

Introduction

Setanta Asset Management Limited

We are an independent investment management firm based in Dublin, Ireland. Established in 1998, Setanta has successfully applied a long-term, active, and value investing approach to its equity and multi-asset funds. Our approach is research-driven, and conducted by a team of investment professionals. This robust and repeatable approach has delivered strong returns across all investment strategies. We focus on good quality businesses, and the potential downside risk of each investment. Our consistent results validate this conservative, relatively low-risk approach to investing.

We provide discretionary management services to institutional investors with a fiduciary responsibility to help them achieve their long-term investment objectives. Their objectives are clear: maximise the investment return on their portfolios, over the long term and within risk parameters. We know that ESG factors (environmental, social and governance) can impact the performance of investment portfolios. We integrate ESG factors into our investment approach where it is possible to do so while meeting our fiduciary responsibility.

Our team of investment professionals consider ESG factors as a part of their research and analysis – this work is not carried out by a separate ESG team. We use our own internal resources to analyse these issues, and where we need to, we use external resources. As active managers we engage with companies we invest in, and normally vote proxies on all resolutions.

Incorporation of ESG issues into the Research Process

We have a core expertise in Setanta in managing active equity portfolios - both stand-alone, and as a part of multi-asset portfolios. We consider material ESG risks in our analysis, in the main, to investments in equity securities, and, where appropriate, to other asset classes. Our investment approach generally focuses on companies with sustainable, long-term competitive advantages. We believe that over the long-term, good quality durable businesses, bought at an attractive price will generate superior returns. We research all companies in detail, and we monitor them actively and in-depth; our investment rationale is built around long-term ownership.

As our investment rationale is long term, we are attracted to businesses that share this long-term perspective, and are careful stewards of their resources, both financial and otherwise.

These companies view factors such as corporate governance, sustainability, management incentive arrangements, and maximising shareholder returns as part of the efficient running of their business.

We seek out businesses that have a low level of risk - business, financial and valuation. As part of our robust review and challenge process, we assess the long-term impact for businesses of not taking ESG factors into account. We seek to analyse and monitor the ESG issues that may have a material impact on financial performance during our investment horizon. The relative importance of these factors on our investment decisions will depend on their potential significance to a business and its future returns.

The importance of ESG factors can vary, and may depend on the sector and the unique circumstances of a particular company. As part of our fundamental and robust review, we assess these factors both for potential risk and opportunity in the short, medium, and long term.

Ethical and SRI Screening

Some of our clients want to avoid stocks that do not meet certain environmental, social, governance and ethical criteria. We managed a range of Ethical and SRI funds on their behalf.

Incorporation of ESG issues into Ownership Practises

We incorporate ESG issues into our ownership practices where clients have delegated to us voting authority on securities that they own. We support proposals that are in the long term economic interests of shareholders; ESG factors are a part of that consideration.

Engagement Activities

We believe that engagement with companies on ESG factors is appropriate. We engage in detailed discussions with companies to understand their long-term objectives and challenges, and how ESG and other factors fit within their operating and decision-making frameworks. We are proactive in providing our thoughts to companies regarding their business strategies, governance and reporting. We will decline to purchase or hold shares in a company if we determine that it fails to meet our business quality expectations.

Setanta does not take positions in companies expecting to implement activist positions, nor do we invest based on our moral or ethical opinions. We have a proven approach that has served us and our clients consistently and well, and ESG is a part of that process.

Ownership

This policy is owned by the Executive Management Committee.