



Commitment to the Stewardship Code

Phoenix Asset Management Partners Ltd.
is authorised and regulated by the Financial
Conduct Authority (FCA)

64–66 Glentham Road
London SW13 9JJ

+44 (0) 208 600 0100
phoenix@pamp.co.uk

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Phoenix Asset Management Partners Limited ("PAMP") supports the implementation of The UK Stewardship Code issued by the Financial Reporting Council ("FRC") in July 2010.

The UK Stewardship Code was published in July 2010. It aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities by setting out good practice on engagement with investee companies to which the FRC believes institutional investors should aspire. Further details on the UK Stewardship Code can be found here: www.frc.org.uk/corporate/investorgovernance.cfm

We support the seven principles as laid out in The UK Stewardship Code.

Principle 1

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

We believe that our approach to investment means that ideally the companies that we invest in are well-run by the incumbent management. Our investment philosophy is value-based and we tend to invest with a long-term time horizon. We approach every investment as if we were purchasing the whole company. We look for businesses which we believe we understand, run by managers who are competent, honest and who act in the interest of shareholders. The strength of our confidence in a company's management is integral to our investment in that company. We seek to purchase our investment at a price that will earn a long-term return of 15% per annum. We are indifferent to short-term share price fluctuations; we expect to make our return through the performance of the business, the profits it distributes and the growth in its long-term intrinsic value.

PAMP only invests in companies where the business risks are understood and where there is transparency in reporting. An investment will not be made if there are any significant concerns about either management or matters of corporate governance and, as a result, PAMP is generally supportive of management. Effective monitoring of investee companies is fundamental to fulfilling our responsibility to clients. We monitor our investee companies closely using a wide range of sources and media such as through company statements, podcasts and other investor communications. Where we have, by virtue of the size of our shareholding, access to management, we may have regular dialogue with the company's leadership.

Our policy on intervention is driven by the fact that we hope we never have to do so. Where we consider that we need to intervene, this will always be done with due care for our own investors' interests. We are not activist investors; however, we will intervene with our investee companies' management when necessary.

Good stewardship, in the sense of our investee companies being run by good, honest competent management, is essential to our long-term investment philosophy. Our confidence in the management is a prerequisite for our deciding to invest in a company. Simply put, if we like the company but don't like the management, we will not invest in that company.

Our policy on voting is that we will participate in every ballot that arises in respect of our investee companies. We vote electronically and via custodians. Generally, we will vote with management.



Principle 2

Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.

PAMP's Conflict of Interest Policy details how we deal with conflicts, or potential conflicts, in any area of activity. We are aware that the industry in which we operate has ample areas where conflicts of interest can arise. We do our best to identify and avoid potential conflicts, and, in those cases where conflicts cannot be avoided, we manage and mitigate them to the best of our abilities.

Because of our long-term investment approach, and our emphasis on good incumbent management in our investee companies, we do not anticipate conflicts of interest between our voting activities and the interests of our own clients/investors. It is in the interests of our investors that the companies that we in turn invest in are well managed by effective leaders. Given that this is a prerequisite to our investing in that company to begin with, providing that management continues to make good decisions, our interests and the interests of our investors should be aligned with those of management.

Principle 3

Institutional investors should monitor their investee companies.

We monitor our investee companies very closely. We analyse as much publicly held information as possible with a focus on communications issued by the company itself. This includes reports and trading statements. Where we have access to management (by virtue of the size of our shareholding), we may have regular dialogue with senior members of the investee company's Board. We conduct in-depth research into a potential investee company's management and we continue this level of monitoring throughout the duration of our investment. In many of the companies that we have invested in over the years, we have met personally with those companies' management. We do not like being made insiders and we will make sure that any dialogue with management will not take us 'inside' unless we agree to this prior to the communication being made.

Principle 4

Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.

As previously outlined, we are long-term investors who see good, honest management as a key prerequisite to investing in a company. We will never invest in companies where we do not have confidence in the management. As a result, the need to intervene or escalate will ideally never arise. However, on the rare occasions where the need does arise, we will act according to the particular circumstances of the case and always with our investors' interests in mind. In cases where we have access to management, we will raise our concerns to the company's leadership discreetly. If necessary, where our concerns are not addressed, we will consider our exit from the investment. Where this would not be possible (particularly from a shareholders' value perspective), we will seek to influence the company through other means such as through the company's AGM and/or EGM and/or meeting with management and other investors.

Principle 5

Institutional investors should be willing to act collectively with other investors where appropriate.

Again, as previously outlined above in Principle 4, we are long-term investors who see good, honest management as a key prerequisite to investing in a company. We will never invest in companies where we do not have confidence in the management. As a result, the need to intervene or escalate will ideally never arise. However, on the rare occasions where the need does arise, we will act according to the particular circumstances of the case and always with our investors' interests in mind. Where the steps to escalate as set out in Principle 4 are not sufficient, we will consider acting collectively with other investors, always with our own investors' interests in mind.



Principle 6

Institutional investors should have a clear policy on voting and disclosure of voting activity.

We have a clear policy on voting and on disclosure of voting activity. Our policy is to participate in all ballots with respect to the companies that we invest in and to vote all shares held. We consider each item on the agenda and, in the vast majority of cases, we will vote with management. We do this because we believe in the competence and abilities of the investee companies' management and because we (in the vast majority of cases) agree with the items placed on the agenda. In those rare situations where we do not agree with an item on the agenda, we will either abstain or vote against the items that we disagree with. Where we judge an item to be potentially contentious, and where we have a major shareholding, we will highlight any concerns to management in advance of the meeting. Our overriding concern is always for what is in the interests of the funds and collective investments that we manage. We do not actively disclose or make public our voting activity; however, we have a culture of openness with our clients and investors, and, should any ask us as to our voting activity, we will as transparent as possible as is in their best interests.

Principle 7

Institutional investors should report periodically on their stewardship and voting activities.

PAMP has regular contact and open dialogue with its investors as to its activities. The mode of dialogue ranges widely from in-depth monthly and quarterly newsletters to AGMs to informal discussions with investors. Our stewardship and voting activities are not actively reported on; however, our investors know that one of the main factors in our deciding to invest in a company is our belief in the honesty and competence of the company's management. As a result, it follows that we will support management's agenda for as long as we believe that their actions are in the interests of our clients and investors. Ideally, given our strict investment criteria (of which our confidence in management is an essential component) and our long-term investment approach, we expect never to have a reason to disagree with management as to our voting.

