

Responsible investment policy

Premier Miton Investors is a UK based retail focussed asset management group with an objective of delivering good investment outcomes through relevant products and active management across its range of investment strategies, which include multi-asset, equity, and absolute return funds. We are committed to investing responsibly.

In 2019 we hired our first Head of Responsible Investing within the investment team who brings significant experience and skills to enhance our responsible investing approach and to ensure that we are well positioned to manage current and prospective clients' money in a world that is increasingly focussing on sustainability. We have been a signatory of the United Nations supported Principles for Responsible Investment (PRI) since January 2020 which confirms our commitment to responsible investing.

Responsible investing activities are directed by Premier Miton's Chief Investment Officer with implementation led by our Head of Responsible Investing alongside the investment team. Oversight of activities, as well as reviewing the related policies, is provided by Premier Miton's investment and product governance structures.

This policy complies with the regulatory requirements from the Financial Conduct Authority (FCA) and is aligned with the Financial Reporting Council's (FRC) Stewardship Code 2020 as well as PRI guidance.

Responsible investing

At Premier Miton we define responsible investing as an approach to investing that includes the consideration of Environmental Social and Governance (ESG) factors alongside financial factors, supported by stewardship activities such as voting and engaging with the management of companies in which we invest, or are considering investing in. We take an active approach to voting on company resolutions at Annual General Meetings and other votes which we monitor and review.

ESG integration

We aim to consider ESG factors in our investment process through company research and analysis, and monitoring buying and selling decisions to improve client outcomes. We use a variety of ESG information sources including company reporting, meetings with management and boards as well as external ESG research.

Our experience demonstrates that governance is often the most important of the three factors with an experienced chairperson and suitably composed board of directors critical to facilitate a company's delivery of good long term financial performance. Management expertise and appropriately aligned remuneration are additionally important to implement the company's strategy and to manage risks. The management of environmental risks, especially climate related financial risk, is increasingly important especially in high climate risk sectors such as oil & gas and utilities. A company's approach to social risks is increasingly viewed as an indicator of competent management.

Exclusions

Whilst we don't actively exclude any companies or sectors for ESG reasons for most of the funds and investment trusts that we manage, our active investment approach ensures that in many of our funds and trusts our exposure to so called 'controversial companies' is often low. These companies are those that have been involved in ESG related incidents that may result in negative impacts for stakeholders and the environment and include areas such as human right violations and environmental pollution.

We have a policy in place to ensure that we do not inadvertently breach any asset freeze or investment ban (collectively described as 'sanctions') which have legislative or regulatory force in the United Kingdom.

ESG research and data

We use company specific ESG research and data, where it exists, to consider ESG related risks and opportunities in our investment process. Additionally, we use ESG data as a portfolio monitoring tool. As an active investor, we prefer detailed ESG company research focussed on evaluation of the ESG risks and opportunities rather than a single, combined ESG score. Larger sized companies usually have better ESG policies and disclosure, making ESG research more available. For the smaller companies in which we invest, the policies and disclosures may be less robust. This sometimes leads to lower ESG scores in smaller companies although that does not automatically reflect higher ESG risk or poor ESG risk management compared to larger companies in the same industry.



We subscribe to a number of independent providers of ESG data and research including Ethical Screening, ISS proxy voting services and research, CDP global environmental disclosure system and Bloomberg. We regularly interact with these providers on a range of topics, including methodology and discussions on the differences between our ESG analysis. Additionally, our external providers of non-ESG specific research are increasingly incorporating ESG commentary and data within company research which we use when available.

Climate related financial risks

There are a number of initiatives that support the UK and European governments with their ambition to achieve net zero carbon emissions by 2050. These provide a framework for us to consider climate related financial risk across our funds. We consider the UK FCA climate feedback statement, UK green finance strategy along with the EU Sustainable Finance Action Plan and the global Task Force on Climate-related Financial Disclosures in our analysis.

We are developing our approach to include company carbon emissions data and climate related financial risk in our investment process and fund monitoring as well as consideration of climate scenario analysis. Due to the nature of our active investment philosophy and typically a strategy of selecting companies, which in our view, have strong management teams and good future growth prospects, we find that we invest in companies that typically have lower fossil fuel exposure than the average.

Long term investing

Typically, five years is the minimum recommended period for holding shares in Premier Miton funds. Therefore, typically, we also aim to make investments for the long term. This provides the opportunity to build a long term and strong relationship with company management.

Stewardship

Stewardship covers voting and engagement activities with companies in which our funds and trusts invest and is an important part of our investment management process. As an active investor, we will generally select companies with strong management and good ESG practices although this will not always be the case, for example where we believe the associated risks are not financially material. Therefore, we rarely have to exert influence to improve the quality of management or weak ESG practices. Typically, we wouldn't expect to have significant instances of voting against management at shareholder meetings.

Engagement

We engage with company management teams in two main ways;

- Regular general meetings to understand company strategy and monitor financial performance to support investment decisions and portfolio monitoring.
- Focussed meetings aimed at enhancing shareholder value.

If possible we aim to be in contact with, and preferably meet with, the companies we invest in annually, however, this is not always possible, for example, not all companies will be willing to meet with us or it may be more difficult to meet companies outside the UK. We additionally find value in meeting competitors, suppliers and end users of their products or services when researching companies to support our investment analysis. These meetings will include ESG risks and opportunities where relevant.

To support discussions, we have an engagement action plan. This includes ESG risks and themes (such as ESG reporting, climate risk management, board diversity, remuneration, audit process) as well as business strategy and corporate structure. We will typically focus more on investments where we have more significant exposure, either as an amount of money invested or the amount of the company owned. An existing relationship can present opportunity for successful engagement, potentially resulting in a long-term enhancement of shareholder value.

We generally meet with the CEO, but additionally extend this to the Chairperson, when we wish to elevate an issue. Where we have concerns over company supervision of material ESG risks and where engagement has been unsuccessful, we consider selling the holding.

We are open to collaboration with other investors on engagement activities.



Voting

Voting activity occurs around formal company meetings such as AGMs. The focus is usually on corporate governance issues although increasingly we are seeing the inclusion of environmental and social issues being raised both by companies and through shareholder resolutions.

We aim to vote at all company meetings where we have the opportunity. We have appointed ISS as our proxy voting adviser (subject to an annual review) who provide research and recommendations on resolutions. Fund managers are responsible for reviewing external research alongside their specific company knowledge before making a final decision. Additionally, fund managers can share information and views with each other where holdings are in common and discuss with the Head of Responsible Investing before making decisions. Voting decisions can differ by fund depending on the specific investment objective of the relevant fund or trust.

More detail is available in our proxy voting policy.

Investment scope

This policy is applied to all funds and trusts managed by Premier Miton. We invest in bonds, company shares and many other asset classes worldwide. We recognise that different asset classes require different responsible investment characteristics, practices and different ownership structures and it is more difficult for us to influence larger companies as we will be less significant shareholders.

We include listed real estate, investment trusts and listed infrastructure assets within this policy and expect the same standard of ESG management and disclosure as other listed assets.

Approaches to derivatives and stock lending

We undertake transactions in exchange traded and over-the-counter derivatives which may include individual companies. A derivative is a financial contract whose value is related to the value of an underlying asset or index, often used with the aim of managing risk or enhancing returns. We are considering methods of integrating ESG into these.

We do not undertake stock lending transactions, which are a form of short-term loan which uses a stock or security as collateral for the loan.

Different approach across investment strategies

Each of the funds and trusts managed by Premier Miton has a specific investment objective and a small number have non-financial considerations, such as an ethical policy or a focus on companies with sustainable characteristics.

We employ a responsible investment approach that is appropriate for and proportionate to each investment objective and investment strategy. For example, where we invest in companies in emerging markets we accept there is likely to be a lower level of corporate governance applied compared with developed markets; where we invest in bonds, we understand that we will have less opportunity to meet with or influence company management. Within our multi-asset, multi-manager funds, we invest in funds managed by other fund managers and in these cases we review and monitor those fund managers' approach to responsible investing.

For the funds that have non-financial considerations in their investment approach, the fund managers, along with the Head of Responsible Investing, undertake additional research as detailed in the fund prospectus.

Involvement in responsible investing related initiatives

We participate in a number of initiatives to enhance our knowledge in specific areas, to support well-functioning financial markets as well as to understand issues that are related to delivering good outcomes to our clients.

The Investment Association (IA) is a trade body that represents investment managers and asset management firms in the UK; we are an active member of the IA and Premier Miton's CEO, Mike O'Shea, is a board member. We also contribute to various committees and, in particular, participate in the IA Responsible Investment communications working group.

United Nations supported Principles for Responsible Investment (PRI); we became a signatory to the PRI in January 2020 and our first annual assessment submission will be due in spring 2021.

CFA (Chartered Financial Analyst Institute); we are supportive of the work of the CFA in developing the certificate in ESG investing and we encourage relevant employees to study for the certificate.



Conflicts of interest management

We have a conflicts of interest policy which guides the monitoring, reporting and resolution of any conflicts between clients and Premier Miton. Where a fund manager or anyone else identifies a conflict of interest, Premier Miton's aim would be to put the clients' best interests first.

Annual reporting

We will monitor our progress and report annually on our activities and outcomes to our clients through our website.

The future

We are constantly striving to improve our approach to responsible investing, through meeting industry best practice, improving on that where we can or adapting our approach for specific investment strategies.

As part of that, we review the quality of external quantitative data and qualitative research and make use of it where appropriate.

We aim to increase the knowledge and awareness of all employees through an internal educational program led by our Head of Responsible Investing as well through other parties such as the IA and CFA.

We are increasingly analysing our investments with regard to the United Nations Sustainable Development Goals which address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice.

Premier Miton has an Environmental Committee which sets environmental objectives and targets for our company. We will use this experience to encourage companies in which we invest to manage and reduce their environmental impact.

This policy will be reviewed annually

