April 2025

taml.co.uk

Responsible Investment Report N°·16

Has Cancel Culture been Cancelled?

America's culture wars can feel like an endless cycle — noisy, polarising, and constantly shifting. As a London-based asset manager with a global investment universe, we carefully observe from across the Atlantic; not deeply entangled but certainly interested as we monitor any impact on the companies in which we invest.

We think globally, not just through a U.S. lens. The companies we invest in are multinational, and whilst these tensions are currently most pronounced in the U.S., they vary across the world. Debates over free speech and corporate responsibility look different in Europe, Japan, and Sub-Saharan Africa, reinforcing why no single market's politics at a point in time should dictate investment decisions.

Our job is not to pick sides in political debates or speculate on election outcomes. We invest in businesses built to endure, favouring those that are resilient and that can adapt, creating long-term value regardless of who holds power in any given jurisdiction.

A Tainted Acronym

President Trump's Make America Great Again ('MAGA') movement has launched a stampede against 'wokeism'. ESG, once a framework for assessing long-term risks and opportunities, has been caught in the crossfire, recast as ideological and now facing fierce opposition.

Source: Google Images, 31 March 2025.

But is ESG truly 'woke'? Or has it simply become collateral damage in a larger political battle? The answer matters — not just for politics, but for how businesses and investors navigate risk, strategy, and long-term sustainable returns.

ESG need not be inherently controversial. The debate comes from how the term has been stretched to cover vastly different investment approaches. It has been used to describe both values-driven investing with explicit environmental or social goals, and (from Troy's viewpoint) the integration of material non-financial factors into investment decisions to maximise long term financial returns. This blurred and ambiguous meaning has fuelled confusion and contention. "ESG" has become so politicised that any mention of it can now spark strong reactions — positive or negative, depending on the audience.

At its core, ESG is about risks and opportunities that drive long-term value. It is a fundamental part of investing. At Troy, we have always maintained a clear distinction between ESG integration and ethical investing. We assess ESG factors not as a moral stance, but because they can be material to a company's long-term financial performance. We invest in businesses with leaders who make smart decisions, treat stakeholders fairly, and manage external risks because failing to do so can threaten a company's right to operate. It is about understanding how potential risks and opportunities impact returns, not ideological positioning.

This approach is reflected in our recent discussions with companies. Over the past quarter, Troy met with Next, a UK-based retailer, to discuss labour rights and supply chain management, and had a meeting with Link REIT to discuss how they are strengthening resilience against extreme weather risks for properties in the Greater Bay Area, Hong Kong. These conversations demonstrate how ESG factors, when assessed through the lens of long-term value, are essential to evaluating business resilience.

The U.S. Corporate Retreat

President Trump's promotion of deregulation and the fight against 'wokeism' have led companies to rethink, scale back, or even reverse certain sustainability commitments. DE&I (Diversity, Equity & Inclusion) and Net Zero initiatives are in retreat, with firms toning down rhetoric, restructuring programs, or reducing reporting to avoid scrutiny.

In money management, cognitive diversity is considered essential. At one point, there were more UK fund managers named Dave than there were women managing funds[1] — a striking reflection of the investment industry's gender diversity gap. While progress has been made, it raises a broader question: does diversity in decision-making improve outcomes, and should businesses prioritise it?

To make sense of a fast-changing world, we need broad perspectives, open discourse, and more than just our own viewpoints. We apply these principles to corporate boards, encouraging greater diversity, though never at the expense of meritocracy. It is not about quotas, but about ensuring leadership teams reflect the breadth of perspectives that exist across their customer bases and their employees.

Even as some of our companies scale back formal DE&I targets or move away from quotas, they continue to prioritise talent retention, leadership development, and workplace culture, because strong businesses depend on high-performing teams.

Meanwhile, Net Zero remains a long-term goal for many, but some firms are delaying targets and scaling back disclosures to sidestep the ESG backlash, a sign of the political tightrope they are walking. But with wildfires ripping through California and hurricanes battering Florida, the need to build resilience against extreme weather isn't up for debate, it's a reality.

Meta's Moderation U-Turn

One of the most controversial shifts in corporate America has been Meta's change in stance on content moderation, reflecting the broader debate around free speech and platform responsibility.

The free speech debate in the U.S. has deep historical roots and has swung in both directions. In the 1960s, it was a liberal cause, protecting civil rights activists and anti-war protesters from government repression. By the 1980s, the push for speech codes to combat discrimination led to a backlash, with critics arguing it stifled open discourse under 'political correctness.'

The internet era introduced new challenges, amplifying both speech and misinformation. The 1996 Communications Decency Act attempted regulation, but Section 230 shielded tech companies from liability. By the 2010s, the debate had evolved again, as companies grappled with content moderation, misinformation, and the fine line between free expression and harm.

Meta recently announced significant changes to its content moderation policies, aiming to reduce censorship and promote free expression. These changes include eliminating third-party fact-checking in favour of a community-based notation system, relaxing certain content restrictions, and relocating moderation teams to address algorithmic bias concerns.

Given its timing, it is perhaps easy to be cynical about these changes. As shareholders in Meta, we recognise the challenge that the company faces in balancing free speech with user protection and platform governance, especially across hundreds of jurisdictions. Content moderation decisions directly impact user trust, community engagement, and ultimately, Meta's ad-driven business model.

Open debate is fundamental to a thriving society but failing to set clear boundaries risks enabling harm. Striking the right balance is crucial. In recent years, Meta leaned heavily into content censorship, responding to regulatory, political and societal pressures. Now, it is pulling back, shifting back towards a more open approach to speech, and taking advantage of a community-based form of content moderation. While this course correction may ease concerns about big tech overreach, it also brings new risks around content quality and user engagement.

At recent company AGMs, Troy has supported resolutions to strengthen protections for minors and increase transparency around AI-generated content and its role in shaping user experiences, particularly in relation to misinformation. How

[1]Morningstar, 8 March 2021.

Meta navigates these issues will be central to its long-term prospects.

Winds of Change

"In a democracy, the opposition is not permanently silenced. It is merely waiting for its turn."

– Amartya Sen

Like many market narratives, the ESG debate has swung to extremes. Some of its strongest advocates overreached, and in the wake of the pandemic, certain policies and expectations went too far. Now, we are seeing a sharp pullback — but as with any correction, there is a risk of overcorrection. ESG has become so politicised that it is now a battleground, forcing investors to take sides rather than engage with substance. Yet beyond the rhetoric, good governance, effective resource management, and sound leadership still matter.

Throwing the Baby Out with the Bathwater

This quarter, several members of Troy's investment team travelled to the U.S. to meet with companies firsthand. Aniruddha Kulkarni attended a leading consumer goods conference in Florida. Tom Yeowart visited Visa's Investor Day in San Francisco, and George Viney travelled to New York to meet with internet and payments companies. It is clear that even if the term "ESG" is being used less, the core issues remain on the agenda. Food companies still prioritise health and nutrition, just as payments firms continue to grapple with regulation and data privacy. The terminology may have changed, but the fundamentals have not.

We invest in companies that are resilient, adaptable, and equipped to navigate different economic and regulatory environments. This approach shapes our stock selection across all Troy portfolios, as we focus on companies with lasting competitive advantages. Visa benefits from the long-term shift to digital payments, RELX leverages proprietary data and AI-driven insights to reinforce its industry leadership, and global technology leaders like Alphabet and Microsoft are well-positioned to capitalise on continued migration to the cloud. Each of these businesses is built on powerful secular trends that will outlast political cycles, reinforcing their ability to compound value over the long term.

At Troy, ESG was never about right or wrong. It has always been about what matters to a company's long-term financial performance. We focus on the factors that could affect a company's bottom line or hinder its ability to grow its top line, whether that be governance failures, shifting consumer trends, or regulatory risks. No matter where we are in the shifting culture wars, our focus remains the same: investing with discipline in resilient, global businesses with exceptional financial profiles, built to create sustainable returns over time.

Sian-Azilis Evans April 2025

Responsible Investment at Troy

STEWARDSHIP CODE

Signatory of:

PRI Principles for Responsible Investment

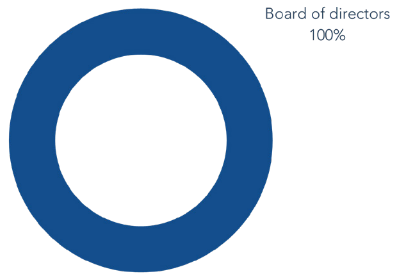
Net Zero Asset Managers Initiative

Voting

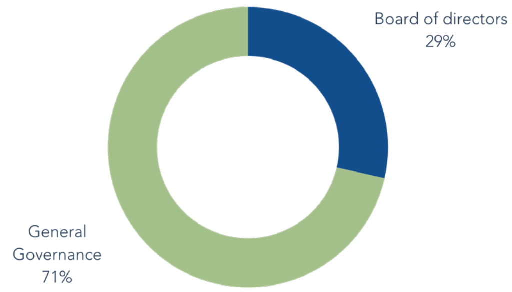
	2024	2025 YTD
Meetings Held	100	13
Meetings voted	100%	100%
Meetings with at least 1 vote Against Management*	35%	39%
Management Resolutions		
Total management resolutions	1,554	251
Votes against management resolutions*	5%	2%
Votes against ISS recommendations	6%	2%
Shareholder Resolutions		
Total shareholder resolutions	70	5
Votes in favour of shareholder resolutions	27%	20%
Votes against ISS recommendations	16%	0%

Source: ISS. *This may include abstentions.

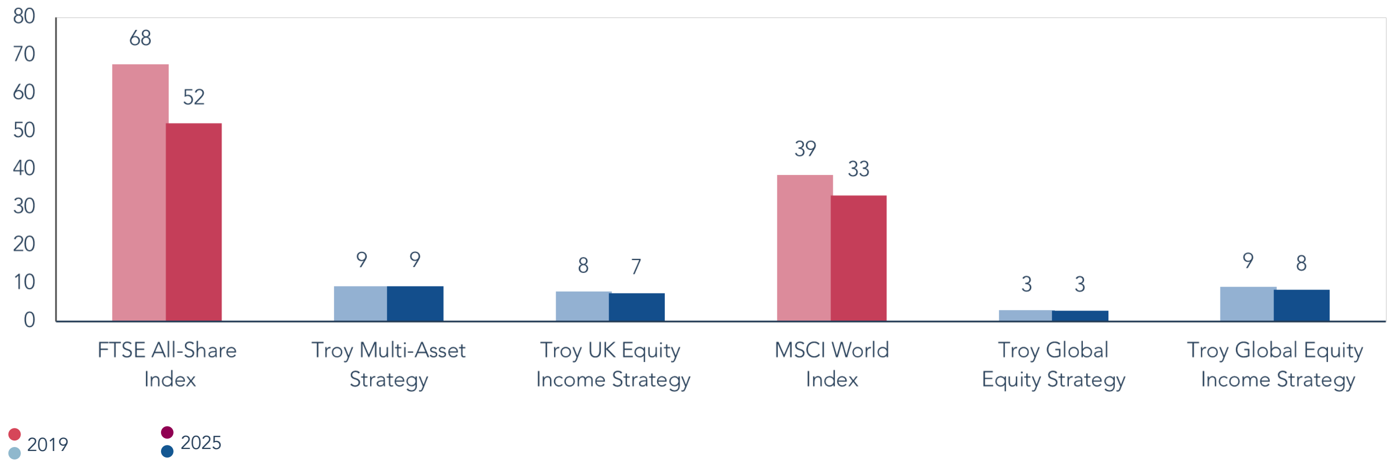
VOTES IN FAVOUR OF SHAREHOLDER RESOLUTIONS – 2025



VOTES AGAINST MANAGEMENT RECOMMENDATIONS - 2025 (BOTH MANAGEMENT AND SHAREHOLDER RESOLUTIONS)

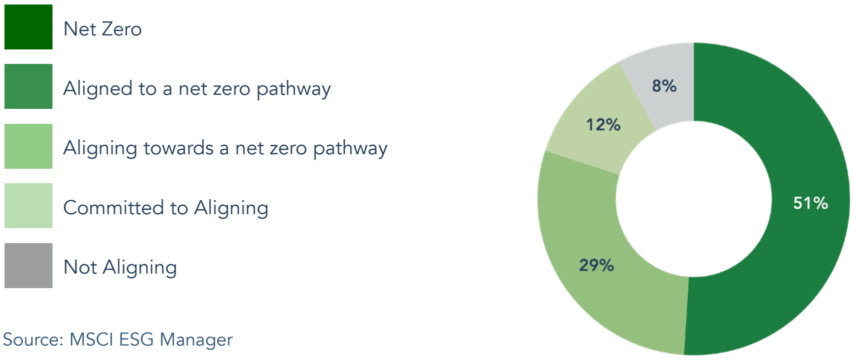


Portfolio Carbon Footprint (Tons CO2e / $M Invested)*



*Carbon footprint calculated using market capitalisation.
Source: MSCI ESG Manager, portfolio holdings as at 31 March 2025. Asset Allocation subject to change. The information provided is based on calculations relating to corporate securities only. Where the fund holds other asset classes, such as cash or government bonds, these are excluded from the portfolio. The information shown relates to a mandate which is representative of, and has been managed in accordance with, the relevant Troy Strategy. Past performance is not a guide to future performance. All references to benchmarks are for comparative purposes only.

Current Alignment of our Holdings with Net Zero by 2050

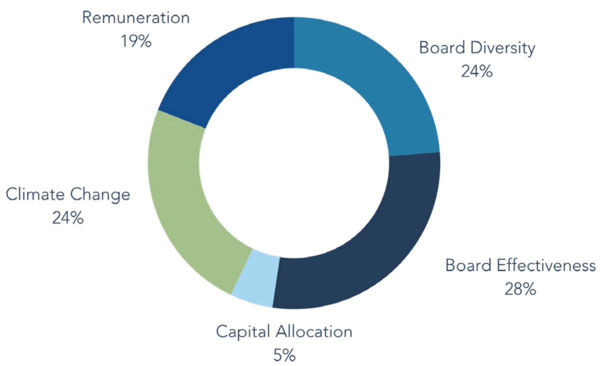


Source: MSCI ESG Manager

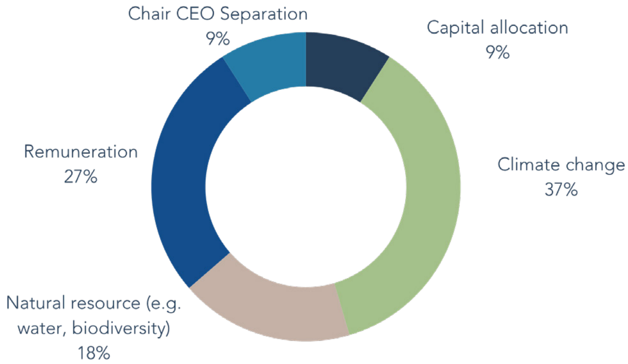
Troy has categorised all equity holdings along an alignment maturity scale in accordance with the Institutional Investors Group on Climate Change's (IIGCC) Net Zero Investment Framework methodology. This reflects our commitment under the Net Zero Asset Managers initiative to ensure our investments are on track to meet global ambitions of net zero emissions by 2050 or sooner. We currently have engagements underway with all holdings deemed 'not aligning', our goal is to move all holdings along the climate maturity scale with the ultimate objective of achieving net zero. For further information please see Troy's Climate Change Mitigation Policy.[2]

Engagements

ONGOING - 21 ENGAGEMENTS WITH 17 COMPANIES



2024 - 11 ENGAGEMENTS WITH 10 COMPANIES



Source: Troy Asset Management, 31 March 2025. [2]This policy outlines the consideration of climate risk in our investment decision-making process for mandates which meet the criteria under Article 8 of the European Union's Sustainable Finance Disclosure Regulation

Disclaimer

Further information relating to how ESG integration is applied to the fund can be found in the fund prospectus and investor disclosure document. For further information relating to Troy's approach to company voting and engagement, please see Troy's Responsible Investment and Stewardship Policy available at [www.taml.co.uk.](www.taml.co.uk)

Please refer to Troy's Glossary of Investment terms here. The document has been provided for information purposes only. Neither the views nor the information contained within this document constitute investment advice or an offer to invest or to provide discretionary investment management services and should not be used as the basis of any investment decision. The document does not have regard to the investment objectives, financial situation or particular needs of any particular person. Although Troy Asset Management Limited considers the information included in this document to be reliable, no warranty is given as to its accuracy or completeness. The views expressed reflect the views of Troy Asset Management Limited at the date of this document; however, the views are not guarantees, should not be relied upon and may be subject to change without notice. No warranty is given as to the accuracy or completeness of the information included or provided by a third party in this document. Third party data may belong to a third party.

Past performance is not a guide to future performance. All references to benchmarks are for comparative purposes only. Overseas investments may be affected by movements in currency exchange rates. The value of an investment and any income from it may fall as well as rise and investors may get back less than they invested. The investment policy and process of the may not be suitable for all investors. Tax legislation and the levels of relief from taxation can change at any time. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities.

Although Troy's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness of any data herein. None of the ESG Parties makes any express or implied warranties of any kind, and the ESG Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein. Further, without limiting any of the foregoing, in no event shall any of the ESG Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Issued by Troy Asset Management Limited (registered in England & Wales No. 3930846). Registered office: 33 Davies Street, London W1K 4BP. Authorised and regulated by the Financial Conduct Authority (FRN: 195764) and registered with the U.S. Securities and Exchange Commission ("SEC") as an Investment Adviser (CRD: 319174). Registration with the SEC does not imply a certain level of skill or training.