

Silver Mount Capital Limited (the “Firm”)

STATEMENT IN RELATION TO THE SHAREHOLDER RIGHTS DIRECTIVE II

March 2021

1. INTRODUCTION

The Second Shareholder Rights Directive (“SRD”), which took effect in the UK on 10 June 2019, aims to improve shareholder engagement and increase transparency around stewardship.

The Firm invests in listed equities and as such is required to disclose and make publicly available its policies on how it engages with other shareholders and investee companies, and how the Firm’s investment strategies create long-term value.

The Shareholders Rights Directive applies to investments in listed equities globally. The Firm invests primarily in global equities.

2. SRD AND THE FRC STEWARDSHIP CODE

Unlike the SRD, the UK Stewardship Code (the “Code”), which was established by the Financial Reporting Council in 2010, concerns UK equities. Under the Code, UK authorised asset managers have been required under the rules of the Financial Conduct Authority to produce a statement of commitment to the Code or to explain why it is not appropriate to its business model.

Silver Mount’s strategy involves investing in primarily non-UK markets. Therefore, while Silver Mount generally supports the objectives that underlie the Code, it has chosen not to commit to it.

A statement on the Firm’s response to the Code is made in a separate statement, which is available via [silvermount.com](https://www.silvermount.com).

3. THE FIRM’S INVESTMENT APPROACH

Silver Mount pursues a concentrated, high conviction, low turnover investment style. Its investment strategy is to “buy and hold” long-only, long-term equity.

Typically, investment holdings represent very small percentages, usually below 5%, of total traded equity and will represent very much smaller fractions for holdings with larger capitalisations.

The Firm’s focus is on the Consumer and Consumer Healthcare sectors globally, with specialisations in:

- Consumer Healthcare
- Digital Health
- Consumer Technology/Internet

4. ENGAGEMENT POLICY

Investment Firms are required by the SRD to either:

- publicly disclose an Engagement Policy as a statement on an annual basis describing how the Engagement Policy has been implemented; or
- publicly disclose a clear and reasoned explanation of why the Firm has chosen not to make these disclosures.

The Firm has elected to disclose publicly its **Engagement Policy** and this is set out below.

This Statement is reviewed annually and updated where necessary to reflect changes in circumstances and actual practice.

Should the Firm’s position change it will review its commitment to SRD and make appropriate disclosure at that time.

4.1 SHAREHOLDER ENGAGEMENT

The Firm considers shareholder engagement as part of its investment strategy. A ‘high level’ summary of the Firm’s approach includes:

- The Firm seeks to engage with investee companies to assess the quality of a holding or target company’s business which includes the evaluation of the quality of its leadership, governance and business processes
- The Firm does not identify its investment style as that of an “activist investor” (activist investors would seek to drive change within investee companies as their primary means to increase value). The Firm does, however, engage with management and, where appropriate, may make suggestions based on Silver Mount’s proprietary investment analysis.
- The Firm conducts research on target companies and existing holdings via:
 - Extensive data analysis (which may include population, consumer trends, markets etc)
 - Competitor analysis
 - Discussions with industry experts and analysts
 - Meetings with Company Management on an ongoing basis, with direct contact (subject to the MNPI rules) where possible.
- The Firm is guided by company management when it exercises shareholder voting rights on behalf of clients.

4.2 INVESTEE COMPANY MONITORING

Using the above techniques, the Firm evaluates and monitors target and investee companies using a number of key metrics, including:

- Strategy
- Financial and non-financial performance and risk
- Capital structure
- Social and environmental impact and corporate governance.

4.3 DIALOGUE WITH INVESTEE COMPANIES

The Firm conducts dialogues with investee companies via:

- Meetings and calls with senior management of investee companies
- Participation in conferences and analyst calls
- When location will allow, on-site visits to investee companies.

4.4 EXERCISING VOTING AND OTHER SHAREHOLDER RIGHTS

The Firm’s Fiduciary responsibilities mean that it owes each of its clients a duty of care and loyalty. This is a primary consideration when delivering the services undertaken on the client’s behalf, including the management and execution of proxy voting. To this end, the Firm takes all reasonable steps to vote proxies in the best interest of its clients.

The Firm has a Proxy Voting Policy that – amongst other things – sets out the Firm’s general approach when voting on behalf of its clients.

The Firm generally votes proxy proposals, amendments, consents or resolutions relating to client securities, (each a “proxy”) in accordance with the following guidelines:

The Firm will generally support a current management initiative, if the Investment Team’s view of the issuer’s management is favourable; however, if circumstances change, the Investment Management team will potentially consider the following:

- Voting to change the management structure of an issuer, if it would protect shareholder value or lead to an increase; and
- Voting against management, if there is a clear conflict between the issuer's management and shareholder interest.

It should be noted that, at the time of publishing this policy, the Silver Mount Investment Team has not historically voted against company management.

Should the Investment Team's strategic outlook come to differ materially from that of investee company management, this would alter the team's evaluation of the future performance of this holding and would likely result in divestment.

The Proxy Voting Policy can be made available to clients and fund investors upon request.

4.5 COOPERATION WITH OTHER SHAREHOLDERS

The Investment Team has a broad skill-set and is familiar with direct "Activist Investor" techniques which may be employed by external co-shareholders.

The Firm is alert to receiving possible communications from, or actions by, other shareholders which may include their:

- Participation in shareholder group forums;
- Working via informal groups, holding discussions relating to proxy voting decisions;
- Participation in AGM/EGMs,
- Holding joint shareholder meetings with a company;
- Acting as co-plaintiffs in class action lawsuits.

As discussed, the use of these techniques is outside the core investment strategy operated by the Firm, however, in the event that other shareholders contact the Firm, Senior Management will respond in the way that best meets the Firm's investment stewardship objectives and which protects or delivers shareholder value long-term.

4.6 CONFLICTS OF INTEREST

The Firm has a documented Conflicts of Interest Policy. The Firm is required to manage conflicts of interest fairly, both between the Firm and its clients as well as between one client and another client. As applicable, the Firm is also required to identify conflicts of interest between an investor in a fund managed by the Firm and other investors, funds managed by the Firm, other clients of the Firm or the Firm itself.

The Firm's policy is to take all appropriate steps to maintain and operate effective organisational and administrative processes to identify and to prevent or manage potential and actual conflicts of interest in the Firm's business.

The Firm has adopted a number of key policies which address conflicts of interests that may arise in relation to shareholder engagement include our Code of Ethics, Conflicts of Interest Policy and the Proxy Voting Policy, as well as policies relating to the UK Bribery Act and Market Abuse, including insider dealing.

With specific reference to the Firm's engagement with listed companies, the Firm has identified that conflicts of interest may arise, inter alia, in the following situations:

- Aggregation and allocation of orders – the Firm does not aggregate or allocate orders
- Investing (different strategies and mandates) – the Firm operates a single strategy
- Proxy voting (as detailed above)
- Use of research - The Firm operates a Research Policy to manage potential risks including conflicts arising
- Expert Network Policy to manage potential conflicts arising
- Remuneration – the Firm operates a Remuneration Policy to manage potential conflicts arising

- Personal account trading – the Firm operates a Personal Account Trading Policy to manage potential conflicts arising
- Outside Interests – the Firm requires all personnel to declare outside interests in order to manage any potential conflicts of interest arising

Voting decisions are made only by authorised individuals who are Senior Managers and who are responsible for oversight of investment and corporate strategy.

5. IMPLEMENTATION OF THE ENGAGEMENT POLICY – ANNUAL DISCLOSURE

The Firm's initial Annual Disclosure is made with respect to the calendar year 2020 and was first made available in 2021.