



THE THOUGHTFUL INVESTOR

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CASTLEFIELD INVESTMENT PARTNERS LLP – STEWARDSHIP CODE

This policy sets out Castlefield Investment Partners LLP (“Castlefield”)’s commitment to the principles of the Financial Reporting Council (“FRC”)’s UK Stewardship Code (the “Code”) and also constitutes the disclosure of that commitment required under the rules of the Financial Conduct Authority (Conduct of Business Rule 2.2.3).

Castlefield acts as an Investment adviser to a number of collective investment schemes and also separately maintains a number of direct segregated client relationships where it acts as a discretionary fund manager. In each of these cases Castlefield recognises its stewardship responsibilities as an asset manager and its compliance with the Code is set out below. Although the Code has been drafted with UK equity investments in mind, Castlefield manage investments across a range of asset classes and will also extend the same philosophy to those investments as well.

This policy has been developed in line with the updated FRC Stewardship Code September 2012. Castlefield will review this stewardship policy annually.

The Code states that “so as to protect and enhance the value that accrues to the ultimate beneficiary, institutional investors should:”

1. Publicly disclose their policy on how they will discharge their stewardship responsibilities.

Castlefield discharge their stewardship responsibilities with the ultimate aim of improving financial outcomes for the beneficial owners of the investments managed. In order to achieve this Castlefield will monitor and engage with the management of companies both in which it invests as well as of those which it determines offer potential investment opportunities.

Castlefield has a team of experienced and dedicated investment professionals who consider the corporate governance arrangements of companies as well as assess their suitability as investments using considerations such as strategy, risk, capital structure, corporate culture and remuneration.

Continued overleaf ...

Castlefield is a trading name of Castlefield Investment Partners LLP (CIP) and a registered trade mark and the property of Castlefield Partners Limited. CIP is authorised and regulated by the Financial Conduct Authority and is a member of the London Stock Exchange. Registered in England & Wales No. 0C302833. Registered Office St George’s House, 215-219 Chester Road Manchester M15 4JE. Part of the Castlefield employee-owned group. Member of the Employee Ownership Association.



Particular focus may be given to the ethical and socially responsible aspects of a company's activities where an investment mandate includes this as part of its remit. Castlefield may also choose to engage with a company on these aspects of strategy and implementation even if there is not an explicit requirement to do so on occasions when Castlefield feel that such an approach will be to the advantage of clients.

Castlefield may choose to engage with the management of companies as appropriate to the size of Castlefield's holding and to the size of the company. Such engagement may include face-to-face meetings, writing to, or other-wise lobbying management or relevant industry bodies and ultimately exercising votes at company meetings.

Castlefield may determine that the maximisation of returns for investors is best served by selling all or some of the shares in a particular company. In some circumstances this may reflect the quality of management of the company but in others it may be due to a decision to take advantage of other investment possibilities.

2. Have a robust policy on managing conflicts of interest in relation to stewardship which should be publicly disclosed.

Castlefield has a Conflict of Interest Policy which sets out our policy for identifying and managing conflicts of interest where the interests of individual clients may differ. This policy is available on the Castlefield website www.castlefield.com

This policy is overseen by the Castlefield Conflicts Committee which is composed of investment and compliance professionals actively engaged in the oversight of the relevant client assets. Where an actual or potential conflict of interest is identified our aim would be to put the clients' best interests first.

3. Monitor their investee companies

Castlefield carries out ongoing monitoring of investee companies in order to remain abreast of their strategy as well as their performance, both in absolute terms as well as relative to a relevant peer group.

Of particular importance to Castlefield are:

- That strategic decisions are made to enhance the value and minimize the risks to the company;
- That the company's reporting is of a high quality with timely, transparent statements to investors and with high levels of voluntary disclosure in addition to the regulatory minimum;
- That the investee company's board and leadership are effective and adhere to the spirit of the UK Corporate Governance Code. Independent directors and associated committee structures should provide adequate oversight;
- That any issues that may result in a significant loss of investment value are identified as soon as possible and that in such circumstances, Castlefield will communicate with the company's Board or management to ensure that they are aware.

If a company fails to adhere to the spirit of the UK Corporate Governance Code, Castlefield will carefully consider the explanations given and make a reasoned judgement.

If it is felt necessary, Castlefield may write to the company and enter into a broader dialogue.

From time to time Castlefield's engagement with investee companies may result in Castlefield being made an insider by a company or broker acting on their behalf. Castlefield will consider the relative merits of receiving information or of retaining the freedom to deal on a case by case basis. Castlefield will communicate its willingness (or not) to receive such information to its investee companies or brokers on a case by case basis.

4. Establish clear guidelines on when and how they will escalate their stewardship activities

Castlefield implements active investment strategies and engages with investee companies on a regular basis at both a formal and informal level. If Castlefield have any specific concerns about aspects of a company's strategy, performance, governance, remuneration, or approach to risks, including from a socially responsible or ethical point of view, we will look to raise these concerns on a confidential basis. If however it is felt that a constructive or transparent response is not forthcoming, we will engage with companies further. Such engagement may take the form of:

- Holding additional meetings with management specifically to discuss these concerns;
- Expressing concerns through the company's advisers;
- Meeting with the chairman, senior independent director, or with all independent directors;
- Intervening jointly with other institutions on particular issues;
- Making a public statement in advance of general meetings;
- Submitting resolutions and speaking at general meetings;
- Requisitioning an EGM, in some cases proposing to change board membership;

Or, alternatively Castlefield may decide to sell its interest in the company.

5. Be willing to act collectively with other investors where appropriate.

Castlefield is prepared to work collectively with other investors on either a formal or informal basis. This may be in circumstances when our approach to engaging with the management of investee companies is unsuccessful or when risks posed threaten to destroy significant investor value.

Castlefield will consider any specific action on a case by case basis but would only do so where it was in the best interests of investors. In so doing Castlefield would have due regard to its policies on conflicts of interest and insider information. An investor wishing to discuss such a situation should contact:

Mark Elliott
Investment Manager, Castlefield Investments, 111 Piccadilly, Manchester. M1 2HY

6. Have a clear policy on voting and disclosure of voting activity

As an asset manager, Castlefield does not typically hold investments in its own name. Where Castlefield acts as the appointed Investment Adviser to funds, it generally has the right to exercise all votes in relation to UK equities held in those funds. Where Castlefield acts as discretionary fund manager for a private client, its terms of business allow it to cast votes held in nominee accounts where it has discretion over the account. Castlefield will always comply with a client's instructions (if any) received when exercising voting rights attached to that client's securities.

In the absence of specific instructions from a client, Castlefield does not automatically support the board; rather, Castlefield seeks to vote either For, Against or withhold votes based on the investment managers knowledge of the company and an evaluation of the proposals.

Voting is carried out either by the nominee service used by Castlefield's private clients, Pershing Securities Ltd or in the case of funds where Castlefield is the appointed Investment Manager, by ProxyEdge, a proxy voting service provided by Broadridge Inc and appointed by the fund's Authorised Corporate Director.

Castlefield does not engage in stock lending.

7. Report periodically on their stewardship and voting activities

Castlefield aims to report at least annually to clients in relation to its stewardship activities, and is currently reviewing the best method for providing these reports.

Castlefield would not disclose any information which it determines to be confidential, inside information, or in any other way such that its disclosure might be counterproductive to achieving a positive outcome.

Castlefield notes the provisions of the Code which state that institutional investors should obtain an assurance report to confirm whether the policies and processes in relation to the application of specified Principles and related disclosures have been fairly described and to disclose that independent opinion to investors on request. Given Castlefield's relatively small size it has determined that the strict application of this guidance would be disproportionately onerous. The internal "Castlefield Conflicts Committee" will review this policy on an annual basis