

## **The Shareholder Rights Directive II**

The Second Shareholder Rights Directive which took effect in the UK on 10 June 2019, aims to improve shareholder engagement and increase transparency around stewardship. As the Firm invests in listed equities we are required to publicly disclose our policies on shareholder engagement, stewardship practices, and how our investment strategies promote long-term value creation.

### **Integrating Shareholder Engagement in our Investment Strategy**

With regards to the Firm's Japanese Equity, the Firm has appointed a Japanese equity advisory firm based in Tokyo ("Advisor") to provide non-discretionary investment advisory services. The Advisor works exclusively with Goodhart. Through research provided by the Advisor the Firm is able to integrate shareholder engagement within the Firm's investment strategy.

### **Monitoring Investee Companies**

The monitoring process may include assessment of a company's own and market data, consideration of research from brokers and other independent research providers – including attending meetings with management and directors, talking to competitors, customers and other stakeholders.

Being locally based, the Advisor meets with companies and attends many national industrial trade shows and exhibitions to broaden their industrial knowledge as well as a source of new idea generation.

As a fiduciary, the Firm owes each of its clients a duty of care and loyalty with respect to services undertaken on the client's behalf, including proxy voting. To this end, the Firm takes all reasonable steps to vote proxies in the best interest of its clients – being mindful of due diligence and recommendations provided by the Advisor.

### **Conflicts of Interest**

The Firm is required to manage conflicts of interest fairly, including conflicts between the Firm and its clients, between clients and between fund investors, other funds, or the Firm itself. As applicable, the Firm is also required to identify conflicts of interest between an investor in a fund managed by the Firm and other investors, funds managed by the Firm, other clients of the Firm or the Firm itself.

Goodhart maintains a robust policy on managing conflicts of interest in relation to stewardship which is designed to ensure its decisions are taken wholly in the interest of its clients. All personnel are requested to notify the Chief Compliance Officer ("CCO") if they become aware of any material conflict of interest arising, including in relation to proxies on behalf of clients. Voting instructions will be subject to assessment and approval by the CCO in such circumstances. In addition, the Firm, is aware that conflicts of interest may arise when assessing whether and how to engage with companies and will escalate any concerns to the COO of Goodhart. A summary of Goodhart's Conflicts of Interest Policy is available to clients on request from the Chief Compliance Officer.

### **Acting Collectively with Other Investors where appropriate**

At times our engagement interests will align with other shareholders. When it is appropriate to do so, we will engage with other shareholders on a collaborative basis, provided taking collaborative action is in the best interests of our clients. We will not engage in any collusive or consort behaviour and will adhere to our Conflicts of Interest Policy.

### **Proxy Voting**

The Firm exercises its duty of care and loyalty by taking all reasonable steps to vote proxies in clients' best interests.

The Firm has a Proxy Voting Policy that – amongst other things – sets out the Firm's general approach when voting on behalf of its clients.

On client request, the proxy voting policy is available from [nkonschu@goodhartpartners.com](mailto:nkonschu@goodhartpartners.com)

For further information on any of the above please contact:

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Goodhart Partners LLP

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