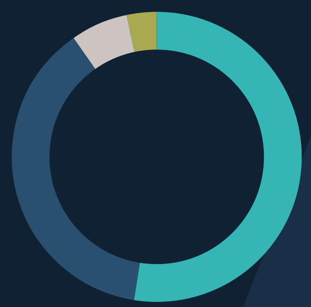
WAVERTON

RESPONSIBLE INVESTMENT – ENGAGEMENT & VOTING 2024

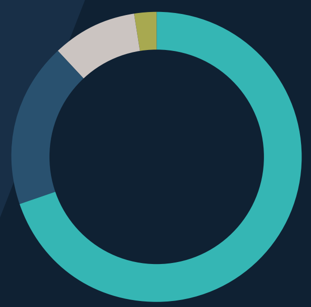
Waverton has always adopted a global, active, high conviction and predominantly direct investment approach, reflecting a firm belief in the benefits of active management both in terms of asset allocation and disciplined security selection.



AUM by business channel (%)

Private Clients	52.6
Adviser Solutions	37.8
Charities	6.6
Institutional Solutions	3.1

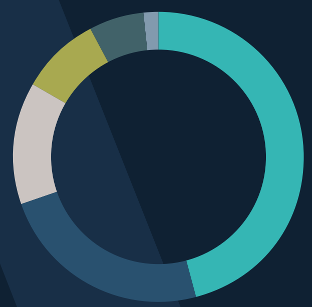
Source: Waverton. As at 31.12.24.



AUM by asset class (%)

Equities	69.8
Bonds	18.3
Alternatives	9.5
Cash	2.3

Source: Waverton. As at 31.12.24.



AUM by region (%)

North America	46.1
United Kingdom	23.8
Europe ex UK	13.5
Japan	9.0
Asia Pacific ex Japan	6.1
Emerging Markets	1.5

Source: Waverton. As at 31.12.24.

Waverton Responsible Investment – Engagement & Voting 2024

FOREWORD

We published our first formal Responsible Investment Policy in 2019 and while we continually seek to refine our approach, it is encouraging and hopefully reassuring to our clients/investors, that the core principles we outlined then are still very much in place today. If anything, our conviction in the merits of a forward-looking, genuinely integrated approach to responsible investment that incorporates active stewardship of client capital, has only grown over time.

We have always emphasised that the assessment of environmental, social and governance (ESG) factors should be considered an integral part of good fundamental research rather than something new to incorporate. As such, it is reflected across all our client portfolios and funds. Similarly, we have been clear in our preference for constructive engagement with management over the use of blanket exclusions, as a more effective way to encourage better corporate practices and positive real-world outcomes, also exercising our voting rights as a way to help influence better behaviours.

This is the fourth annual report we have published on our engagement and voting activities. The case studies included in this year's report provide evidence of our approach and progress made, with most engagements ongoing. With our second Task Force on Climate-related Financial Disclosures (TCFD) report also due to be published during Q2, much of our engagement in 2024 continued to focus on investee company Climate Transition Plans (CTPs), especially those companies that make up the top 15 contributors to Waverton's financed emissions.

Our detailed analysis into strategies and emissions disclosure, as well as target revisions, indicates that almost all companies face multiple challenges and are still early in their journeys to reaching "net zero" commitments by 2050. In turn, our financed emissions are beholden to these".

Another key project in 2024 involved the roll-out of our new ESG due diligence questionnaire to 75 investment vehicles held in our Multi-asset and Alternative funds. This was designed to enable us to better understand their approach, the progress they are making as a firm, allow us to compare with other investments held and, fundamentally, to support ongoing engagement.

As in previous years, governance-related engagement and voting activity remained prominent in 2024. We published company level proxy voting activity on our website for the first time and are working with our providers for a more interactive solution going forward. Our "votes against management" remain low at 6% of the total but are a reflection of the detailed due diligence undertaken by the Investment team prior to making an investment, and selection criteria that tend to favour well-managed businesses with strong or at the very least improving governance standards.

The changing regulatory and political landscape has undoubtedly introduced renewed debate around ESG and Sustainable Investing, and we have seen instances of climate disclosure requirements being reviewed or rolled back in both the US and Europe, albeit from very different starting points. Most well-managed companies, however, continue to move forward in addressing both their energy consumption and use of no/lower carbon fuel sources, not least because these also have the potential to drive productivity improvements over time.

Against this backdrop, we remain firmly of the belief that to fulfil our fiduciary duty to clients/investors while also ensuring responsible stewardship of their assets, requires a pragmatic approach that acknowledges a period of transition during which we also need to recognise companies on an improving ESG trajectory, as well as those that are an essential part of the transition solution. This is where most value is to be found and the contribution to positive sustainability outcomes is often overlooked.

William Dinning
Chief Investment Officer

Jennifer Fisher
Head of Equities

Signatories of:

PRI Principles for Responsible Investment

UK STEWARDSHIP CODE

ENGAGEMENT

Engagement policy

We remain committed to contributing to an improvement in corporate practices, public disclosures and outcomes across the ESG spectrum over time. Our approach to engagement focuses on aspects where we believe we can be most effective in influencing or encouraging better behaviours, while also fulfilling our fiduciary duty to clients/investors to enhance or protect shareholder value.

> **It is now more widely acknowledged that direct engagement with the management of companies is a more effective way to influence better corporate behaviours and deliver positive real-world outcomes.**
>
> **Negative screening and/or blanket exclusions of certain industries from the investment universe does not solve the problem and, importantly, also precludes a potential seat at the senior management table."**

What is engagement?

We define "engagement" as a two-way dialogue between a company and a member (or members) of our Investment team. The format of this can be in person, by phone, online or email, but the distinction is that it is a forum where we actively participate in a discussion and exchange views with management either 1-1 or in a small group meeting. Attending a conference or investor day presentation or listening to a webinar constitutes a company meeting but not engagement in our book.

The statistics shown below distinguish, therefore, between total number of company meetings attended over the course of the year (this excludes quarterly earnings calls), the proportion that were 1-1 or small group meetings, and those that were with senior management.

As long-term fundamental investors, we prefer to build constructive relationships with management and to communicate with them directly on a regular basis. Our 3-5+ year investment horizon and quality of our due diligence has played an important part in fostering strong relationships with companies across all regions and sectors, with the experience of the Investment team also helping to facilitate good access to senior management.

Engagement has always formed an important part of our investment process, enabling a more complete understanding of a company's business model and strategic direction, more effective monitoring of operational performance, while also providing a fuller assessment of management quality, corporate culture and governance standards. All of the above are difficult to gauge from screening and/or corporate reports alone.

These meetings also provide a forum for us to advocate for the strong governance practices and efficient allocation of capital that ensures resilience in a company's business model and its long-term financial sustainability.

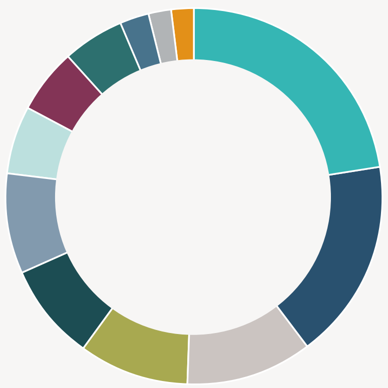
We undertake hundreds of meetings a year both in London and overseas, believing that meeting companies in their domestic territory often provides valuable anecdotal insights, as well as highlighting important regional differences.

558
Company meetings
(2023: 504)

57%
of meetings 1-1 or with small groups
(2023: 57%)

78%
of meetings with senior management
(2023: 84%)

ENGAGEMENT BY SECTOR (%)



- Industrials
- Financials
- Consumer Discretionary
- Real Estate
- Communication Services
- Consumer Staples
- Health Care
- Information Technology
- Materials
- Utilities
- Energy
- Other

Source: Waverton

During 2024, we participated in over 550 meetings with companies worldwide. Consistent with previous years, approximately 50% of our meetings were with companies in which we are invested. We meet with many others, however, not only as part of a continuous review of potential investments, but also because these conversations provide valuable insights into the health of the real economy and the competitive dynamics of an industry. This includes a number of private companies developing potentially disruptive new technologies, products and/or services. They can also highlight the relationship with and practices of those that may be suppliers to or customers of our investee companies, which is particularly important given the greater scrutiny now given to ESG standards throughout a company's supply chain.

Identifying engagement topics

We have been consistent in our approach to ESG since Waverton published its first Responsible Investment policy document in 2019. Our view has always been that the consideration of ESG factors is an integral part of good fundamental research, rather than something new to assess or requiring a separate process. Governance is central to delivering a sustainable business in all its important forms (durability, shareholder returns, improving ESG standards), therefore, the review of governance practices has always been a key part of our analysis.

Similarly, when considering other relevant factors that could impact a company's ability to generate free cash flow and high/improving returns on capital over the long term, it is impossible to ignore material environmental and social factors that could have significant operational and financial consequences for its business. ESG factors are, therefore, intrinsically linked to the long-term returns of an asset and we use a bespoke framework (adapted from the Sustainability Accounting Standards Board's materiality framework) based around its five sustainability pillars.

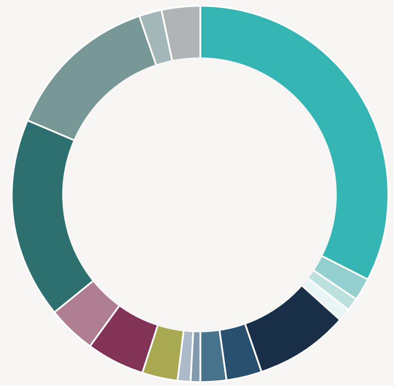
While much of this is intuitive from a fundamental research perspective, the framework ensures relevant material issues within specific industries are identified and investigated in a more consistent manner across all asset classes within the Investment team. It can also provide a more formal foundation for our engagement activities that can then be more easily tracked over time.

The chart to the right breaks down our ESG engagement topics by the five sustainability pillars used within our materiality framework. It also highlights the mix of specific ESG topics discussed with companies last year. Much of our engagement (and voting activity) continues to focus on governance-related topics, reflecting our strongly held view that efficient and responsible decision-making across all aspects of a company's operations, effectively stems from strong governance structures and practices.

The importance of materiality

We believe focusing on the ESG issues most material to specific industries when evaluating a company's performance with regard to ESG factors, is not only more relevant to an assessment of a company's operational performance and financial sustainability, but also the most effective way to assess real-world environmental and social outcomes. Case studies provided over the next few pages highlight what we mean by this.

ESG ENGAGEMENT TOPICS (%)



ENVIRONMENT
- GHG Emissions/Energy Management
- Water & Wastewater Management
- Waste & Hazardous Materials Management
- Biodiversity

SOCIAL CAPITAL
- Product Quality & Safety
- Selling Practices & Product Labelling
- Human Rights & Community Relations
- Customer Welfare
- Data Security & Consumer Privacy

HUMAN CAPITAL
- Labour Practices/Health & Safety

BUSINESS MODEL & INNOVATION
- Material Sourcing/Supply Chain Management
- Product Design & Lifecycle Management

LEADERSHIP & GOVERNANCE
- Business Ethics & Behaviour
- Board Structure & Remuneration
- Critical Incident Risk Management

- Other

Source: Waverton

ENGAGEMENT *CONTINUED*

CASE STUDY

Engagement on Climate Transition Plans (CTP)

Severe weather-related events are becoming increasingly frequent and during the first quarter of 2025, we have already witnessed the devastating impact of wildfires, severe flooding, record January global temperatures and record low sea ice. All are salient reminders of the need for companies and wider society to continue to address the impacts of climate change.

The changing regulatory and political landscape has seen instances of climate disclosure requirements being reviewed or rolled back in both the US and Europe, albeit from very different starting points. Most well-managed companies continue to move forward in addressing both their energy consumption and use of no/lower carbon fuel sources, however, not least because these also have the potential to drive long-term productivity improvements.

Issue

As long-term investors and responsible stewards of our clients' capital, we fully recognise our responsibility to help drive positive environmental change. We also acknowledge that meaningful change on a global scale will take time and believe this necessitates a pragmatic approach, where we actively engage with companies in all sectors and focus on their direction of travel.

Part of this responsibility is the inherent obligation under the Task Force on Climate-related Financial Disclosures (TCFD) regulation to measure, understand and report on Waverton's emissions. The largest component of this is our share of emissions produced by the investments we manage on our clients/investors' behalf, also known as financed emissions.

Action

As reported in our last two annual Engagement & Voting reports, we have been measuring and monitoring the carbon emissions of our direct equity exposure (covering close to 70% of AUM) since 2023, and produced our first TCFD report in May 2024.

Climate transition plans and emission reduction targets were the primary focus of our company engagement activity during 2024.

We concentrated our efforts on those companies making up the top 15 contributors to financed emissions, both for Waverton as a whole and across our universe of Funds. These 15 companies equate to coverage of 89% of total financed emissions at the corporate level and more than 90% across all Waverton Funds. Our engagement on these topics went beyond our top 15 contributors, however, and we had discussions with over 20 companies overall.

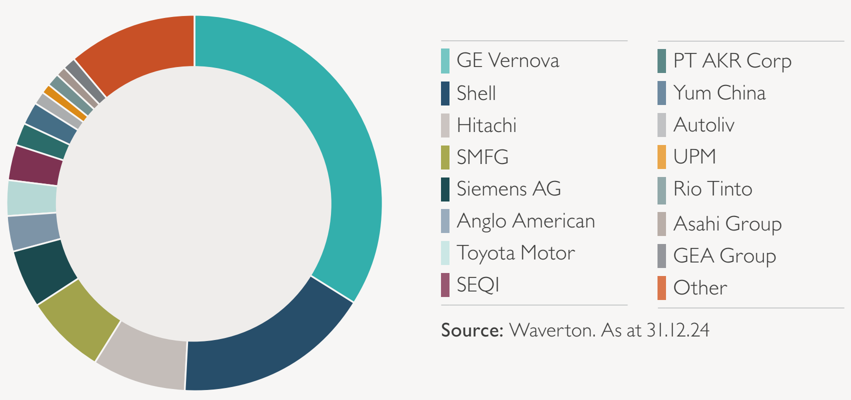
Outcomes

Our engagements have become more focused over the last year, resulting in informative and constructive discussions with management.

It is notable that companies are at very different points in the development of their climate strategies, targets, measurement of emissions and the disclosure of these. The regulatory burdens, particularly the Corporate Sustainability Reporting Directive (CSRD) in Europe, has been a distraction for management teams and a drain on resources. CSRD requires reporting on double materiality, financial and non-financial impacts, and reporting of over 1,000 datapoints. For some companies, this has delayed further development of climate action plans, target setting and disclosure.

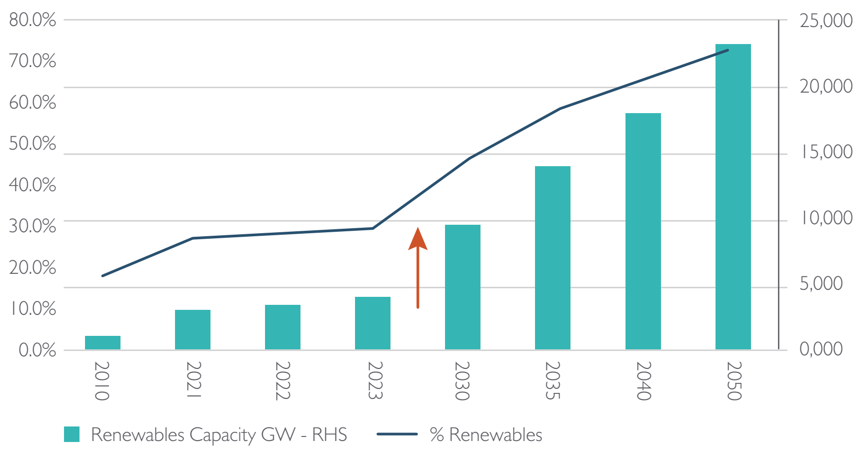
Sandvik, held within some of our Equity and Multi-Asset Funds, is one of these. This Scandinavian company is a global, high-tech engineering group providing solutions to enhance productivity, profitability and sustainability for the manufacturing, mining and infrastructure industries. Perhaps 2025/26 will see an acceleration of corporate climate-related activity once initial CSRD reporting is underway in Europe, but geopolitical influences (particularly in the US) could discourage progress elsewhere.

DISTRIBUTION OF FINANCED EMISSIONS IN 2024



Source: Waverton. As at 31.12.24

World Electricity Supply Generation % Renewables and GW Capacity Based on IEA STEPS Assumptions



Source: IEA World Energy Outlook 2024

The challenges

A very important area of discussion with companies has been the outlook for the energy transition, specifically electrical infrastructure and consequently the power grid mix and assumptions about the future proportion derived from renewables.

Engagement with European companies **GEA Group** (systems suppliers for the food, beverage and pharmaceutical sectors), **Siemens** (industrial automation and technology conglomerate) and **Siemens Healthineers** (healthcare equipment and technology) were insightful on a number of fronts, highlighting different approaches to estimating Scope 3 emissions (see Glossary on the inside back cover for definitions), of which *Category 11 Use of sold products over their lifetime* is often the largest contributor to total emissions.

Assumptions about grid mix are important for reported Scope 3, because they are also inherent in a company's carbon reduction targets. Those companies that rely on International Energy Agency (IEA) grid mix projections based on the stated government policies scenario (STEPS), could struggle to achieve their targets. As the chart above shows, current projections assume that the proportion of global electricity supply derived from renewables grows from ~15% in 2023 to ~75% in 2050.

It is evident, however, that there are bottlenecks across infrastructure supply chains and, since the start of this year, heightened uncertainty about the direction of interest rates, government policies/subsidies, and tariffs. These have served to increase project risks, financing costs and are hindering capital spending decisions for companies. This is an area requiring more analysis and careful monitoring going forward.

One of the aims of our engagement, therefore, has been to differentiate between published ESG credentials and climate change endeavours that are aspirational in principle, and those that are realistic and achievable. A better understanding of the factors that are within management control and a company's true underlying motivation, have been important for assessing targets and what to expect as we monitor progress going forward. It was notable that the laudable ambitions of some companies may not be matched by their ability to control the main levers determining total emissions. **BBGI Global Infrastructure** and **Taylor Maritime** (holdings in our Real Assets and Multi-Asset Funds) are examples of this. Read our case study on page 6 for more information.

Our detailed analysis into strategies and emissions disclosure, as well as target revisions, indicates that almost all companies face multiple challenges and are still early in their journeys to reaching "net zero" commitments by 2050. In turn, Waverton's financed emissions are beholden to these.

Changes to the scope of business disclosure (e.g. not all divisions or <100% of revenue, reorganisation or M&A impact) and revisions of targets may obscure the true picture of underlying real-world emission trends. Investors need to be wary, therefore, of the achievement of short-term milestones and subsequent revisions to targets, which may give the impression of good or bad performance in one particular year (e.g. **GEA**, **Hitachi** & **Shell**). Read our case study on page 6 for more information.

An important element of our ongoing TCFD obligations is monitoring emissions of the top 15 contributors to financed emissions (at both the corporate and Fund level) against their targets. We will also be disclosing the attribution of changes in our financed emissions due to (1) changes in reported emissions, (2) revisions to scope of disclosure, and (3) increasing AUM. Those companies contributing the largest changes to financed emissions will be added to our primary engagement list for 2025. Please see our 2024 TCFD Report available on our website for more information.

ENGAGEMENT *CONTINUED*

CASE STUDY E

Taylor Maritime Limited (UK)

Taylor Maritime Ltd ("TML"), previously Taylor Maritime Investments Ltd, is a significant owner and operator of dry bulk ships.

Issue

As part of our measurement and monitoring of our climate-related risks, TML has been identified as one of the Top 15 contributors to our financed emissions across the firm, requiring closer assessment.

Action

In October 2024, we engaged TML's senior management, Investor Relations (IR) and its sustainability lead to better understand the company's progress and climate transition plans, including the challenges it faces.

We discussed its Scope 3 emissions, which are by far the largest contributing factor to financed emissions. In 2023, total emissions (Scopes 1, 2 & 3) reduced 20% year-on-year, primarily driven by the divestment of vessels throughout the year, which is unlikely to be repeated in the next year.

TML is prioritising efficiencies on existing fleets instead of buying new vessels with the latest engine technology. For example, this could include retrofit measures to help reduce emissions (i.e. changes to propellors, rudders, energy efficiency monitoring systems etc.). It is also engaging with suppliers on wind sails and trialling bio-fuel alternatives. In addition, it is having discussions regarding collaborating/co-investing with charter customers to test and trial new technologies. Future developments of these and other efficiencies are impacted by customer demand, who are not always willing to pay higher charter rates for low carbon footprint vessels.

Outcome

We gathered a better understanding of the challenges TML faces to reduce carbon emissions when many factors are beyond its control (e.g. fuel burn, routes and weather). These include the International Maritime Organisation's new emission factor measures expected in 2027, which could result in an increase in TML's future reported emissions. We will continue to monitor and engage on climate transition progress and future plans.

CASE STUDY E

GEA Group (Germany)

GEA is one of the world's largest systems suppliers for the food, beverage and pharmaceutical sectors.

Issue

Scope 3, Use of Sold Products, is the largest contributing factor to GEA's financed emissions. Restatement of disclosed data indicated a significant change of emissions between 2022 and 2023 and appeared to be above target, which we needed to understand.

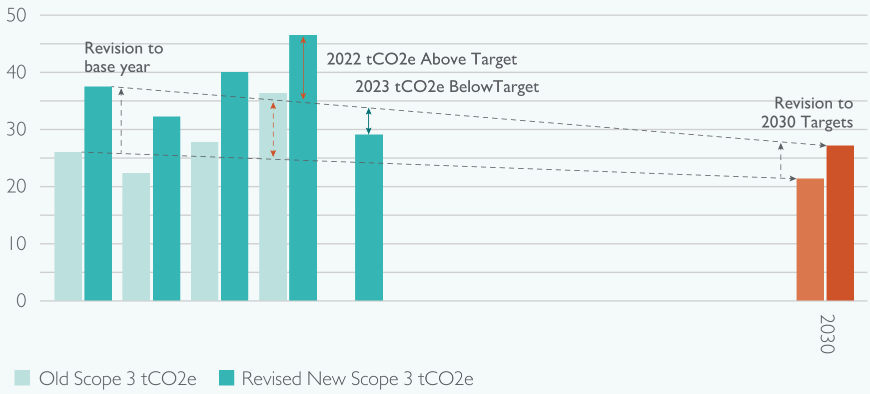
Action

In 2024, we had several meetings with GEA management to discuss developments and its climate transition plans to meet the ambitious net zero by 2040 long-term target.

Outcome

In 2023 the methodology for calculating Scope 1, 2 and 3 changed. The coverage of revenue determining emissions expanded from 80% to 100%, as required by SBTi, with the 2019 baseline Scope 3 increasing by 44%. This, and changes in the mix of products sold in 2023 (fewer spray dyers for Lithium processing in China) meant reported emissions were below target and on track to meet long-term goals. However, the IEA assumptions mentioned on page 5 remain an ongoing concern in relation to future Scope 3 emissions.

GEA Scope 3 GHG Emissions tCO2e (millions)
Revised Scope, Base and Targets



Waverton Responsible Investment – Engagement & Voting 2024

CASE STUDY E S G

Effectiveness of long-term engagement

We have a comprehensive, long-term engagement programme with Japanese companies, both with companies in which we are invested and those related to investee companies. These span several sectors, including technology, manufacturing, automobile and food and beverages.

Understanding and respecting cultural nuances have been crucial in building strong relationships, and each collaboration has been driven by mutual goals of optimising future opportunities and challenges, innovation and sustainable growth. A summary of some of our engagements in 2024 is outlined below.

In the technology and manufacturing sector, we continued to have quarterly interactions with **Hitachi** where we discussed governance in the context of its ongoing corporate transformation and future growth, including the impact of its fast growing Green Energy & Mobility business segment as part of its decarbonisation strategy.

Hitachi has been a long-standing holding at Waverton and we maintain a strong and constructive relationship with senior management, who continue to seek our views as an investor. Earlier this year, we were given the opportunity to meet with the company's new CEO at their offices in Tokyo.

We were the investment lead in a collaborative engagement within the CDP Non-disclosure campaign for **Kobe Bussan** and **Keyence**, where we discussed relevant disclosure on environmental issues. In the case of Keyence, we also discussed general areas for improvement such as shareholder returns and the social aspect of stock splits in order to make an investment available to the generation of younger Japanese, some of whom are graduating from university through a financial grant provided by the Keyence Foundation.

We continued to have regular dialogue with **Toyota Motor** to discuss and influence a positive environmental outcome from their "multi-pathway" product strategy, including selling the appropriate power train depending on charging infrastructure in different jurisdictions, the regulatory environment and affordability in order to reduce overall real-world carbon emissions. We also discussed the financial opportunities of freeing up capital through the unwinding of cross shareholdings to invest in growth in an industry undergoing significant transformation, as well as an increase in shareholder returns.

Engagement with **Asahi Group**, the producer of the premium brand "Asahi Super Dry" largely focused on aspects of efficient capital allocation, but also touched upon optimising water usage and minimising waste water generation, both of which have the potential to drive operational improvements and environmental benefits. We also discussed Asahi's industry leading strategy of its low-/ no-alcohol product offering and its initiatives to promote responsible drinking.

> **Key meetings with senior management and/or IR, as well as email correspondence, have played a crucial role in fostering these engagements. Regular strategic meetings have facilitated the exchange of ideas, alignment of objectives, and resolution of challenges.**
>
> (Waverton)

In conclusion, our corporate engagement with Japanese companies has yielded significant results. This includes robust shareholder returns in aggregate for our clients, and a contribution towards positive real-world outcomes by continuing to nurture these relationships and pursue common goals.

Waverton Responsible Investment – Engagement & Voting 2024

ENGAGEMENT *CONTINUED*

A selection of other direct equity engagements in 2024

COMPANY	TOPICS COVERED	ISSUE/ACTION TAKEN	OUTCOMES / NEXT STEPS
ASTRAZENECA UK Health Care	Business ethics & behaviour	1-1 call to clarify and quantify rumoured fraudulent activity in China: – prescription fraud – unlicensed drug importation – personnel investigations	– Clarification of medicines involved and time periods – Policies, oversight and training have been tightened – Continual monitoring of investigations, expecting minor financial impact
SHELL UK Energy	Remuneration - health & safety - energy transition targets	Invited to provide feedback at a small meeting with Remuneration Committee Chair to discuss: – safety metrics; and – difficulties setting energy transition targets	– Reassured on safety targets and new inclusion of LNG volumes in the annual bonus as part of energy transition measures – A separate Energy Transition presentation followed – Invited back to next meeting in 2025
GE VERNOVA NORTH AMERICA Industrials	Product quality & safety	– Blade failures at offshore wind farms: Dogger Bank Wind Farm and Vineyard Wind – IR expressed that the incidents were unrelated – Continue to scale back offshore wind projects given weak economics in this area	– The manufacturing deviation in the defective blade at Vineyard Wind was identified, and remedial solutions for affected blades have been deployed – The Dogger Bank incident concerned one blade on one turbine, so did not require additional remedial actions
SANDVIK EUROPE Industrials	Leadership & governance; GHG emissions	– Opaque long-term management bonus structure – Lack of disclosures, including AGM voting results and environmental disclosures	– Shareholder dissent at AGM, including Waverton's vote Against re-election of Chair due to lack of disclosures – Continue to engage management and monitor reporting in line with CSRD
KONINKLIJKE PHILIPS N.V. EUROPE Health Care	Product quality & safety; Leadership & governance	– Litigation relating to product recall and continued quality control issues – Disappointing results and share price performance – STIP/LTIP payouts and target setting	– Monitoring FDA testing outcomes; recall settlement as robust as possible – Refocusing company priorities and implementing lessons from COVID – Company believes remuneration target setting in line with strategic objectives
AKR CORPORINDO ASIA PACIFIC EX JAPAN Energy	GHG emissions; Health & safety	– A top 15 contributor to Waverton's financed emissions – Poorly scored on MSCI ESG peer rating on Safety	– Emissions targets limited, we encouraged a reducing intensity target per unit of production (rather than profit) – AKR believes that being compared to peers operating exclusively on land or in more developed markets in the MSCI Safety rating system is unrealistic

Engagement in other asset classes

Fixed income

Our approach to fundamental research and identifying key material issues on which to engage is in line with the wider Investment team's approach. Pre-issuance engagement is usually part of our research process. These engagements typically consist of 1-1 or small group meetings and provide an opportunity to raise questions and have detailed discussions on a broad range of issues, including those related to specific ESG matters.

In addition, ongoing monitoring of our investments may give rise to queries, ESG or otherwise, which we will raise with the company, as and when appropriate. Where we are not satisfied, or have not received a response and believe the risk significantly impedes the investment case, we will divest our position.

Multi-asset strategies

Our Multi-asset Strategies team benefits from all engagement activities undertaken by the Equities and Fixed Income teams. Additionally, where we identify an issue with management within our alternative investments which we feel is to the detriment of shareholders' best interests (financially or otherwise), we will engage directly, or together with other shareholders, on the issues with portfolio companies.

In 2024, we sought to build on our understanding of various investment vehicles' ESG practices. We provided 75 investments (including ETFs, closed ended funds etc) held in our Multi-asset and Alternative funds with an ESG due diligence questionnaire. This sought to engage companies on their governance of responsible investment, management of climate risks and opportunities, diversity and inclusion policies and their approach to stewardship through engagement and voting, where applicable. This will enable us to understand the progress they are making as a firm, allow us to compare with the other investments we hold and support ongoing engagement.

75
Investment vehicles targeted in our ESG DDQ

80%
Response rate to our ESG DDQ

For collective investment vehicles, we delegate engagement and escalation. We undertake detailed due diligence on all collective vehicles prior to investment, also spending time with the managers to ensure we fully understand the strategy and gain better insights into their ability to deliver against their objectives. During 2024, members of our Multi-asset Strategies team attended more than 100 meetings with third party fund managers.

CASE STUDY G S

PRS REIT (UK)

PRS REIT is a real estate investment trust focused on purpose-built, affordable homes across the UK to meet the acute housing shortage.

Issue

We have held shares in PRS REIT since the launch of the Waverton Real Assets Fund in 2018, and supported it in their capital raise in 2021. We are currently the 5th largest shareholder with 5% of the company as per Bloomberg. However, the share price performance had been disappointing to mid-2024, with the shares trading at a persistent discount to net asset value.

Action

We felt the board was not acting in the best interests of shareholders to maximise value, which we highlighted to the chair in meetings. However, seeing little progress from our discussions, we supported a collective engagement to realise value in the shares.

As a result, together with a group of investors with an aggregate shareholding of c.17.3%, we served a requisition on the company in August 2024. It required the removal of Stephen Smith, non-executive chairman and Steffan Francis, non-executive director (NED), and the appointment of Robert Naylor and Christopher Mills in their respective places, with immediate effect.

Outcome

In September 2024, a sub-committee of independent NEDs not subject to the requisition, engaged with shareholders. This resulted in an agreement that the requisition notice would be withdrawn with the agreed board changes. Further, in October 2024, the board announced a strategic review and formal sale process.

The market response to this coordinated action was a sharp rerating of the company's share price, delivering a 44.7% Total Shareholder Return from end of July 2024 to end February 2025. Equally important, should the strategic review be successful and an attractive bid received for the company, we believe this will provide fresh capital to the business, which will allow the company to execute on its primary objective - to build purpose-built single-family homes for rental in the UK.

We believe this outcome has delivered a positive experience for our clients, which was as a result of long-running engagement with the manager, board and the advisors who helped coordinate the response. The outcome of the strategic review and formal sale process is expected in H1 2025.

ENGAGEMENT *CONTINUED*

Collaborative engagement

We continue to participate in a number of different collaborative engagements, focusing our attention on those where we believe we can help influence positive outcomes with real-world benefits.

Collaborating to improve climate disclosure

Since 2021, we have participated in two leading collaborative initiatives on climate change – CDP and Climate Action 100+ – both of which focus on encouraging the adoption of global standards and improving the quality of corporate disclosures on environmental impact.

In 2024, we supported two CDP campaigns: Non-Disclosure Campaign (targeting companies who do not currently disclose data through CDP's climate-related questionnaires) and the final year of the Science-Based Targets Campaign (encouraging more companies to set 1.5°C science-based emissions reduction targets).

Non-Disclosure Campaign

In our fourth year of supporting CDP's Non-Disclosure Campaign, we were the lead engagement investor with 10 (3 in 2023) investee companies:

Japan: Keyence, Kobe Bussan.

UK: Grainger, Ibstock Redrow, Urban Logistics REIT, PRS REIT, Target Healthcare REIT.

North America: Brookfield Infrastructure Partners (Canada), Texas Pacific Land Corp (US).

Outcome

Of these companies, seven were being approached by investors for the first time, and 50% disclosed across one or more of the environmental categories of Climate Change, Water and Forests. The disclosure breakdown is shown in the chart to the right.

Engagement lead outcomes from non-disclosure campaign 2024

SUCCESSFUL	
Forests Lead	1
Water Lead	2
Climate Lead	5
UNSUCCESSFUL	
Forests Lead	1
Water Lead	5
Climate Lead	5

Source: CDP/Waverton

We were delighted with this outcome, especially as it included many investment vehicles in our Alternatives securities. This led to a number of direct follow up engagements, including Urban Logistics, an investment company that invests in distribution warehouses. While the company reported in line with TCFD requirements, they had not submitted a response to CDP.

As a result of our engagement, they subsequently disclosed. Although this was post the deadline for CDP scoring, it showed their commitment to improving disclosure through internationally recognised platforms like CDP. It is noteworthy that the remaining four disclosing companies (including one Japanese company) all received a B rating for their first climate change disclosure.

> **"Companies engaged by financial institutions (FIs) as part of the NDC campaign were 2.3x more likely to disclose through CDP over the past six years; and consistent difference factors have been recorded. This shows that regardless of the number of companies targeted each year, the direct engagement from the FIs has a statistically significant impact on company disclosures."**
>
> (2024 CDP NDC results report)

Science-Based Targets (SBT) Campaign

We continued to support the SBT campaign, which encourages high emitting companies to set robust and ambitious emissions reduction targets.

Outcome

In the campaign's final year, more than 2,000 companies were targeted, with 71 joining the Science Based Targets initiative (SBTi) as a result. These companies had a combined total of c.50 million metric tonnes of CO_2e (across Scopes 1 and 2). We were one of 307 financial institutions involved in 2024. Since its launch in 2020, the SBT campaign has helped drive over 550 high-impact companies to join the SBTi.

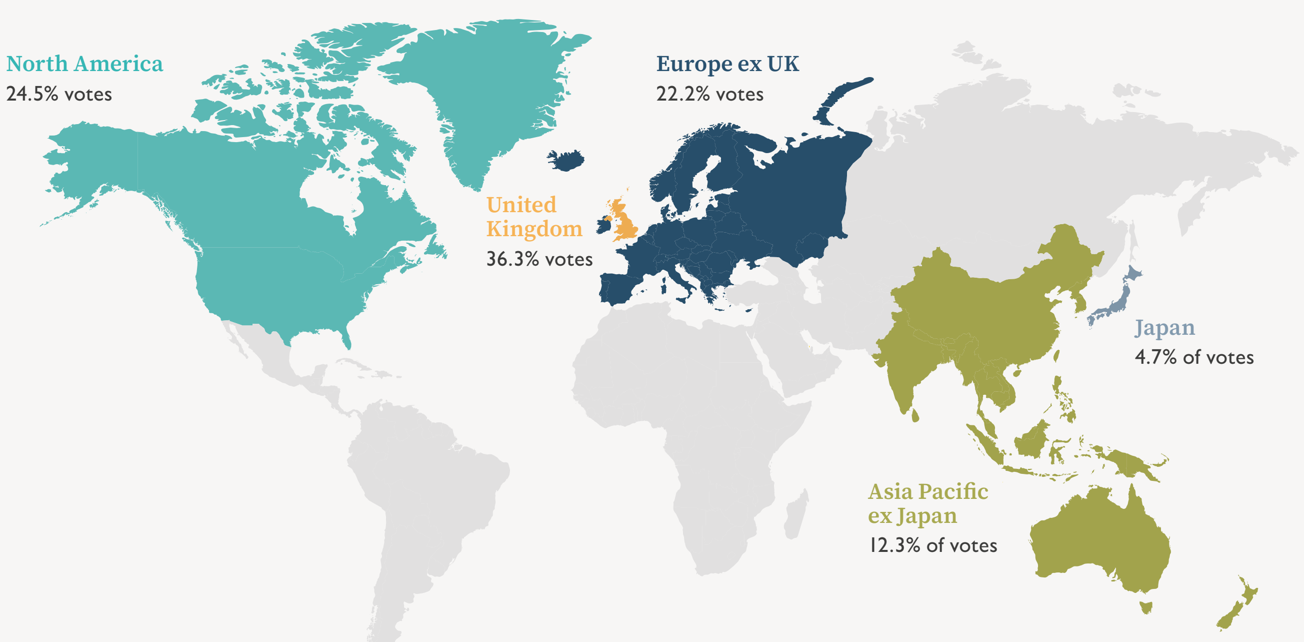
Participating in industry-led initiatives and regulatory consultations

During 2024, we participated in the following initiatives and/or responded to public consultations:

INITIATIVE	OVERVIEW
CDP	A global non-profit that runs the world's only independent environmental disclosure system. We supported two CDP campaigns in 2024, including the Non-Disclosure Campaign and Science-Based Targets Campaign. See page 10 for more information.
Climate Action 100+	A global investor coalition engaging with the world's largest corporate greenhouse gas emitters to take action on climate change. Waverton remains part of an ongoing collaborative engagement group focused on industrials in Asia, including Japan. This provides us with further regional and industry insights to support our own research and engagement.
Independent Investment Management Initiative (IIMI)	We are active members of IIMI, a membership body and think tank representing independent owner-manager investment firms. We attend IIMI hosted events and webinars, in particular in relation to responsible investment, including regulatory landscape considerations for smaller firms. In April 2024 Waverton hosted an IIMI roundtable with the FRC as part of the UK Stewardship Code 2020 review.
Charity Investors Group (CIG)	We have been a long-term supporter of CIG and our Head of Charities is a member of the CIG Management Committee. The CIG aims to promote good governance in, and understanding of, charity investment.
FRC Stewardship Code review	The UK Stewardship Code promotes improved transparency, disclosure and accountability in the stewardship eco-system. We have been a signatory since 2022 and participated in feedback sessions during 2024 and January 2025, as part of the Code's review.
Investment Association SDR Implementation Forum	Initiated by the Investment Association (IA) following the introduction of the UK Sustainability Disclosure Regime (SDR) in 2023, the Forum convenes investment management firms on a monthly basis to discuss experiences, challenges and best practice to implementing SDR, as well as providing feedback for the IA to relay back to the Financial Conduct Authority (FCA) on behalf of the industry. Waverton has been participating in the Forum since Spring 2024.
Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation review	PRIIPs is calling for a change to the way investment trust cost disclosure rules are interpreted. We have played an active role in the HM Treasury consultation process which began in 2022. A significant milestone was achieved in September 2024 where the Government and FCA committed to replacing the EU-inherited PRIIPs regulation with a new framework tailored to UK markets and firms. Encouraging a level playing field between UK and non-UK listed companies. Waverton continues to support these recommendations and is actively engaging with the FCA in the recent consultation with regards the proposed Consumer Composite Investments (CCI) regime.
Investor collaboration on battery skipping threatening investment	In December 2024, Waverton's Multi-asset Strategies team partnered with investment peers in supporting the Government's goal of achieving a clean power system by 2030. Our combined letter sought to engage on the weaknesses in the battery storage sector, including the need for a solution to tackle uneconomic "skipping" of battery in the dispatch process (skipping occurs where the control room fails to prioritise batteries over gas during periods of shortage due to legacy systems).

2 EXERCISING RIGHTS AND RESPONSIBILITIES

Shareholder meetings voted by region



Source: Waverton. Data as at 31.12.24.

Exercising voting rights

As active managers, we use voting where we feel there is an opportunity to enhance or protect shareholder value. An integral part of this is to help influence company behaviours in a way that will contribute to positive environmental, social and governance outcomes.

Voting universe

Our voting universe is determined by all stocks held in our Dublin-listed Waverton OEICs (both equity and multi-asset funds). This covers more than 90% of our equity AUM and amounts to around 200 stocks (we vote on all holdings of these stocks across the firm).

The small minority of holdings we do not vote on consist of non-discretionary holdings, external custody accounts and a long tail of stocks, mainly single holdings as we transition portfolios over from other investment managers, or holdings with unusually large capital gains where the client has requested no sale.

Voting policy

We firmly believe that a company's governance standards are usually indicative of its management of other issues, including those that are environmental and social in nature. Much of our voting activity, therefore, focuses on promoting transparency, better disclosure of relevant risk factors, robust governance structures, responsible and efficient allocation of capital, appropriate executive remuneration policies and management engagement with shareholders.

The responsibility for voting decisions sits with the Investment team, who undertake all the fundamental analysis and are responsible for all engagement activity with investee companies around the world. This is an essential part of a genuinely integrated approach to ESG.

We continue to partner with Glass Lewis, a leading independent voting advisory service provider. We receive their meeting assessments and recommendations for management and shareholder proposals. While most of our proxy voting aligns with Glass Lewis recommendations, we review each proposal on a case-by-case basis when voting events occur, paying particular attention to recommendations that are against management or relate to contentious issues on which we may have strong views (For or Against). On occasion, this results in voting actions that are contrary to Glass Lewis' recommendation.

Developments

In 2024, we published company level proxy voting activity on our website for the first time. We are working with our providers for a more interactive solution going forward. In 2025, we plan to review our voting policy and consider whether there are areas where a company-wide policy is appropriate.

Voting activity 2024

Our voting activity was similar to the patterns in 2023, with the majority of votes in support of management (see figure 1). While the number of meetings slightly reduced, we continued to see a marginal year on year increase in the number of proposals, notably in Europe and the UK.

The focus of our analysis in this report continues to be on those proposals which feature recommendations, or vote decisions, Against either management or shareholder proposals, or are contrary to Glass Lewis recommendations. This is of particular interest because most votes conducted at AGMs are to formally approve management boards, legal administration proposals, financial accounts etc and few are contested.

On pages 14 to 16, we highlight examples of how we have voted and our rationale. While not always successful in achieving our desired outcome, there was notable dissent from other shareholders for several proposals we did not support. This helps to ensure management are aware of shareholder concerns, which we often follow up in our discussions with management. As an example, see page 8 for details of our engagement with Sandvik.

212
Number of meetings voted

3,216
Number of proposals

62%
Percentage of votes opposing shareholder proposals

While the majority of management proposals are governance-related, 60% of shareholder proposals are focused on environmental and social issues. In 2024, there were 17 environmentally focused shareholder proposals, all of which we voted Against. These primarily focused on extra reporting requirements (i.e. on climate lobbying or enhanced disclosures) over and above existing reporting by companies, considered satisfactory. Our assessment was that this extra reporting burden would neither enhance shareholder value nor mitigate material risks for the companies.

We remain committed, however, to monitoring our investee companies' environmental footprints, engaging where appropriate (as outlined on pages 4 and 5), and have supported environmental proposals in the past.

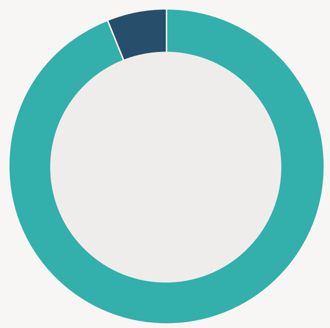
Management proposals

We opposed 153 management proposals in 2024, down from 179 in 2023. Many of the management proposals on which we voted Against relate to two main sub-categories of the Governance pillar: Board-related and Compensation (see figure 2). We closely monitor governance structure and standards to ensure effective board level oversight, as well as review whether management is incentivised to allocate capital in a way that delivers durable long term shareholder value.

Similar to the previous year, we voted Against most frequently in Europe (37% of all Against management proposals), of which more than 50% were Compensation related. See page 15 for more information.

Figure 1

Total proposals WITH/AGAINST management 2024 (%)

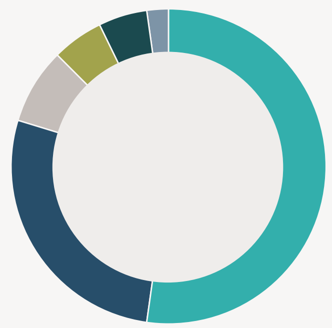


With Management	94.0
Against Management	6.0

Source: Broadridge/Glass Lewis/Waverton.

Figure 2

AGAINST management proposals by governance sub-category 2024 (%)



Board-related	52.3
Compensation	27.5
Changes to company statutes	7.8
Capital management	5.2
Meeting admin. and other	5.2
Audit and financials	2.0

Source: Broadridge/Glass Lewis/Waverton.

Waverton Responsible Investment – Engagement & Voting 2024

EXERCISING RIGHTS AND RESPONSIBILITIES *CONTINUED*

Board-related proposals

We voted Against 80 board-related management proposals (87 in 2023), accounting for over 50% of our total votes Against. Across all regions, the common factors for voting Against the Election of Directors were:

- Insufficient independence
- Overcommitment/serve on too many company boards
- Insufficient board diversity / no diversity policy
- Lack of appropriate skills
- Insufficient response to shareholder dissent

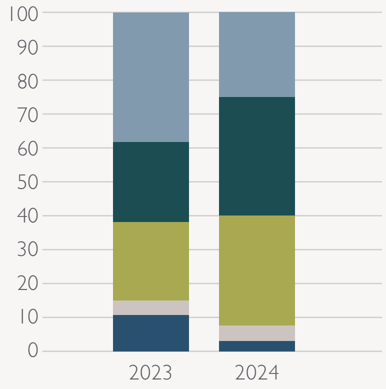
Board-related Governance issues in Asian and North American companies each represented one third of the total Against proposals. Both, notably, increasing by more than 40% on the previous year (see figure 3).

Overall, for board-related management proposals for which there were Against decisions, our compliance with Glass Lewis policy was 88% in 2024 (versus 92% in 2023).

In 2024 our Multi-asset Strategies team both engaged more and exercised its voting rights on a higher number of investment companies, including voting Against the election of directors where we had concerns around director independence and quality of leadership.

(Waverton)

Figure 3
Geographic profile of AGAINST board-related management proposals 2024 vs 2023 (%)



Japan
UK
North America
Asia Pacific ex Japan
Europe ex UK

Source: Broadridge/Glass Lewis/Waverton.

Examples of Board-related proposals

COMPANY	COUNTRY	PROPOSAL	WAVERTON VOTE	RATIONALE	RESULTS AT THE AGM
US SOLAR FUND	UK	Re-elect directors 1) Gillian Nott (Non-Exec Chair) 2) Jamie Richards (Independent NED)	Against	Dissatisfied with quality of leadership and investor communication	**Proposals Passed** 1) 34.9% Against 2) 18.9% Against
AMERICAN EXPRESS	United States	Re-elect Thomas J. Baltimore Jr. (Independent NED)	Against	Overcommitment	**Proposal Passed** 18.1% Against
TEXAS PACIFIC LAND CORP	United States	Re-elect Murray Stahl (Independent NED)	Against	Failure to implement an approved shareholder proposal from 2023	**Proposal Passed** 10.7% Against
SK HYNIX	South Korea	Re-elect Jang Yong Ho (NED)	Against	Lack of independence	**Proposal Passed** 5.0%* Against
SANDVIK	Sweden	Re-elect directors 1) Claes Boustedt (Chair of Audit Committee) 2) Johan Molin (Independent Chair)	Against	Lack of appropriate audit skills and no improvement to structures and disclosures	**Proposals Passed** No data reported

*SK Hynix publicly reported only the For vote of 94.4%. Against vote is therefore approximate.

Compensation proposals

We voted Against 42 compensation management proposals (54 in 2023). Common factors for voting Against across all regions, were:

- Pay and performance disconnect
- Poor overall design of STIP/LTIPs
- Poor disclosure of metrics and vesting hurdles
- Lack of TSR or relative TSR
- Excessive or extraordinary payouts

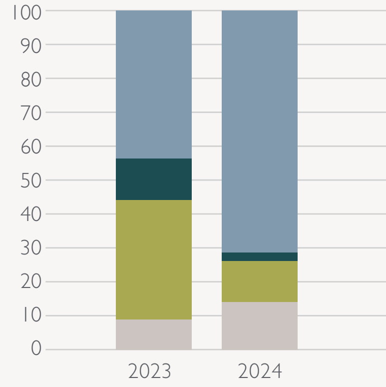
However, we voted Against more frequently in Europe (71% of all Against compensation management proposals) (see figure 4). This was primarily due to the increase in voting activity in the region and, similar to last year, we were more inclined to vote Against Nordic companies' management proposals seeking support for their remuneration policies.

This would often be contrary to Glass Lewis recommendations, who we believed to be too lenient in its assessment. Where possible, we seek to follow-up with management on the topic, who have generally appreciated our feedback. While they may have understood our stance, there have not been any material improvements to date.

The current norm in the Nordic region is that the design of STIP/TIPs is to supplement low levels of fixed remuneration compared to other regions, rather than provide meaningful incentives related to performance. We will continue to monitor and engage.

(Waverton)

Figure 4
Geographic profile of AGAINST compensation management proposals 2024 vs 2023 (%)



UK
North America
Asia Pacific ex Japan
Europe ex UK

Source: Broadridge/Glass Lewis/Waverton.

Examples of Compensation-related proposals

COMPANY	COUNTRY	PROPOSAL	WAVERTON VOTE	RATIONALE	RESULTS AT THE AGM
ASTRAZENECA	UK	1) Approve Remuneration Policy, and 2) Amendment to Performance Share Plan	Against	Excessive upward adjustment	**Proposals Passed** 1) 35.8% Against 2) 34.7% Against
ADVANCED MICRO DEVICES	United States	Approval of Executive Pay Package	Against	Disconnect between pay and performance	**Proposal Passed** 17.8% Against
EDP-ENERGIAS DE PORTUGAL	Portugal	Approve Remuneration Policy	Against	Disconnect between pay and performance	**Proposal Passed** 8.0% Against
KONINKLIJKE PHILIPS N.V.	Netherlands	Approve Remuneration Report	Against	Unsatisfactory STIP/LTIP incentive structures and target setting	**Proposal Passed** 5.8% Against
METSO	Finland	1) Approve Remuneration Policy, and 2) Remuneration Report	Against	Concerns with disclosure and lack of metrics relative to peers	**Proposals Passed** No data reported

EXERCISING RIGHTS AND RESPONSIBILITIES *CONTINUED*

Shareholder proposals

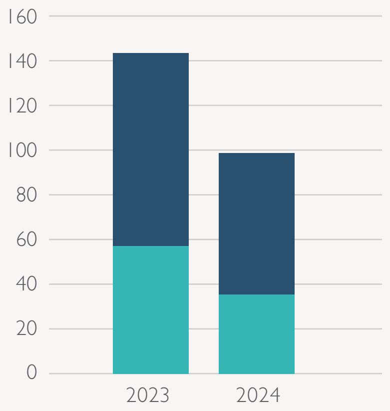
Shareholder proposals represent a small share of the votes we cast each year (3% versus 5% in 2023). During 2024, we saw a reduction in the number of shareholder proposals, with the majority of proposals (92%) continuing to be put forward by shareholders of large US companies.

We voted Against more than 60% of shareholder proposals, of which all votes were in line with Glass Lewis recommendations (see figure 5). The rationale for many of the Against recommendations put forward by Glass Lewis, and consequently our Against vote decisions, were that:

- proposals were deemed to be unnecessary reporting requests
- unnecessary use of resources with questionable benefits for shareholders
- proposals were encroaching on management responsibilities

Figure 6 shows the proportion of voting For and Against on shareholder proposals by ESG category.

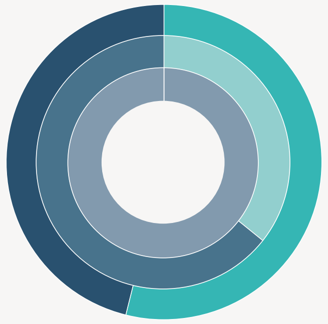
Figure 5
Shareholder proposals



FOR
AGAINST

Source: Broadridge/Glass Lewis/Waverton.

Figure 6
Voting on shareholder proposals by ESG pillar 2024 (%)



FOR (including abstain)

Social
Governance

AGAINST

Environmental
Social
Governance

Source: Broadridge/Glass Lewis/Waverton.

Examples of vote reporting on Shareholder proposals in 2024

COMPANY	COUNTRY	PROPOSAL	WAVERTON VOTE	RATIONALE	RESULTS AT THE AGM
E SHELL	UK	That the Company align its medium-term GHG emissions reduction targets for the use of its energy products (Scope 3) with the Paris Climate Agreement	Against	Sufficient existing GHG reduction goals and disclosure	**Proposal Failed** 81.8% Against
S PEPSICO	United States	That the Company provide an annually updated report on its global public policy and political expenditures and activities	Against	Robust existing disclosure; not best use of personnel/ financial resources	**Proposal Failed** 83.0% Against
S MICROSOFT	United States	That the Company prepare a report assessing the risks presented by the real or potential unethical or improper usage of external data in AI training	For	Would provide enhanced understanding of its management of AI-related risks	**Proposal Failed** 36.1% For
G SYNOPSYS	United States	That the chair of the board be an independent director	For	Good corporate governance practice	**Proposal Failed** 32.6% For

Exercising influence across other asset classes

Fixed Income

As fixed income investors, we do not have the ability to engage during AGMs for publicly listed companies. However, when the opportunity arises, we cast our vote on corporate actions from our bond holdings. These may vary from administrative to ESG-related. In 2024, we voted on eight corporate actions. In most cases these were offers from issuers to repurchase their bonds ahead of the scheduled maturities.

Multi-asset Strategies

In addition to our active voting on Alternative stocks, where appropriate, our team is able to provide advice as to best practice and management of shareholder expectations in public markets. Where appropriate, we provide guidance to companies looking to IPO to advocate good corporate governance standards and best practice.

As part of our selection process, we explicitly review a third-party fund's policy on exercising rights and responsibilities, and monitor activity on an ongoing basis. We expect all our third-party funds to meet our voting standards, including voting on relevant stewardship issues and disclosing how they have voted. Additionally, publishing and/or providing information on how the fund managers have voted is essential. We require full transparency around their processes to allow us to monitor them and ensure their actions are in line with their and our investment approach.

Glossary

Financed emissions

The indirect GHG emissions that are attributed to an investor based on its ownership percentage of the company that emits those GHG's. Attribution is based on an equity ownership approach, whereby the investor 'owns' an equal percentage of a company's GHG emissions as it does of a company's total market capitalisation.

Science Based Targets initiative (SBTi)

The SBTi is a collaboration between the CDP, the United Nations Global Compact, the We Mean Business Coalition, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). SBTi defines and promotes best practice in emissions reductions and net zero targets in line with climate science.

Scope 1

Direct GHG emissions occur from sources that are owned or controlled by the company.

Scope 2

Indirect emissions from purchased electricity, heat, and steam for use in business operations.

Scope 3

All other indirect emissions that are a consequence of the activities of the company, but occur from sources not owned or controlled by the company.

WAVERTON

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