



Sustainability & Social Responsibility Report

Troy Asset Management Limited





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About This Report

Welcome to Troy's Sustainability & Social Responsibility Report. The aim of this report is to articulate to our employees, shareholders, clients and wider stakeholders our commitment to incorporating sustainability and social responsibility not only into our investment process, but also into our business strategy and day-to-day decision-making.

Society's views on the importance of sustainability have changed dramatically in recent years and the expectation is that all businesses, especially those in financial services, place a far greater emphasis on the importance of climate change, protecting the environment, promoting a fairer, more diverse and inclusive society and on generally behaving in a responsible and sustainable manner.

The 1987 Report by the UN Brundtland Commission defined Sustainability as "meeting the needs of the present, without compromising the ability of future generations to meet their own needs". Integral to this vision is the call for companies to consider seriously and properly the long-term impact of the decisions they take in the day-to-day management of their businesses.

As a privately owned and managed company, Troy is free from many of the short-term pressures often exerted on listed companies. Consequently, we are able to take a long-term view and make investment and business decisions which we believe will maximise the chances of our enduring success, as well as achieving sustainable long-term investment outcomes for our clients.

As a manager of £12 billion of client assets, we recognise the direct and active role we must play in considering environmental, social and governance ("ESG") issues and influencing the companies in which we invest to do the same.

We are committed to upholding high standards of corporate behaviour and we understand that the actions we take as a business today will help contribute to the prosperity and sustainability of our clients, colleagues and the wider community in the future.





Our approach to the stewardship of our clients' assets has evolved over the past two decades. It is increasingly clear to us that companies which do not prioritise strong corporate governance, and which do not proactively manage their social impact and environmental footprint, will likely suffer from greater regulatory costs, asset impairments and declining support from customers and shareholders alike. We also believe that the way in which a business approaches ESG risks and opportunities provides a valuable insight into a company's culture and the time horizon of its strategy, which we believe in turn will determine the long-term sustainability of investment returns.

This report outlines some of the initiatives we have undertaken at Troy in recent years which we believe have advanced our thinking and behaviour in the areas of sustainability and acting responsibly. Social and environmental activities recently undertaken range from supporting a number of carbon reduction initiatives to being founding sponsors of a charity which aims to promote greater gender diversity within the asset management industry. Troy has also granted substantial financial support to over eighty different charities during the financial year to 30 April 2024, reflecting our strong commitment to sharing our success with the wider community and giving back to society.

We are continually learning and we are interested in hearing your views. Please contact us at info@taml.co.uk to share your thoughts or ask us further questions.



About Troy

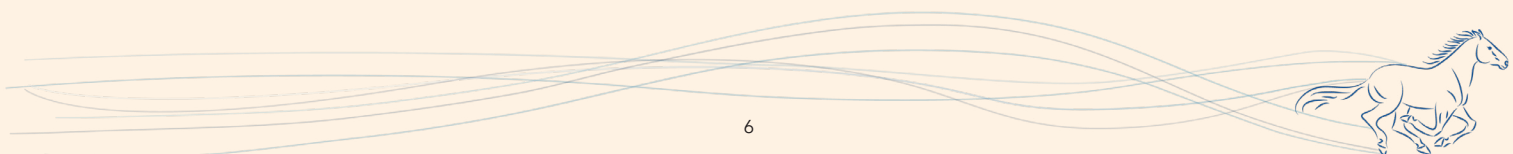
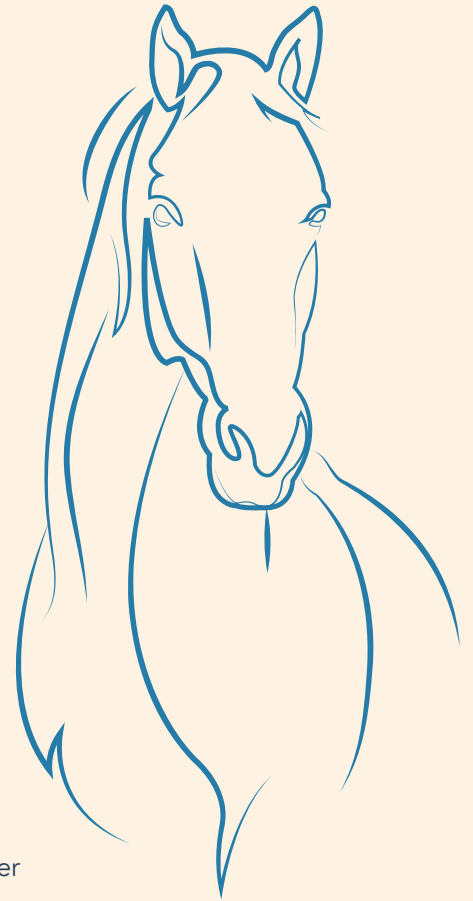
Our Heritage

We are a privately owned, independent investment boutique whose purpose since inception has been to preserve, grow and be a responsible steward of our clients' irreplaceable capital over the long term.

Troy Asset Management was founded in 2000 on the premise that what mattered most to investors was to protect and grow their assets. The objective was to create a fund management business that would serve investors who shared this same philosophy.

The Weinstock family initially held 100% of the share capital. Over time, through a combination of dilution, share sales and share buy-backs, ownership has shifted towards the management of the business. Within the year, Lincoln Peak Capital LLC, a Boston based private organisation that specialises in making long-term, minority investments in high quality asset managers, acquired 33% of Troy's share capital.

Troy's independent structure, robust governance model, and strong cultural values form the foundation of our approach to effective stewardship of our clients' assets. This is further reinforced by the alignment of interests which exists between Troy and its clients. All our fund managers and senior employees invest a significant proportion of their annual remuneration in the funds we manage or the shares of the company. We remain a privately-owned company and we have always sought to maintain a simple but effective organisational structure, overseen by a board of directors with strong representation by independent non-executive directors with a diverse range of industry backgrounds.



Our Purpose & Values

Troy's purpose is to preserve, grow and be a responsible steward of our clients' irreplaceable capital over the long term.

We strive to act responsibly at all times and expect the same of the companies in which we invest. The following guiding principles are core to Troy's investment approach and extend to how we work with our clients, employees, shareholders and wider stakeholders.

Heritage

Our unique heritage has defined key aspects of our culture, and our independence has served to retain these points of differentiation and advantage as the firm has grown.

Culture

Troy's culture is one of intellectual honesty, curiosity and independent thinking. We promote a collaborative workplace and aim continuously to improve the service we provide our clients.

Respect

The views of each team member are respected and considered equal. New ideas are freely promoted and working assumptions are openly challenged. Diversity of thought and a plurality of perspectives are highly valued.

People

We aim for clear and consistent outcomes, borne out of a simple, transparent and disciplined process. In a rapidly changing world, it is through the support and development of our people that we will adapt and succeed, all the while remaining focused on our enduring purpose of long-term capital preservation and growth for our clients.





Our Business

As at 30 June 2024, Troy managed £12.0 billion of assets, in a range of Multi-asset, UK Equity Income, Global Equity and Global Equity Income Strategies. Additionally, we offer an exclusions-based ethical capability.

All of Troy's strategies 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 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.
2. Invest in exceptional companies that can grow at sustainably high returns, in which we have strong conviction that they will become more valuable 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, and our stewardship of our clients’ assets involves an active programme of monitoring, engagement and voting.

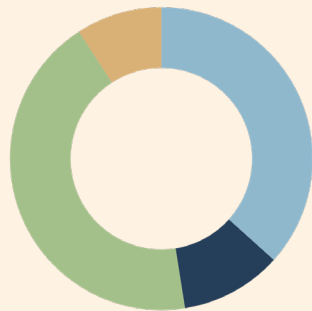
Total Assets Under Management – £12.0bn

Launched
2001 Multi-Asset Strategy
£8,588m

Launched
2013 Global Equity Strategy
£742m

Launched
2004 UK Equity Income Strategy
£1,490m

Launched
2016 Global Equity Income Strategy
£1,218m



- Global Equities – £4.4bn
- UK Equities – £1.3bn
- Fixed Income – £5.2bn
- Gold Related Investments – £1.1bn

Retail 72%



Wealth Managers, Investment
Platforms and Family Offices

Institutional 28%

Investment Trusts, Foundations
& Endowments, Segregated
Mandates and Pension Schemes

Source: Troy Asset Management Limited, 30 June 2024.



Our People

Our people are our greatest asset; their skills and knowledge are the reason for our success.

We are committed to attracting and retaining talented and diverse individuals and work hard to ensure they feel valued and grow in their roles. Our people tell us Troy feels like a family business, that we are polite, friendly, collaborative, professional, meritocratic, generous, fair and open.



We believe that a diverse workforce fuels innovative thinking, creativity and balanced decision making, and we are committed to creating a culture where respect and understanding are fostered. We aim to create a supportive and inclusive environment. To achieve this, we actively promote an open exchange of ideas and points of view in an environment of dignity and respect, where our people feel empowered to contribute to the decisions that affect them.

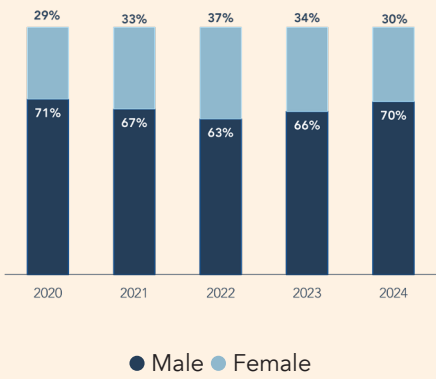
We take pride in upholding our reputation as a business which maintains the highest standards of professional and ethical conduct. We offer a wide range of both individual and group learning and development opportunities for career and personal development for everyone to help them perform at their best and realise their full potential.

We are committed to the welfare of our people. We offer a wide range of employee benefits and initiatives, which promote and support the general health and wellbeing of our people and their families. We help provide for their retirement through a competitive pension plan and offer comprehensive cover for them and/or their families in the event of long-term illness or death. We offer private medical health cover and support for them and their families through short-term illness. We provide a confidential employee assistance programme for additional support through a variety of life events. We also offer complimentary fitness classes to all employees.

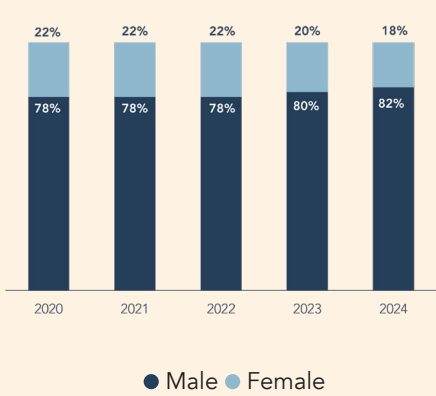


Troy fully complies with, and in many areas generously enhances, all statutory provisions for working parents. We provide detailed guidance to help working parents understand the options and entitlements available to them. We also offer parental transition coaching sessions with a specialist provider to help expectant parents and their managers navigate through the phases before, during and after parental leave, which we find helps keep careers on track and teams working well together.

Firm Gender Breakdown



Board Gender Breakdown



Source: Troy Asset Management, 30 June 2024.



Serving Clients

Troy's investment approach was informed at inception by Lord Weinstock's mandate to Sebastian Lyon; to preserve his hard-earned capital. Our objective has since been to create long-term absolute returns for our investors, whilst avoiding the distraction of short-term market noise and benchmarks.

Since its foundation 24 years ago, Troy has clearly and consistently communicated this investment philosophy in its reporting to existing clients and meetings with prospective clients, thereby seeking to attract like-minded investors.

Troy manages open-ended investment companies, investment trusts and segregated mandates. Our underlying investor base includes both institutional investors and a broad range of retail investors, who invest via wealth managers, independent financial advisers and investment platforms.

We have worked hard to ensure that our clients understand our investment process. This requires clear and concise reporting, which provides information and data presented in a way which is fair, balanced and easy to understand. An area of particular focus in recent years has been enhancing our responsible investment and stewardship reporting.

We publish a quarterly Responsible Investment Report, both at the firm and portfolio level, which includes data on our funds' carbon performance as well as voting and engagement data. This data is also included in our materials for investor meetings. We will continue to respond to the evolving needs of our clients in this area.



Over time, we have developed new funds and strategies, some of which were specifically designed to meet the increased demand from our investors for ethical variations of our principal strategies. Since 2016, we have launched ethical versions of three of our four investment mandates. These adhere to Ethical Exclusion Criteria which prohibit investments in alcoholic beverages, armaments, fossil fuels, gambling, high interest rate lending, pornography and tobacco.

The materiality of environmental and social factors has increased as consumers and regulators have sought to differentiate between those companies acting in a responsible and sustainable way and those which are not. The availability of relevant data has also improved. These changes have resulted in a commensurate increase in our actions and focus on stewardship throughout our investment process.

Over the last few years, we have materially developed our approach to assessing climate risk. In 2021, Troy joined the Net Zero Asset Manager's initiative and formally set a net zero target a year later. We have reported against our targets in our Climate Reports, which are aligned with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations. Similarly, we have enhanced our voting process with the adoption of a Voting Policy, which is available on our website.

We strive always to be closely aligned with our clients. While this idea is deeply embedded in our culture, it is also reinforced within our business practices and incentive structures. Senior individuals are required to reinvest part of their variable remuneration either in the funds Troy manages or the firm's equity. This ensures that Fund Managers are substantially invested alongside our clients and currently circa half of Troy's employees own shares in the business.



Investing Responsibly

Since Troy was founded, we have pursued a long-term approach to generating sustainable and compounding returns. This has always meant seeking an understanding of both financial and non-financial risks and opportunities, an approach that over time has evolved into our fully integrated responsible investment and stewardship strategy.

Our responsible investment strategy encompasses our fully integrated ESG process, our approach to active ownership and our climate change mitigation strategy. Troy's investment process seeks to integrate the analysis of material risks and opportunities arising from ESG factors across our portfolios.

Our fundamental approach to analysis is integrated into our wider investment process and is the responsibility of all members of the Investment Team. We employ a complementary ESG research approach, focusing on ESG matters pertinent to individual companies in addition to thematic issues that are material to a number of portfolio holdings. We have explored a number of thematic issues over the year including climate change, human capital management, and the energy intensity of artificial intelligence. Further details of Troy's approach to ESG integration can be found in the following documents:



[Responsible Investment
& Stewardship Policy](#)



[Stewardship
Code Report](#)



[UN PRI Report](#)



Stewardship is an integral part of the management of our clients' assets and our stewardship activities are covered more fully in our latest UK Stewardship Code Report. We believe the importance of stewardship increases materially over longer-term investment horizons such as ours.

We see active ownership as integral to the fulfilment of our duties as fiduciaries of our clients' capital. We do this by diligently voting all our shares and using company management meetings to informally make suggestions to senior executives where we see room for improvement. We formally engage with management and the boards of directors when we want to be more forceful. This process fosters constructive and deeper relationships with our investee companies. Details of our active ownership and stewardship activities can be found within the documents above and within our quarterly Responsible Investment reports.

We believe that materiality is dynamic in nature, and that for long-term investors financial materiality and stakeholder materiality overlap in many instances. Environmental risk, such as climate change, is an example of such a risk whereby its disruptive impact, if unaddressed, will materially affect our investments, the economy and society at large. Troy's greatest sensitivity to climate risk lies in the company's Scope 3 exposure, which includes the greenhouse gas emissions of our investee companies.

Another area of greater focus over the last 12 months for Troy's Investment Team has been on board diversity and human capital management. Troy began voting against incumbent chairs of nominating committees at boards falling below 30% female representation. Last year, we voted against the re-election of six chairs to express our dissatisfaction with the lack of progress. A company's commitment to incorporating varied backgrounds and perspectives at board level is usually indicative of a more inclusive and adaptive culture. Such cultural attributes are difficult to measure but are often vital for long-term outperformance.





Acting Responsibly

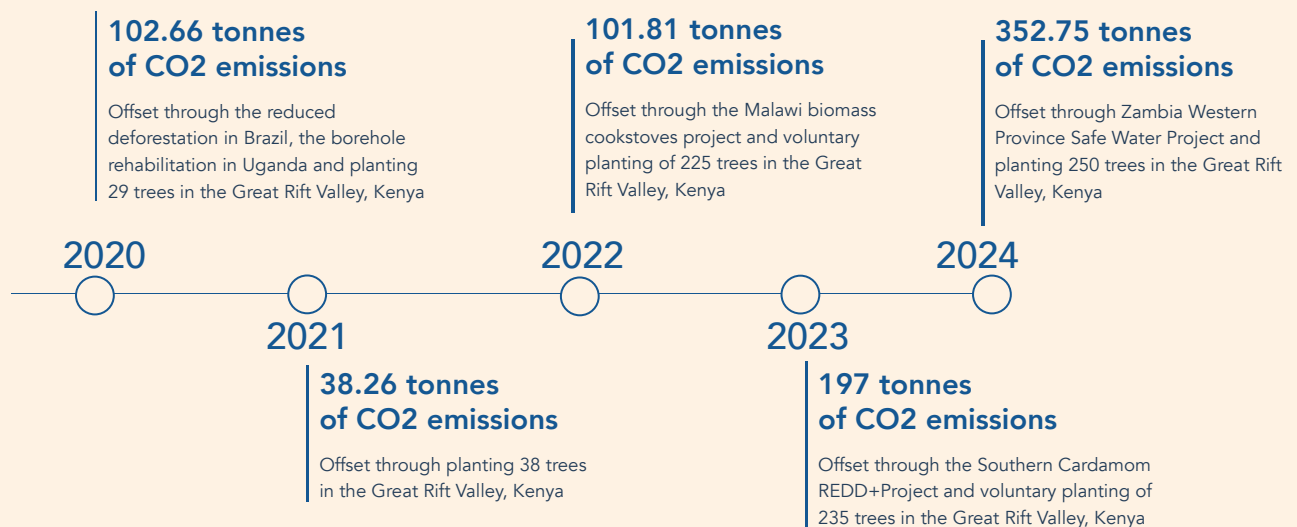
We are committed to improving the way we operate and manage our business. We recognise that the way we manage our clients' assets will likely have a far greater impact on mitigating climate change than the impact we can have as a small business in a single office location. Nonetheless, in recent years we have given greater prioritisation and consideration to our own operational footprint. In our view, all initiatives work best if they are underpinned at the grassroots level and our commitment to sustainability is no different; it starts in the office and with each employee.

We are committed to managing our business responsibly. We bring this commitment to life through our purpose and values, our policies and procedures, our people's actions, and our professional standards. Over recent years, we have offset all operational greenhouse gas emissions by investing in several accredited carbon reduction initiatives, as illustrated below. For the fourth year running, we have been recognised as carbon neutral by Carbon Footprint Limited, a leading independent carbon consultancy business. Whilst the measurement of our carbon footprint and offsetting our emissions is an important step, we acknowledge that the reduction of gross emissions is the real aim.

As with many capital light businesses, we are aware that our biggest impact on the climate and our environment comes from employee travel and scope 3 emissions. Our total carbon footprint has increased over the last year owing to increased business travel which falls into our scope 3 emissions.

Many of our investee companies are US domiciled, and we have been fortunate to attend more investor days and meet with companies over the last year. Additionally, expanding our business and reaching new markets has necessitated more international flights to connect with potential investors. We will continue to use technology to bring groups of individuals together in virtual meetings but, where we are unable to avoid emissions, we have committed to offsetting the carbon produced by our travel.





We have recently renewed our zero-carbon energy plan for a further two years. This switch to a green energy tariff will all but eliminate our scope 2 emissions.

In recent years, employee engagement has also resulted in a wide range of initiatives to reduce the environmental footprint that we create. Some of these have been small – we now recycle our coffee capsules, use motion sensitive LED lighting in our offices, use refillable glass bottles in our meeting rooms and have put in place facilities and schemes to encourage cycling and running to work – but cumulatively we believe they will make a real difference over time.

To aid our employees in reducing their individual carbon footprints, we now offer an electric vehicle salary sacrifice scheme. The scheme supports employees to conveniently lease an electric vehicle, which can be used by them and their immediate family for both business and personal purposes. Further, the scheme supports employees to access suitable charging provisions and provides incentives for them to switch their home energy supplier to a 100% renewable electricity provider.

Other initiatives have been larger; Troy collaborated through The Investor Forum with other investors, non-governmental organisations and government departments to sponsor the development of an industry standard on plastics. This aimed to address the systemic environmental risk posed by spills of granulated plastics along the manufacturing supply chain. These 'nurdles' are a major contributor to micro plastic pollution, which represents a significant threat to marine biology and the complex systems that allow it to flourish, in turn impacting a significant part of the global food chain. The outcome of this collaboration was BSI's industry standard, which was launched in July 2021 and is now publicly available for industry use. We will continue to actively track the adoption of this standard and use it as a platform for further engagement.



Giving Back

We seek to extend our positive impact beyond our immediate sphere into the wider community. Our philanthropy is an important way in which we can share our success with those in greater need than ourselves.



Troy has a history of supporting charitable causes, dating back to 2010 when we were fewer than 12 employees. Each year, our Board sets aside a generous allocation for charitable activities. In 2013, a Charity Committee was formally established to promote wider employee engagement in decision making and membership of the Charity Committee rotates on a biennial basis. This rotation of members helps ensure broad participation and inclusion in charitable initiatives across all areas of the firm. Additionally, every employee is invited to play a part in Troy's charitable activities. On an annual basis, each employee nominates a charity in which they or their family have a particular interest and a portion of Troy's annual charity budget is allocated accordingly.

The budget allocation is overseen by the Committee, which is responsible for identifying and meeting with worthwhile charities and sponsoring well-run, targeted initiatives where Troy's financial support will make a material difference. Troy's financial support for charitable causes amounted to £425,000 in 2024, and over £3.0m since 2010.



Furthermore, employees are encouraged to take paid time off for volunteering and we support employee fundraising efforts on a matched funding basis, up to £1,000 per employee per year. We encourage and facilitate employees to volunteer their time, skills and expertise to support a wide range of charitable causes.

Payroll Giving is a unique and valued form of fundraising because it provides charities with regular income and helps them plan ahead effectively. Troy achieved a Platinum Award in 2024 under the Payroll Quality Giving Mark, awarded by the Charities Aid Foundation (CAF). The Payroll Giving Quality Mark is awarded by CAF in recognition of an organisation's commitment to fostering a culture of philanthropy and committed giving in the workplace, by promoting Payroll Giving to the very highest standard.

In the financial year ended 30 April 2024, Troy sponsored over eighty charities in both the UK and overseas supporting a wide variety of causes:

- Mental health and counselling;
- Education for young people;
- Wildlife Preservation;
- Food banks; and
- Sports coaching and mentoring for young people.



Looking Ahead

Looking ahead, over the next two years, we aim to focus on the following initiatives:

The topics of diversity and inclusion are high on the agenda at Troy. These are themes which also emerge consistently from our employee engagement exercises. Troy is a founding sponsor of GAIN (Girls Are INvestors), a charity co-founded by Charlotte Yonge, the Fund Manager of the Trojan Ethical Fund. GAIN seeks to promote diversity within the fund management industry by increasing the number of female and non-binary applicants for entry-level investment roles.

To help specifically in the area of promoting inclusivity for employees at Troy, we have run a series of seminars to raise the awareness of unconscious bias and other behaviours that can create barriers to inclusion in the workplace and learn how we can address them positively.

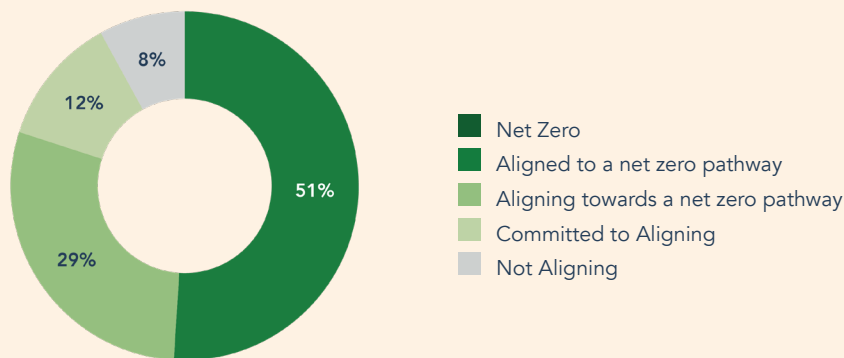
To help promote an inclusive culture we encourage open and ongoing dialogue with all employees to give them a voice and ensure their views are heard when making business decisions which will affect them. A series of engagement workshops to canvass employee views on a range of specific topics was carried out in 2022. We believe that engagement initiatives such as these helps foster a spirit of inclusion and enable senior management to understand the concerns and needs of our employees.

Troy became a signatory of the Net Zero Asset Managers initiative (“NZAM”) in 2021 and published our first formal climate-related targets in July 2022 under the Paris Aligned Investor Initiative’s Net Zero Investment Framework. Alongside our long-term commitment to investing in alignment with net zero emissions by 2050 or sooner, we have set the below interim targets:

- 100% of companies must classify as net zero, aligned to net zero or aligning to a net zero pathway by 2030 (80% by 2025);
- Emissions (tCO2e/\$m) to be reduced by 50% by 2030, against a 2019 baseline; and
- 40% of financed emissions to be subject to direct or collective engagement by 2025.

Current Alignment with Net Zero by 2050 as at 30 June 2024

Troy has categorised all equity holdings along an alignment maturity scale in accordance with the IIGCC’s 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](#).



Source: MSCI ESG Manager.



These targets apply to all equity investments in Troy's open-ended investment funds. We look forward to updating you on our progress against these targets and working in partnership with the wider industry to accelerate the transition towards global net zero emissions in order to play our part to help deliver the goals of the Paris Agreement and ensure a just transition.

Troy has worked closely with its landlords to implement a green lease, which encompasses a wide range of sustainable initiatives such as:

- Monitoring and sharing of environmental performance data;
- Switching to smart meters for electricity;
- Consolidation of deliveries to and from the premises where it is reasonably practical using a centralised delivery scheme;
- The efficient procurement of waste collection services; and
- Agreement to not make any alterations to our premises that will adversely impact on the energy performance certificate and environmental performance of the premises.

We are proud of what we have achieved to date, but we are conscious that sustainability and social responsibility are areas where no-one can afford to stand still. We acknowledge that there will always be more to do.





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Regulatory Information

All data as at 30 June 2024 unless stated otherwise.

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