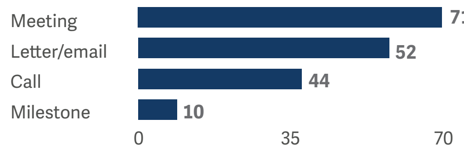
Meetings by region



Engagement Statistics

Following the implementation of an internal engagement reporting template in October 2023, we are now able to report engagement figures. Please see Principle 9 for further information.

Engagement Activities	Companies Engaged
177	103



Source: Artemis. All data for year ending 31 December 2024. Please note figures may not add up to 100% due to rounding. *Please note the total number of meetings includes engagement meetings.

PRINCIPLE 12

Exercising rights and responsibilities

Examples of our voting activity

Environmental
Social
Governance

Global strategies

We once again supported a shareholder resolution on the management and reduction of plastic use at e-commerce company, **Amazon**, in our **Global Select Fund, US Select Fund** and **US Extended Alpha Fund**. We believe that shareholders would benefit from additional information on how Amazon is managing risks related to the creation of plastic waste.

Vote result: For 28.6%, Against 71.4% - Rejected, but gained significant support

Our **Leading Consumer Brands Fund** voted against the election of directors at German sportswear brand, **adidas**, as we were concerned over the number of directorships held by the nominee so felt a vote against was warranted.

Vote result: For 69.0%, Against 31.0% - Accepted

Our **Leading Consumer Brands Fund, US Smaller Companies Fund** and **US Extended Alpha Fund** did not support the election of a director at luxury goods company, **Ralph Lauren Corporation,** due to concerns over poor corporate governance practices including maintaining a multiclass structure that is not subject to a reasonable time-based sunset provision. The proposal passed but received a considerable level of dissent.

Vote result: For 47.1%, Against 52.9%, Abstain 0.4% - Accepted

In our **Positive Future Fund**, we supported a shareholder proposal for **Monolithic Power Systems**, a semiconductors & semiconductor equipment company, calling for the repeal of the company's classified board structure and for the annual election of all directors. We supported the resolution as our preference is to elect directors annually which enhances accountability of directors to shareholders. The proposal passed with significant shareholder backing.

Vote result: For 83.1%, Against 16.8%, Abstain 0.1% - Accepted

Our **Global Income Fund, Global Select Fund, US Select Fund** and **US Extended Alpha Fund** supported a shareholder resolution at global finance house, **Wells Fargo & Company,** requesting further disclosure on climate lobbying activities, as it would be useful to review how the company's and its trade associations' lobbying positions align with its climate goals.

The **Global Income Fund** also supported a climate lobbying related shareholder resolution at consumer finance company **American Express**. We felt that additional disclosure would help shareholders better evaluate how the company is addressing any misalignments between its direct and indirect lobbying activities and its public commitment to achieve net zero emissions. Both proposals received significant support.

Wells Fargo & Company result: For 27.4%, Against 70.5%, Abstain 2.1% - Rejected, but gained significant support

American Express result: For 24.4%, Against 75.6% - Rejected, but gained significant support

Managers of our **Global Select Fund, US Select Fund** and **US Extended Alpha Fund** supported shareholder resolutions on AI at US technology companies **Meta Platforms** and **Microsoft Corporation,** both of which faced a series of shareholder resolutions at their meetings.

At Meta, we supported a proposal asking the company to report on risks related to AI generated misinformation and disinformation.

At Microsoft, we supported a shareholder resolution to report on AI data sourcing accountability as the company is facing increased risks related to copyright infringement. Although Microsoft discloses information about its assessment of AI risks generally, we felt that shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models. Both proposals received noticeable support.

Meta Platforms result: For 16.7%, Against 83.3% - Rejected

Microsoft Corporation vote result: For 36.2%, Against 63.8% - Rejected, but gained significant support

Source: Artemis, ISS.
Reference to specific shares or companies should not be taken as advice or a recommendation to invest in them.

PRINCIPLE 12

Examples of our voting activity

Exercising rights and responsibilities

Environmental

Social

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UK strategies

Managers of our **Income Fund** abstained from the re-election of a director at **Card Factory** for a second year as there is a lack of diversity on the Board. As Board Chair and Chair of the Nomination Committee, the director is responsible for board diversity, and corporate governance more generally, at the company. The percentage of women on the Board, at 14%, is low.

Vote result: For 75.1%, Against 24.9% - Accepted

In both our **UK Smaller Companies Fund** and **UK Special Situations Fund** we voted against the Remuneration Policy and Share Plan at speciality retail company, **DFS Furniture**. The company proposed to move from a long-term incentive plan (LTIP) to a Restricted Share Plan (RSP) after its LTIP has failed to pay out for the last three years. The RSP did not include a 5% dilution limit for discretionary awards and the company did not give a reason as to why it was not included. We engaged with the company ahead of the vote and indicated that we would vote against (see case study in Principle 11).

Vote result: Approve Remuneration Policy - For 94.5%, Against 5.5% - Accepted

Approve DFS Group Share Plan – For 94.5%, Against 5.5% - Accepted

Managers of our **UK Smaller Companies Fund** voted against the Remuneration reports at machinery company, **Somero Enterprises**, and hotels, restaurants & leisure company, **Fuller, Smith & Turner**.

At Somero Enterprises, the Executives were granted restricted shares, which are time-based instruments, without performance conditions linked to the overall performance of the company. With Fuller, Smith & Turner Plc we were not supportive of the original Recovery LTIP award and do not favour the changing of targets retrospectively. In our meeting with management in 2021, we mentioned: our concern with the one-off award structure which could deliver award sizes of significant quantum; our dislike of earnings before interest, taxes, depreciation, and amortisation (EBITDA) as a target; and that the lower end of the target was set below consensus at the time. In the previous year, bonuses were paid at 98% of salary despite only just meeting profit before tax expectations. We are in agreement of the importance of retaining top talent and can sympathise with the management team over the impacts of the Covid-19 pandemic, but did not support the use of discretion.

Somero Enterprises result: Accepted (details of individual results were not published)

Fuller, Smith & Turner result: For 96.2%, Against 3.8% - Accepted

We supported energy giant **Shell's** Energy Transition Strategy in our **UK Select Fund**, **UK Special Situations Fund** and **Income Fund** and did not support the shareholder proposal on Scope 3 emissions targets. Overall we believe there is good progress on existing emissions reductions targets, and the transition strategy includes Scope 3 emissions and capex plans.

Vote result: Approve the Shell Energy Transition Strategy - For 78.0%, Against 22.0% - Accepted

Advise Shell to Align its Medium-Term Emissions Reduction Targets Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement – For 18.6%, Against 81.4% - Rejected

Source: Artemis, ISS.

Reference to specific shares or companies should not be taken as advice or a recommendation to invest in them.

PRINCIPLE 12

Examples of our voting activity

Exercising rights and responsibilities

Environmental

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UK strategies

Our **UK Select Fund** supported aerospace & defence company, **Rolls-Royce Holdings'** Remuneration Policy as we believed the new policy was in line with general market practice - a separate annual bonus and long-term incentive rather than there being one incentive plan which is a mix of short and long-term incentives.

Our **UK Select Fund, Income Fund** and **UK Special Situations Fund** also approved the Remuneration report at metals and mining company, **Anglo American**, as shareholder experience was partly reflected in the LTIP outcome and the importance of non-financial metrics in this sector was acknowledged. The remuneration committee incorporated objectives into the LTIP on tailings management and compliance with the Global Industry Standard on Tailings Management which is a relatively new joint initiative between investors, UN and International Council on Mining & Metals.

Rolls Royce result: For 95.6%, Against 4.4% - Accepted

Anglo American result: For 96.3%, Against 3.7% - Accepted

In our **UK Smaller Companies Fund** we abstained from the election of the Board and Nomination Committee Chair at pharmaceuticals company, **Alliance Pharma**, due to a lack of progress on board gender diversity (11% as a result of only one female on the Board). In 2021 we engaged with Alliance Pharma on board diversity (see case study in Principle 11). We subsequently abstained from the election of a director due to a lack of board diversity, in both 2022 and 2023. We continue to discuss this matter with the company and monitor developments.

Vote result: For 99.3%, Against 0.7% - Accepted

Source: Artemis, ISS.

Reference to specific shares or companies should not be taken as advice or a recommendation to invest in them.

PRINCIPLE 12

Examples of our voting activity

Exercising rights and responsibilities

- Environmental
- Social
- Governance

US strategies

Managers of our **US Extended Alpha Fund, US Select Fund, Global Select Fund** and **Global Income Fund** did not support a shareholder proposal at financial services firm, **Wells Fargo & Company**, asking the company to report on respecting Indigenous Peoples' rights. We have engaged with the company on this issue and believe the main concerns raised in the proposal are being addressed. We will continue to monitor how the company manages these risks.

Vote result: For 23.9%, Against 75.1%, Abstain 1.0% - Rejected

We supported shareholder resolutions for the election of independent board chairman at holdings including financial services company, **The Goldman Sachs Group,** and American insurance company, **Allstate Corporation** in our **US Select Fund.**

The Goldman Sachs Group result: For 33.4%, Against 65.7%, Abstain 0.9% - Rejected, but gained significant support

The Allstate Corporation result: For 29.9%, Against 69.5%, Abstain 0.6% - Rejected, but gained significant support

Our **US Select Fund** supported three shareholder resolutions at beverage company, **Constellation Brands**, for greater disclosure on supply chain water risk exposure, efforts to reduce GHG emissions in alignment with Paris Agreement Goals and on a circular economy for packaging. Additional disclosure on the company's efforts would allow shareholders to better assess the management of related risks. The proposals received considerable support.

Vote result: Report on Supply Chain Water Risk Exposure - For 34.8%, Against 64.6%, Abstain 0.6% - Rejected, but gained significant support

Report on Efforts to Reduce GHG Emissions in Alignment with Paris Agreement Goals – For 26.6%, Against 72.8%, Abstain 0.6% - Rejected, but gained significant support

Report on Support for a Circular Economy for Packaging – For 24.4%, Against 75.0%, Abstain 0.6% - Rejected, but gained significant support

Managers of our **US Extended Alpha Fund, US Select Fund** and **Global Select Fund** supported a shareholder resolution at online retail giant, **Amazon**, requesting the company to report on Median and Adjusted Gender and Racial Pay Gaps. Such information provides insight into how management is assessing and mitigating risks that may arise from inequitable worker treatment.

Vote result: For 29.4%, Against 70.6% - Rejected, but gained significant support

Our **US Smaller Companies Fund** did not support a number of remuneration related resolutions at **Axon Enterprise**, a technology and defence company. The non-CEO Named Executive Officers (NEOs) received sizable time-vesting stock awards in connection with their respective promotions. Grant values were considered to be excessive for the year in review, with each non-CEO NEO receiving grants near or in excess of median CEO pay at peers. The proposal passed but with a high level of dissent.

Vote result: For 50.5%, Against 49.5% - Accepted

We did not support an advisory vote to ratify named executive officers' compensation at real estate management company, **CoStar Group** in our **US Select Fund**, and consumer staples brand, **e.l.f. Beauty,** in our **US Select Fund** and **US Smaller Companies Fund** because equity awards arrangements provided for automatic accelerated vesting upon a change-in-control. Such single-trigger vesting may result in an economic windfall to the executive without an accompanying termination of employment.

CoStar Group result: For 91.7%, Against 8.3% - Accepted

e.l.f. Beauty result: For 94.2%, Against 5.8% - Accepted

Source: Artemis, ISS.

Reference to specific shares or companies should not be taken as advice or a recommendation to invest in them.

GLOSSARY

Term	Explanation
Active Management	Active management is a style of investment management where the fund manager aims to achieve superior returns than the benchmark and sector, by actively selecting the stocks he or she believes will be winners from the relevant benchmark. See also 'passive management'.
Alpha	Alpha is a measure of investment performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund's 'alpha'.
Alternative Investment Market (AIM)	The Alternative Investment Market is a separate market within the London Stock Exchange set up for the purpose of trading shares in small, young and growing companies. Investors have the benefit of being able to trade in these companies on a market regulated by the Exchange. The companies have the benefit of access to investment capital without the cost and regulatory burden of a full listing on the main market. The nature of these companies means that their share prices are likely to be more volatile.
Barriers to entry	Barriers to entry describes the existence of obstacles that prevent new competitors from easily entering an industry or area of business, such as high start-up costs, regulatory controls and licenses, strong existing brands, long product development timescales and high customer switching costs. Barriers to entry benefit existing companies because they protect their revenues and profits.
Blue chip	Blue chip refers to companies which are generally considered well established, highly regarded and usually large in size and scale.
Bonds	A bond can be issued by either a company or a government and is a way of raising capital. Investors buying a bond are effectively lending money to the issuer of the bond (ie- the company or government). Most bonds will have a fixed term, at the end of which the investor will receive the original issue price, although some bonds (known as 'perpetual bonds') have no fixed maturity date. Interest is normally paid by the issuer to the investor during the lifetime of the bond. Broadly, there are three types of bonds: 'government bonds', issued by governments to support national spending and generally considered to have a low risk of default (ie not being repaid); 'investment grade bonds', issued by companies (also known as corporate bonds) and similarly generally considered to have a lower risk of default; and 'high-yield bonds', also issued by companies but considered to have a higher risk of default. Broadly, the lower the risk of default by the bond issuer, the lower the rate of interest paid on the bond (known as the 'yield'); conversely, a bond with a higher risk of default would be expected to pay a higher yield. See also 'credit rating' and 'yield'.
Bottom-up investment	Bottom-up investing is an investment strategy that focuses on selecting stocks that the fund manager believes to be the best opportunities within their industry or sector. Economic issues and asset allocation guidelines are considered, but are not of primary importance in the construction of the investment portfolio. In contrast, 'top-down' investment strategy involves making investment decisions based on the macro-economic environment and related data rather than on stock specific criteria. See also 'top-down investment'.
Carbon footprint	Carbon footprint represents the total GHG emissions associated with a $1 million investment in the fund.

Carbon intensity	Carbon intensity refers to the amount of carbon dioxide (CO_2) emissions produced per unit of output or activity. It is a measure used to assess the environmental impact of various processes, industries, or products.
Cashflows	Cashflow is the net amount of cash moving into and out of a business. Positive cashflow indicates that a company's liquid assets are increasing, enabling it to settle debts, reinvest in its business, return money to shareholders, pay expenses and provide a buffer against future financial challenges. Negative cashflow indicates that a company's liquid assets are decreasing. Net cashflow is distinguished from net income, which includes money payable to the company. Cashflow is used to assess the quality of a company's income - i.e. - how liquid it is - which can indicate whether the company is positioned to remain solvent.
Climate Value at Risk (CVaR)	MSCI's Climate Value-at-Risk metrics which provide an assessment of the financial impact of various climate scenarios on individual companies.
Consumer Price Index (CPI)	The Consumer Price Index (CPI) is a measure that examines the purchasing power of money. It is a weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them. Changes in the CPI are used to assess price changes associated with the cost of living; the CPI is one of the most frequently used statistics for identifying periods of inflation or deflation.
Credit rating	In general terms, a credit rating is an assessment of the credit worthiness of a borrower, or of a particular debt or financial obligation. A credit rating can be assigned to any entity that seeks to borrow money – an individual, corporation, authority or sovereign government. Credit assessment and evaluation for companies and governments is generally carried out by a commercial credit rating agency (such as Standard & Poor's or Moody's).
Default	Default is the risk that a bond issuer may not be able to meet its contractual obligation to investors and will default (i.e. not pay) interest payments due on a bond issued by the issuer.
Derivatives	Derivatives are financial instruments whose value is derived from that of another investment. The term applies to products such as futures, options and warrants. Derivatives can be used for investment reasons (i.e. to try to make money) or to limit risk, reduce costs and/or generate additional income. Investing in derivatives also carries risks, however. In the case of a 'short' position, for example, where the fund aims to profit from falling prices, if the price of the underlying asset rises in value, the fund will lose money.
Dividend	A dividend is the amount, usually expressed on a per-share basis, that a company pays to its shareholders (or that a fund pays to its investors) from after-tax earnings.
Duration	Duration is the term used to express the sensitivity of the price of a bond to a change in interest rates. It is expressed as a number of years. The longer the duration, the more sensitive it is. This reflects the fact that when interest rates rise, bond prices fall – and vice versa. There are different ways to calculate duration. Simple duration relies on a number of assumptions, in particular that all bonds are equally sensitive to government bond yields. In practice, this is not the case as high-yield bonds are less correlated to the yield on government bonds compared to investment-grade bonds. In some cases, they are negatively correlated (that is to say, they could increase in value as interest rates rise). Furthermore, this assumes that government bond yields will move in tandem with interest rates. But most high-yield bonds, for example, are much less correlated.

Earnings Before Interest, Taxes, Depreciation, and Amortisation (EBITDA)	A widely-used measure of a company's profitability. It is essentially a company's net profit with interest on debt repayments, taxes, depreciation (the spreading of the cost of a physical asset over its useful life), and amortisation (the spreading of loan payments over the loan term) added back. EBITDA can be used to analyse and compare profitability among companies and industries as it eliminates the effects of financing and capital expenditures. It is often used in valuation ratios.
Emerging markets	Emerging markets refers to countries that are progressing towards becoming more advanced, usually evidenced by some development in financial markets, the existence of some form of stock exchange and regulatory bodies, and well-structured legal and regulatory systems. Also known as emerging economies or developing countries, they are nations that are typically moving away from reliance on agriculture and the export of raw materials and moving towards greater industrialisation and production.
Emissions scopes	The GHG Protocol Corporate Accounting and Reporting Standard classifies a company's GHG emissions into three scopes. Scope 1: direct emissions from owned or controlled sources. Scope 2: indirect emissions from generation of purchased energy. Scope 3: all indirect emissions (not included in scope 2) that occur upstream and downstream the organisation value chain. There are 15 subcategories of scope 3 emissions.
Environmental, social and governance (ESG)	Environmental, social and governance (ESG) criteria are a set of standards for a company's operations that socially-conscious investors use when considering making investments. Environmental criteria consider how a company performs as a steward of the natural environment. Social criteria consider how a company engages with and manages relationships with people (its employees, suppliers, customers and the communities where it operates). Governance considers how a company operates, including leadership, executive pay, audits, internal controls and the rights of shareholders.
Exchange traded fund (ETF)	An exchange traded fund is a fund that tracks an index, a commodity or a basket of assets like an index fund. An ETF trades like a company share on an exchange. ETFs experience price changes throughout the day as they are bought and sold. For example, an ETF holds assets such as stocks or bonds and trades over the course of the trading day at approximately the same price as the net asset value of its underlying assets. Most ETFs track an index, such as the FTSE All-Share.
Fixed income securities	A fixed income security is an alternative term for a bond or similar instrument which obligates the borrower to pay a fixed amount of interest during the period of issue and to repay the issue price when the instrument expires. Many different types of institution issue fixed income securities, such as governments, publicly held companies, banks etc.
FTSE 100 Index	The FTSE 100 Index, also called FTSE 100, FTSE, or, informally, the "footsie", is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalisation. It is one of the most widely used stock indices and is seen as a gauge of business prosperity for business regulated by UK company law. The index is maintained by the FTSE Group, a subsidiary of the London Stock Exchange Group. FTSE stands for Financial Times Stock Exchange.
FTSE 250 Index	The FTSE 250 Index is a capitalisation-weighted index consisting of the 101st to the 350th largest companies listed on the London Stock Exchange.

FTSE 350 Index	The FTSE 350 Index is a market capitalisation-weighted market index that combines the constituents of the FTSE 100 and FTSE 250 indices. It includes the largest 350 companies listed on the London Stock Exchange, providing exposure to both large-cap and mid-cap stocks.
FTSE SmallCap Index	The FTSE SmallCap Index is an index of small market capitalisation companies consisting of companies from the 351st largest listed companies on the London Stock Exchange main market onwards.
Futures	A future is an agreement to buy or sell an asset such as a bond or equity, on a specific date in the future at a price that is agreed today. Futures can be used either to hedge or to speculate on the price movement of the underlying asset. For example, a producer of maize could use futures to lock in a certain price and therefore reduce the risk of future price falls (known as hedging).
Gilt market	The gilt market refers to the market for government bonds issued by the United Kingdom. These bonds have the same properties as other bonds, in that they pay a set rate of interest at regular intervals for a set period of time and will be bought back at their issue price on a set date. Some gilts are 'perpetual', having no set end date.
Greenhouse Gas (GHG)	Greenhouse gases. The seven gases included in the United Nations Framework Convention on Climate Change (UNFCC) as drivers of climate change. These are: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6), and nitrogen trifluoride (NF3).
Implied Temperature Rise (ITR)	Implied Temperature Rise (ITR) is a forward-looking metric that estimates the potential increase in global temperatures based on the carbon emissions of companies, portfolios, or funds. It is expressed in degrees Celsius and helps investors understand how their investments align with global climate goals, such as limiting warming to well below 1.5°C or 2°C above pre-industrial levels.
Liquidity	Liquidity refers to the ease of dealing in an equity or bond and turning it into cash. It is the ability to convert an asset to cash quickly. There is no specific liquidity formula; however, liquidity is often calculated by using liquidity ratios.
Long/short fund	A long/short fund is a type of mutual, hedge, or exchange-traded fund (ETF) that takes both long and short positions in investments. Essentially, they take long positions in stocks they expect to increase in value and short positions in stocks they think are headed lower.
Main market	The main market typically refers to the primary stock exchange where larger, established companies list their shares. The main market is the London Stock Exchange, as opposed to the Alternative Investment Market.
Market capitalisation	Market capitalisation (sometimes referred to as 'market cap') is the total value of a company, calculated by multiplying the number of shares in issue by the current price of the shares. Companies are often referred to as being 'large-cap', 'mid-cap' and 'small-cap', reflecting their relative total value – large-cap being the largest companies and small-cap being the smallest (though it's important to remember that small-cap can still mean companies with values in the hundreds of millions or even low billions).
Maturity	Maturity refers to the date when the original investment in a bond is repaid. It can also mean the end of the life of a future or option.

Nikkei	The Nikkei Index is a price-weighted index of the top 225 blue chip stocks traded on the Tokyo Stock Exchange. See also 'blue chip'.
Options	In simple terms, options are contracts that give the holder the right, but not the obligation, to buy or sell an asset at an agreed price on or before a specified date. They are a financial derivative that represents a contract sold by one party (the option writer) to another party (the option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date). Call options give the option to buy at certain price, so the buyer would want the stock to go up in order to make a profit. Put options give the option to sell at a certain price, so the buyer would want the stock to go down.
Paris Agreement	The Paris Agreement is an international treaty adopted in 2015 with the goal of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.
Passive management	Passive management is a style of investment management that aims to replicate the performance of a benchmark or index. See also 'active management'.
Pricing power	Pricing power refers to a company's ability to raise prices without significantly reducing demand for its products or services. This ability is often influenced by factors such as brand strength, product uniqueness, market share, and the competitive landscape.
Private assets	Private assets refer investments that are not publicly traded and are typically held by institutional investors, high-net-worth individuals, or private equity firms. These assets include private equity, real estate, private debt and venture capital.
SASB standards	SASB Standards refer to the guidelines developed by the Sustainability Accounting Standards Board (SASB) to help companies disclose financially material sustainability information to investors. These standards are industry-specific and focus on the environmental, social, and governance (ESG) issues most relevant to financial performance in 77 different industries. See also 'environmental, social and governance (ESG)'.
Science Based Targets initiative (SBTi)	The Science Based Targets initiative (SBTi) is a corporate climate action organisation that enables companies and financial institutions worldwide to play their part in combating the climate crisis. The initiative develops standards, tools and guidance which allow companies to set greenhouse gas (GHG) emissions reductions targets in line with what is needed to keep global heating below catastrophic levels and reach net-zero by 2050 at latest.
Share price	A share price is the price of a particular company's shares at a particular time.
SICAV	SICAV is short for Société d'investissement à Capital Variable and is a form of investment fund structure offered in Europe, regulated under European law. Similar to open-ended mutual funds, SICAVs do not have a fixed number of shares traded in the public market.

Stock	A stock is a type of security that signifies proportionate ownership of a company. Ownership of a stock entitles the owner (the 'stockholder') to that proportion of the company's assets and earnings. Stocks are also known as shares or equities. Stocks are bought and sold primarily on stock exchanges (also known as stock markets), though private sales can take place as well. Most private investors will buy and sell stocks via stock brokers, many of them online.
Sustainability	Sustainability is the term used to encompass meeting the needs of the present without compromising the ability of future generations to meet their needs. The concept of sustainability is composed of three pillars: economic, environmental and social. Sustainability encourages businesses to take account of environmental, social and human considerations over the longer term, rather than focusing solely on short-term objectives such as immediate profit. (Also see 'Environmental, social and governance (ESG)').
Task Force on Climate-related Financial Disclosures (TCFD)	The Task Force on Climate-related Financial Disclosures (TCFD) was created by the Financial Stability Board to develop recommendations on how companies should disclose information to support stakeholders appropriately asses and price climate-related risks.
Top-down investment	In contrast to a bottom-up style, top-down investing is based on the macro-economic environment and related data rather than on stock specific criteria. Sector and country allocation will both be made in this way, with stock selection made according to index weightings rather than its own particular characteristics. Some fund managers use both techniques, using top-down factors to make asset allocation decisions and bottom-up criteria to make stock selection decisions. See also 'bottom-up investment.
Total return	The total return on an investment is made up of capital appreciation (or depreciation) and any income paid out by the investment. Measured over a set period, it is expressed as a percentage of the value of the investment at the start of that period.
Up/Down investment process	The up/down investment process typically refers to the combination of top-down and bottom-up investment strategies. See also 'bottom-up investment' and 'top-down investment'.
Yield	Yield is the annual income paid to investors on an asset, expressed as a percentage of the asset's price. The asset may be a company share or a bond (the latter issued both by companies and governments). In effect, it is the interest rate an investor will receive on an investment in a share or bond.

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