



Troy Asset Management Limited

Shareholders Rights Directive II – Institutional Investors Disclosure



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The EU Directive 2017/828, commonly referred to as the **Shareholders Rights Directive II**, aims to increase shareholder engagement and transparency of asset managers' engagement and voting activities on behalf of their underlying investors. Troy Asset Management Limited ("Troy"), as an asset manager, is required to provide certain disclosures to its institutional investors under COBS 2.2B.9R of the FCA Handbook in relation to the investment strategy of collective investment undertaking, including funds and investment trusts managed by Troy ("Troy-managed funds"), and its implementation.

How Troy's strategy and its implementation contributes to the medium to long-term performance of the assets of the relevant fund.

For all Troy-managed funds, Troy makes available information which can be accessed via Troy's website, www.taml.co.uk. This information is contained in documentation including fund prospectuses, KIID/KIDs, investor disclosure documents, annual reports and fund factsheets. The investment objective, policy and strategy of each fund are set out in the fund prospectus and/or KIID/KID. The factsheets and annual reports provide commentary updates by the fund manager and show the short, medium- and long-term performance.

All Troy's strategies emphasise absolute over relative returns and seek to protect and grow the real value of investors' capital over the long term. Troy believes that a portfolio that suffers fewer and less destructive drawdowns will be in a better position to compound returns over the medium- to long-run. In seeking to minimise the risk of permanent loss of capital, we:

1. Adopt a conservative approach, avoiding unnecessary complexity, with our view of valuations driving asset allocation in our Multi-Asset strategy.
2. Seek to invest in exceptional companies that have strong competitive advantages and should be able to grow at sustainably high returns over time.
3. Seek to capture the compounding power of these great businesses through concentrated portfolios and long holding periods.
4. Place a heavy emphasis on understanding all the risks to any investment case, seeking to avoid the common errors that frequently lead to permanent impairment of capital, specifically:
 - Weak business models (business risk);
 - Excessive debt (financial risk);
 - Very high valuations (valuation risk); and
 - Poor corporate behaviours (ESG risk).

This approach embeds the integration of Environmental, Social and Governance ("ESG") analysis into our fundamental research process. Stewardship of our clients' assets involves an active programme of monitoring, engagement and voting. The analysis of ESG factors is not an adjunct or an overlay to our process. Stewardship and ESG research are deeply integrated into Troy's investment process and inform our opinions on the medium and long-term prospects for every company we own. Troy's Investment Team comprises 13 members



(www.taml.co.uk/About-Us/Our-Team) who are collectively responsible for engagement, voting and the integration of ESG into Troy's research process.

Troy's stewardship activities include seeking to vote on all resolutions where we have voting authority and engaging with investee companies, where appropriate, as a part of our ongoing monitoring and voting processes. We believe our long holding periods and the calibre of our research are recognised by investee companies, with both contributing to a high level of access to company management teams.

Whether and, if so, how Troy makes decisions by evaluating the medium to long-term performance of investee companies, including non-financial performance; and key material medium to long term risks associated with the investments

Troy's Investment Team carries out in-depth, independent research using a wide range of primary sources. We are highly discerning and thorough in our work. We do, however, try to keep the research process as simple and intuitive as possible. We only want to invest in companies that we understand and that we believe have enduring qualities that will allow them to compound in value over the medium to long-term. We aim to be long-term shareholders, so must have a high degree of confidence in the ability of a business to deliver growing cash flows into the future.

We view investment risk as the possibility of permanent capital loss and our investment process places a heavy emphasis on understanding the risks to any investment case. Consideration of material ESG risks is inseparable from this endeavour.

We attach great importance to the sustainability of a company's returns over the medium to long-term and our integrated approach to the fundamental analysis of ESG factors is a key component of assessing that durability. Strong governance structures improve the alignment of management with investors and create a framework in which capital can be judiciously deployed to create shareholder value long into the future. In the same way, a company that takes its social and environmental responsibilities seriously and has a strong sense of corporate purpose will maintain its licence to operate and will see its brand strengthen as all its stakeholders benefit from its growth.

As the materiality of environmental and social risks and opportunities has increased, and the availability of data has improved, both our ability to integrate such factors into our research and the imperative to do so has increased commensurately. This has proved a natural evolution which integrates at all levels with our emphasis on understanding both the long-term risks and opportunities presented by any potential investment.

Our highly selective and long-term approach allows us to conduct deep, fundamental research at the outset and then monitor companies closely over the course of our ownership.

Our analysis is materiality-driven and the factors considered will depend on the ESG risks and opportunities each company is exposed to, as well as the industry and geographies they operate in. The ESG factors we may consider are outlined below, though this does not comprise an exhaustive list of all factors considered.

CLIMATE CHANGE	NATURAL CAPITAL	PRODUCT SAFETY & RESPONSIBILITY	HUMAN CAPITAL	CORPORATE GOVERNANCE
- Carbon pricing	- Natural resource	- Product use and harm	- Human rights	- Board effectiveness
- Energy mix	- Biodiversity	- Chemical use	- Workplace culture	- Management capability
- Technological disruption	- Pollution	- Data privacy	- Employee treatment and empowerment	- Corporate behaviour
- Net zero alignment	- Waste	- Cyber security		- Business ethics
- Physical risk	- Circularity			



Whilst environmental and social issues are often specific to companies and industries, corporate governance considerations can be applied more broadly. We place significant weight on corporate governance, believing that good quality governance underpins successful and sustainable companies. In assessing the quality of corporate governance, we look for a medium to long-term mindset and true alignment of interests between management and shareholders through equity ownership and/or remuneration policies that incentivise long-term profitability and wealth creation.

Use of proxy advisors for engagement activities

Troy considers voting to be an important part of its active ownership activity and investment process. Our aim is to use voting rights to safeguard our investors' interests. We seek to instruct votes on all resolutions on behalf of clients and investors for whom we have voting authority. Troy conducts analysis of each management or shareholder resolution ahead of voting. Votes are cast to reflect what Troy believes to be the best long-term interests of shareholders.

Troy has established a Voting Policy and General Voting Guidelines. These guidelines have been implemented by Troy's proxy voting provider, Institutional Shareholder Services ("ISS"), to ensure a consistent approach to voting. The guidelines are informed by best-practice standards and the corporate governance codes of the jurisdictions in which we invest. Troy's Investment Analysts and Fund Managers review and apply the Guideline recommendations, though they may on occasion vote differently to the recommendations when circumstances dictate a divergence to be in the best interests of our underlying investors. Voting on such proposals is therefore done on a case-by-case basis.

Troy's Investment Team is responsible for carrying out engagements directly with companies.

Troy's policy on securities lending

It is Troy's policy that it does not carry out securities lending.

Conflicts of interests that arise in connection with engagement activities and how Troy deals with them

Our assessment is that there are three core types of conflicts of interest which may affect our business. These are: (a) between an employee and the firm; (b) between the firm and its clients; and (c) between two or more clients of the firm. How we seek to identify and prevent potential conflicts of interest and, where necessary, put in place measures to manage any such conflicts is summarised in our conflicts of interest policy.

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

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

We have identified various potential conflicts of interest and one actual conflict relating to stewardship, each of which is recorded in our conflicts of interest register. One of Troy's non-executive directors is also a director of a



business which Troy invests in. This conflict of interest could influence our stewardship activities, such as voting. How we manage such conflicts of interest is set out in our conflicts of interest register and, therefore, subject to the review process described above.

In order to further manage potential conflict of interests, the justifications and the decision-making process on voting activity are clearly documented.

For further information on conflicts of interest management in relation to engagement activities, please see Troy's Stewardship Code 2024 Report (<https://www.taml.co.uk/responsible-investing/>).

Portfolio composition; turnover and turnover costs

For investors in Troy-managed funds, information on portfolio composition can be found within the annual report or factsheet of the relevant fund, available on Troy's website www.taml.co.uk.

A summary table of portfolio turnover for the relevant funds is shown below.

The transaction costs associated with the portfolio turnover within the relevant fund, produced in accordance with MiFID II, is available within the ex-post cost disclosure of the European MiFID Template (commonly referred to as an "EMT"). The EMTs are available at the following locations:

- Trojan Investment Funds – Waystone Management (UK) Limited website
- Trojan Funds (Ireland) plc – [mailing](#) Universal-Investment Ireland Fund Management Limited
- Investment Trusts – [mailing](#) Juniper Partners Limited



PORTFOLIO TURNOVER

This report has been prepared in support of Troy's Shareholder Rights Directive II disclosures to institutional investors.

Portfolio Turnover Rate has been calculated in accordance with the following methodology.

Lesser of the market value of equity purchases and sales

Average portfolio NAV over the previous 12 months*

**For those funds which invest in other asset classes, the market value of the portfolio's equities is used as a denominator instead of NAV.*

The portfolio turnover is calculated in relation to equities within a portfolio, which will vary depending on the investment strategy. Calculated as at 31 December 2024, for 2024 calendar year.

PORTFOLIO	PORTFOLIO TURNOVER RATE (%)
Crystal Fund*	17.0
Personal Assets Trust plc*	14.3
STS Global Income & Growth Trust plc	33.3
Trojan Global Income Fund (Ireland)	9.2
Trojan Ethical Income Fund	13.5
Trojan Ethical Fund (Ireland)*	15.3
Trojan Ethical Fund*	23.6
Trojan Fund*	14.9
Trojan Global Equity Fund	14.1
Trojan Income Fund	16.0
Trojan Global Income Fund	13.3
Trojan Income Fund (Ireland)	18.2
Trojan Fund (Ireland)*	18.2
Trojan Ethical Global Income Fund	36.1

If you have any queries in relation to the contents of this document, please contact Troy's Compliance Team at compliance@taml.co.uk.