The UK Stewardship Code

Statement of Compliance

Status: January 2019

Macquarie Investment Management Europe, S.A. (hereafter "ValueInvest") is a highly specialized investment management company based in the Grand Duchy of Luxembourg. The company pursues a unique value-oriented investment strategy and is solely engaged in equity investments.

ValueInvest constantly searches for high-quality businesses trading below their estimated fair value. The investment philosophy and disciplined bottom-up stock selection process are both based on fundamental equity research and have remained unchanged since the company was established in 1998.

In June 2018, ValueInvest Asset Management S.A. was acquired by Macquarie and the ValueInvest team is now part of Macquarie Investment Management Europe, S.A.

ValueInvest supports all seven principles of the Stewardship Code.

Principle 1 Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities

The stewardship responsibilities of ValueInvest, specifically our ESG Policy and our Active Ownership: Engaging with Companies and Proxy Voting Policy, is publicly available on the company website:
https://www.valueinvest.lu/UK/Responsible_Investment.aspx

We believe responsible and sustainable investing to be a significant component in accomplishing successful outcomes in the long term. We have formally integrated the principles of responsible investments into our investment processes, including implementing the principles set out in our ESG (Environmental, Social, and Corporate Governance) Policy. The policy is based the United Nations supported Principles for Responsible Investment (PRI) definition of responsible investment:

"Responsible investment is an approach to investment that explicitly acknowledges the relevance to the investor of environmental, social and governance factors, and of the long-term health and stability of the market as a whole. It recognises that the generation of long-term sustainable returns is dependent on stable, well-functioning and well governed social, environmental and economic systems."

ESG risk management, active ownership, cooperation on and promotion of responsible investment principles, including engagements, is the basis of our work on responsible investments.

We have established a set of principles and expectations for responsible investments as presented in this policy. These form the basis for our priorities and activities. As part of our commitment to responsible investments, we have given priority to the following ESG issues:

- Environmental issues: climate change, water risk
- Social issues: labour standards, human rights, inequality, gender diversity
- Governance: tax, anti-corruption, proxy voting, board accountability, executive pay

We Incorporate ESG Issues into Our Investment Analysis and Decision-Making Processes

At ValueInvest, managing risks lies at the heart of our investment philosophy. We believe that integrating ESG criteria into the investment- and decision-making processes is a prerequisite for achieving positive long-term added value on equity investments.

Managing environmental, social, and governance risks in the portfolio is an important aspect of safeguarding our client's investments. We strive to obtain high-quality data on the risks associated with the investments. Consequently, our thorough understanding and management of risks gives rise to a strong belief that ESG considerations must be part of each and every decision surrounding an investment.

We take a systematic approach to risk monitoring and our investment process has been designed to take ESG factors into account. The Portfolio Managers consider environmental, social, and governance issues that could have a significant impact on portfolio returns and hence the outcome for the clients. Each analysed company's ESG performance can influence whether the stock will be included in portfolios as well as the size of the allocation.

We are Active Owners That Incorporate ESG Issues into Our Ownership Policies and Practices

ValueInvest's principles of business ethics, respect for clients/investors and other stakeholders, as well as commitment to the highest degree of transparency have been key values of our way of doing business since the company was founded. On behalf of clients, we act as shareholder in various companies.

As responsible shareholders, it is the company's obligation to ensure that management teams are monitored and held accountable for their corporate actions. Where appropriate, we seek to understand how management teams acknowledge, manage, and reduce ESG-related risks.

We exercise shareholder's rights through proxy voting and has adopted a proxy voting policy that is considering current ESG-issues. Specifically, we pay additional attention to issues that will reduce discrimination, improve protection of minorities and disadvantaged classes, and increase conservation of resources and wildlife.

In keeping with our long-term interest, we seek to proxy vote at all general meetings. As a responsible investor, we take account of long-term value creation, sustainable business practices, board accountability, and transparent corporate communication.

We are Working with Other Investors to Enhance ESG Issues and Responsible Investment Principles

We wish to contribute to the sustainable development of market practices that will benefit the portfolios and clients in the long term. As part of our commitment to promote acceptance and implementation of the principles of responsible investment, we are signatories to the PRI. As signatories, we work with the responsible investment community to enhance our effectiveness in implementing the principles.

As long-term investors, we prefer to work with companies over time to implement fundamental changes rather than promoting short-term fixes. This includes engaging with the companies invested in. We take part in collaborative engagements with other investors, organised through a third-party collaboration platform.

We Seek Disclosure on ESG Issues by the Entities Invested in

We expect companies to consider ESG themes with the same importance as conventional financial matters - in their reporting and in their everyday operations. We expect companies to report on their operation's impact on the world and on matters that might impact long-term performance and profitability.

We would like the companies we invest in to think long-term. They should focus on sustainable strategies and business models that are profitable over time. As long-term investors, we make every effort to secure value for our clients.

An important premise for our expectations is company transparency. As investors, we analyse risks and opportunities associated with the investments. To do this in a satisfactory manner, we depend on high-quality, timely information from the companies invested in. Consequently, we emphasise that company reporting is in line with applicable international reporting standards and initiatives. In terms of initiatives, we encourage companies invested in to report on their Co2 emission and would also like the companies invested in to join the UN Global Compact.

To enhance disclosure and transparency, we monitor the ESG ratings of the companies invested in and report on engagement activities and progress, as well as proxy voting to clients.

Observation and Exclusion of Sectors and Companies

As part of our commitment to ESG, we monitor sectors and companies and update our investment exclusion list on a regular basis. The exclusion can either be product based or conduct based as described below.

Product based exclusion includes production of antipersonnel landmines, production of cluster munitions, production of nuclear weapons, and production of tobacco, as well as companies whose main business derives from coal or coal-based energy.

Conduct based exclusion includes serious violation of human rights, severe environmental damage, gross corruption, serious violation of individuals' rights in situations of war or conflict, as well as other particularly serious violations of fundamental ethical norms.

In the management of individual client portfolios, client specific exclusion lists may be imported into our portfolio monitoring and management system, ensuring that these clients do not invest in companies excluded by their investment policy.

Principle 2 **Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship which should be publicly disclosed**

As investment manager, our interests are fully aligned with those of our clients.

We aim to avoid any potential conflicts of interest in advance. However, if a material conflict does exist, we will seek to resolve the conflict in good faith and in the best interest of the clients. Regarding stewardship, the company has adopted a fully documented procedure on how to deal with potential conflicts of interests in connection with our proxy voting policies and procedures.

In the event that the Proxy Voting Service does not provide a recommendation, or the Investment Management Team propose to override a recommendation by the Proxy Voting Service, we will review the ballot to determine whether there is a material conflict between ValueInvest and the applicable Fund or between the Fund and other Funds. If no material conflict exists, the vote will be cast according to the recommendation of the Investment Management Team.

If a material conflict does exist, we will seek to resolve the conflict in good faith and in the best interests of the applicable Fund, as provided by the Proxy Voting Policy. The Proxy Voting Policy permits us to seek to resolve material conflicts of interest by pursuing any one of several courses of action.

With respect to material conflicts of interest between ValueInvest and a Fund, the Proxy Voting Policy permits us to either:

i. convene a committee to assess and resolve the conflict (the “Proxy Conflicts Committee”); or
ii. vote in accordance with protocols previously established by the Proxy Voting Policy, the Proxy Conflicts Committee, and/or other relevant procedures approved by ValueInvest’s Chief Executive Officer and the Compliance Department

With respect to material conflicts of interest between a Fund and one or more other Funds, the Proxy Policy permits us to:

(i) designate a ValueInvest Compliance Officer, who is not subject to the conflict, to determine how to cast a proxy vote if the conflict exists between two Funds; or
(ii) permit the Investment Management Team to cast a proxy vote in accordance with each Fund’s or account’s best interests, if the conflict exists between Funds

We will supervise and periodically review our proxy voting activities and the implementation of the Policy.

The Proxy Policy permits us to seek to resolve material conflicts of interest by pursuing any one of several courses of action. For further, up-to-date information, please refer to the Proxy Voting Policy available at www.valueinvest.lu.

These policies are in place for any potential conflicts, as we have yet to utilise them in practice/no conflicts have occurred.

Principle 3 **Institutional investors should monitor their investee companies**

Through a third party ESG data provider, we receive ESG rating data, analyst commentary, and company controversies that are imported into our portfolio management system.

The data forms the basis of our ESG monitoring procedure, where the investment team as well as the ESG Compliance Officer monitors every company invested in with regards to ESG.

Special focus is given to controversies identified and severe controversies are discussed further at team meetings where the incident is analysed and future steps are agreed on.

Please refer to our ESG Policy at www.valueinvest.lu and find an extract below.

We expect companies to consider ESG themes with the same importance as conventional financial matters - in their reporting and in their everyday operations. We expect companies to report on their operation's impact on the world and on matters that might impact long-term performance and profitability.

We would like the companies we invest in to think long-term. They should focus on sustainable strategies and business models that are profitable over time. As long-term investors, we make every effort to secure value for our clients.

An important premise for our expectations is company transparency. As investors, we analyse risks and opportunities associated with the investments. To do this in a satisfactory manner, we depend on high-quality, timely information from the companies invested in. Consequently, we emphasise that company reporting is in line with applicable international reporting standards and initiatives.

We abstain from being made insiders as we consider this in the best interest of our clients.

In terms of initiatives, we encourage companies invested in to report on their Co2 emission and would also like the companies invested in to join the UN Global Compact.

Observation and Exclusion of Sectors and Companies

As part of our commitment to ESG, we monitor sectors and companies and update our investment exclusion list on a regular basis. The exclusion can either be product based or conduct based as described below.

Product based exclusion includes production of antipersonnel landmines, production of cluster munitions, production of nuclear weapons, and production of tobacco, as well as companies whose main business derives from coal or coal-based energy.

Conduct based exclusion includes serious violation of human rights, severe environmental damage, gross corruption, serious violation of individuals' rights in situations of war or conflict, as well as other particularly serious violations of fundamental ethical norms.

Principle 4 Institutional investors should establish clear guidelines on when and how they will escalate their stewardship activities

We monitor the development and assess the progress of every company in which we invest on behalf of clients. We may also raise concerns in conference calls, in meetings with companies, or through correspondence. This case-by-case approach means that the company does not have a systematic escalation process. As long-term investors, we prefer to work with companies over time to implement fundamental changes rather than promoting short-term fixes. This includes collaborative engagements with other investors, organised through a third-party collaboration platform.

Please also see the figure presenting our Engagement process on page 8, including Escalation. When engaging with companies, we follow the recommendations of the PRI's introductory guide to collaborative engagements:

Escalation

If dialogue does not lead to a satisfactory response, the collaborating investors can consider taking further measures. When escalating, collaborators are able to leverage their collective power. Initially this can be articulated subtly, but if unsuccessful, it can be done more overtly to push companies to consider the ESG issues under discussion. Beginning with smaller steps, there are various tactics that can be considered:

- *SENDING REMINDERS*

One of the initial actions that can be taken is simply applying or reiterating deadlines in requests to companies. This can increase the perceived level of urgency and encourage a response from management.

- *BEING INCREASINGLY ASSERTIVE*

The tone of the dialogue can also become more assertive to reflect the importance of the issue for investors. If initial contacts with the companies have been between ESG specialists or fund managers and investor relations, the group could raise the issue with the Chair or a board representative, or seek a peer-to-peer meeting, for example between senior representatives of the investor group and the companies.

- *PROXY VOTING*

Withholding support from the board of directors or management recommendations through proxy voting can help gain the attention of unresponsive companies and express investors' discontent. The intention to vote against or abstain on management *recommendations can be conveyed to a company in advance of its AGM as a mean to stimulate dialogue ahead of the meeting.*

- *ASKING A QUESTION AT THE AGM*

As with proxy voting, raising a question at companies' AGMs attracts attention to the issue. Investors may want to share the question with companies prior to the AGM, to enable a more informed response and better dialogue.

- *FILING A SHAREHOLDER RESOLUTION*

Filing resolutions at AGMs attracts the attention of companies' management in a more formal and public way. The threat of filing a resolution may be more effective than doing so; many resolutions are withdrawn after management commits to further dialogue. Before moving ahead with this tactic, consider the following:

- Local knowledge is important. Filing shareholder resolutions may be a common practice in some markets while in others it can be perceived as confrontational and aggressive.

- It is important to understand local legislative rules that may hinder the exercise of shareholder powers and determine the power of proxy voting (for example, binding versus advisory votes).

- Letting companies know of the intention to file a resolution can stimulate dialogue. Companies are often keen to ensure that there are not unresolved issues on the agenda at their AGM.

- Investors can publicise shareholder resolutions or the intention to vote against management to build further support outside of the investor group.

In an escalation process, we would first and foremost take actions through proxy voting and by being increasingly assertive in our direct dialogue with the company invested in, including sending reminders. If proven unsuccessful, a further option would be filing shareholder resolutions or asking a question at the AGM. At this moment, escalation has not yet been necessary.

Principle 5 **Institutional investors should be willing to act collectively with other investors where appropriate**

As long-term investors, we engage in dialogue with companies. We believe that our long-term success and contribution to sustainable development depend on our active monitoring of the companies invested in.

On behalf of our clients, we have an interest in understanding the corporate governance and sustainability framework of the companies in addition to their operations and strategy. We believe the companies' boards and management should address relevant environmental, social, and governance issues and report on this to their shareholders.

When collaborating with other investors, our combined holding size gives us access to board members, senior management, and a range of specialists of the companies invested in. As signatories to the PRI, we collaborate with the ESG Engagement team of the PRI to identify key environmental, social, and governance issues in the market - and to address them.

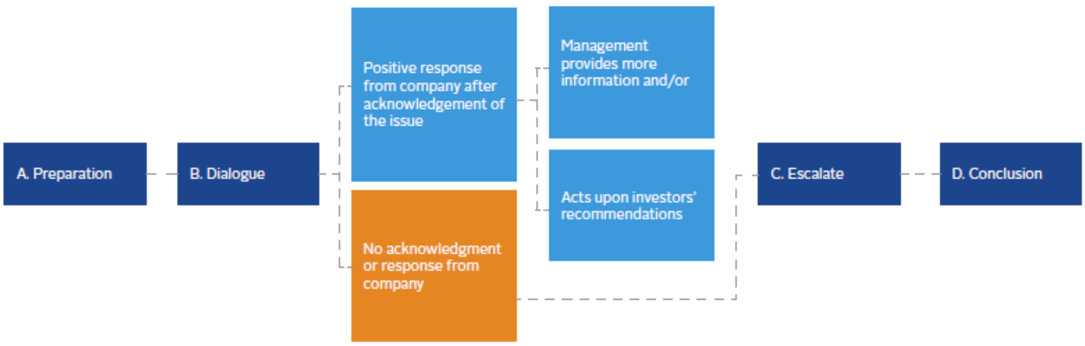
Signatories have been consulted on priority ESG issues to engage on, which include:

- Environmental issues: *climate change, water risk, fracking, deforestation*
- Social issues: *labour standards, human rights, inequality, gender diversity*
- Governance: *tax, anti-corruption, proxy voting, board accountability, executive pay*

We look to engage on all topics and with all companies relevant to our portfolios. The identified key issues are subject to revision and is a result of dialogue between the ESG Engagement Team and the Investors/Signatories.

When engaging with companies, we seek to improve certain standards and practices. Most sectors and companies invested in continue to progress and undergo restructuring and adjustment, and this extends to the corporate governance standards expected by the shareholders.

For each engagement topic, we set up measurable goals for improvements. The engagements may extend over several years and involve a range of companies. Once an investor group has identified one or more ESG issues and agree to engage collaboratively to address them, the process of collaborative shareholder dialogue with companies typically follows the stages below[1]:



We record company dialogue according to the goals set out for the engagement. We document the engagement objectives and goals prior to initiating an activity and store and measure any progress in our proprietary company database.

Based on the work accomplished through collaborating with other investors, ValueInvest evaluates whether the results from the engagement meet the expectations and goals set out at the beginning and whether further actions are needed, e.g. proxy voting.

[1] Source: PRI: Introductory guide to collaborative engagement

Specific questions hereto can be directed at ESG Compliance Officer Lotte Beck: esg@valueinvest.lu

Principle 6 **Institutional investors should have a clear policy on voting and disclosure of voting activity**

ValueInvest exercises shareholder's rights through proxy voting. In keeping with our long-term interest, we seek to proxy vote at all general meetings. As a responsible investor, we take account of long-term value creation, sustainable business practices, board accountability, and transparent corporate communication.

We have established voting guidelines that provide the basis for our voting decisions. The Proxy Voting Policy is designed and implemented in a manner expected to reasonably ensure that voting and consent rights are exercised in the best interests of the Funds and their shareholders/investors.

The Proxy Voting Policy has been adopted by each fund and account managed, advised, or sub-advised (collectively, the "Fund/Funds") as policies and procedures that are use when proxy voting or giving recommendation on voting on behalf of the Funds.

We have selected an unaffiliated third-party proxy research and voting service ("Proxy Voting Service") to assist in researching and voting. With respect to each ballot received, the Proxy Voting Service researches the financial implications of the proposals and provides a recommendation on how to vote on each proposal.

In the event that the Proxy Voting Service does not provide a recommendation with respect to a proposal, we may determine to vote on the proposals directly.

When casting the proxy votes, we access an online voting tool, presenting the voting ballots for upcoming meetings. When voting, proposals are presented, including management (board) recommendations, recommendations of the Proxy Voting Service, as well as the proxy voting policy of the client.

We do not automatically support the board (management); of 762 votes cast in 2018, 42 were against management.

We do not engage in stock lending. Securities are held in client's custody and in case clients have decided to participate in stock lending programs, we will not issue recommendations to recall lent stock for proxy voting.

We report on all Engagement- and Proxy Voting activities to clients and are in the process of setting up a procedure, where we will report on voting activities publicly as well.

Principle 7 **Institutional investors should report periodically on their stewardship and voting activities**

All proxy voting as well as current engagements are documented and recorded. We foster regular dialogue with clients and communicates with clients through monthly, quarterly, or ad-hoc meetings, conversations, and reporting in writing. All reporting is tailored to client specific needs and include qualitative and quantitative reporting about proxy voting, engagements, and governance related matters.

We will supervise and periodically review our proxy voting activities and the implementation of the proxy voting policy. The companies invested in are reviewed by an independent, external service provider, providing voting research and recommendations.

Engagement activities are organised through a third-party platform, providing engagements objectives, templates for engagement, as well as reporting on engagement progress.

As signatory to the PRI, we annually report on our ESG and Responsible Investment Activities. The report is publicly available through the PRI website: https://www.unpri.org/signatories/valueinvest-asset-management-sa/1933.article

Our stewardship activities are not independently assured, but are audited as part of our annual internal audit.

Last reviewed: January 2019

For further information, please contact our ESG team at esg@valueinvest.lu

Disclaimer:

The information provided reflects ValueInvest's views as of a particular time. Such views are subject to change at any point and ValueInvest shall not be obligated to provide any notice. While ValueInvest has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability, or completeness of third party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in securities.