Proxy Voting Policy

This proxy voting policy sets out steps taken by Lindsell Train Limited ("LTL") to ensure votes are cast in a manner consistent with the best interests of its investors and the objective of maximising long term investment returns for clients.

LTL believes that companies that observe high standards of corporate governance should increase their chance of survivability and their ability to generate long-term sustainable growth.

As a Tier 1 signatory, LTL fully supports and adheres to the Financial Reporting Council's (FRC) UK Stewardship Code. Further information on how governance matters are assessed and considered within our investment process is set out in the Firm's Responsible Investment and Engagement Policy and our UK Stewardship Code statement, both of which are made available on our website.

Policy

The primary objective of the voting policy of LTL is to protect or enhance the economic value of the investments it has made on behalf of its clients. Lindsell Train will vote against any agenda item that threatens this economic value, in particular when we have concerns over inappropriate management remuneration or incentives, changes in capital structure and mergers or acquisitions which are seen as detrimental to the creation of business value.

Where LTL has delegated voting authority from its clients, LTL recognizes that the exercise of these voting rights is a fiduciary duty that must be exercised with skill, care, prudence and diligence.

LTL's Portfolio Managers maintain final decision making responsibility for all votes, based on their detailed knowledge of the companies in which we invest. LTL has appointed an independent proxy agent, Glass Lewis to assist with the proxy voting process. Glass Lewis provides additional research, analysis and voting recommendations, based upon both their own policy and LTL's Proxy Voting Guidelines (Appendix A). LTL's Portfolio Managers use Glass Lewis' Viewpoint platform to process votes and provide enhanced reporting to our clients. LTL will give consideration to Glass Lewis' own voting recommendations but will not necessarily support their position if it is not viewed by LTL as in the best interest of our clients. Voting authority remains with LTL, with the exception of receiving specific client's instructions. LTL believes that proxy voting forms an important part of our investment process and proactive company engagement strategy.

LTL votes on behalf of its clients in accordance with its own Proxy Voting Guidelines which govern, under each voting category, whether to vote For, Against or Abstain. These guidelines are approved collectively by the Portfolio Managers and they are reviewed semi-annually.

Conflicts of Interest

Where a conflict of interest exists, LTL will take all necessary steps to address and resolve the conflict. LTL will not simply abstain from voting but will seek to disclose such conflicts to clients and, where those conflicts are sufficiently material, obtain written instruction or direction from clients with respect to voting the proxy. Conflicts of interests may include for example where LTL has a substantial business relationship with the issuer, or LTL is appointed investment manager to the issuer investment company.

Reporting

Proxy voting results and related information in respect of securities held are reported to each relevant client at least quarterly. These reports include summary of votes cast by LTL on behalf of clients, written description of reasons for any abstentions and opposing votes. Other reports such as shareholder engagement issues are provided to clients upon request.

LTL does not currently disclose publicly its proxy voting records. However, using Glass Lewis' enhanced reporting capabilities and in accordance with SRD II Article 3g, LTL will make this disclosure for calendar year 2020 and on an annual basis going forwards.

Appendix A – Proxy Voting Guidelines

Our long-term approach generally leads us to be supportive of company management and for routine matters LTL therefore typically votes in line with management recommendations. However, the primary objective of the voting policy of LTL is to protect or enhance the economic value of the investments it makes on behalf of its clients. LTL will therefore abstain or vote against any agenda item that threatens this position and where dialogue has not been effective, in particular concerns over inappropriate management remuneration or incentives, changes in capital structure and mergers or acquisitions which are seen as detrimental to the creation of business value.

Audit/Financials, Board Related, Meeting Administration and Shareholder Proposals

Lindsell Train Limited typically votes in line with management recommendations, where they are not expected to materially impact the long term economic interest of shareholders. Such votes include, but are not limited to:

- Corporate administrative matters, financial budget and strategy, annual audited report, appointment and re-election of auditors, appointment and re-election of Directors.

Examples of where we may discuss a vote at greater length include: conversations regarding Director roles, dismissals or contentious appointments, and also votes relating to ensuring skill diversity across a Board.

Capital Management and M&A

Lindsell Train Limited typically votes in line with management recommendations on capital management matters and, in general, on M&A matters too.

Occasionally however there may be instances where we judge that a corporate restructuring, or a merger or acquisition, is not in the best interests of our shareholders and if engagement with the company does not have the desired effect, we will abstain or vote against management.

We have also considered using our voting power to cement our position where, for example:

- A company quest for a single quoted entity could have meant that our clients were forced sellers of shares at a time and price not of our choosing.
- To encourage a company to conserve cash by disinvesting non-core assets, and/or suspending dividends.
- When shareholders are at risk of not being treated equally or where a founding family is prioritising their own interests.

Remuneration

Lindsell Train Limited pays careful consideration to the compensation policies of the companies in which we invest. In assessing their compensation policies we focus more on how incentives are structured rather than the actual quantum of compensation. In other words we can be comfortable with large rewards provided that the incentives are aligned with shareholders' interests and our principles. Where we do not believe that a company's compensation policy is aligned with the long-term best interests of the shareholders we will write to management to inform them of our intention to abstain or vote against such policies. As a minimum criteria we expect companies to demonstrate alignment with the following principles:

- LTL believes that long-term executive compensation should be linked to measurable performance goals that are under the direct influence of the individual concerned. In this way, executive incentives are aligned to the contribution those executives make to the business. Incentives should differ depending on the executive's role. In principle we prefer performance measures based upon achievable long-term returns on capital.

- Long-term compensation should be paid in cash. This is because compensation in the form of equity linked awards has the disadvantage that the share price of the company at any point in time may be influenced by exogenous factors that are not under the direct control of the executive.

- Most particularly, we believe that independent, non-employee directors should be compensated in cash. As a rough guideline, LTL would want to see more than 50% of total compensation paid in cash.

- In addition, share-based awards, when based on options, although intended to align with shareholder interests, may not actually do so. Options should be reserved for only those who truly influence whole company performance and vesting periods should equal or exceed five years.

- Real alignment is best achieved when executives buy shares with cash in the same way as investors.

- We believe that the use of non-GAAP income - which excludes deductions for stock-based compensation expense and related taxes - distorts the real profitability of the company and should therefore not be used as a basis for the measures to judge individual and corporate performance. We, like the accounting profession, regard the cost of stock-based compensation as a true cost to the company and ignoring it overstates the level of profitability achieved.

- The potential dilution to existing shareholders must be fully considered when making decisions over the number of shares made available for stock-based compensation. As a general principle, we regard an equity overhang of over 10% of the total shares in issue for any company as excessive and potentially detrimental to long-term shareholder interests.

- The amount of compensation awarded to an executive should equate to the value they are judged to have created rather than on peer group comparisons, as this is self-reinforcing.

Lindsell Train typically votes against/abstain as follows:

- Compensation policies when Long Term Incentive (LTI) awards are not linked to performance.
- When assessment of performance is based on non-GAAP measures which exclude the effect of share based awards.
- If the minimum vesting period and holding period for awards granted under the plan is less than 5 years.
- If the minimum equity overhang of all plans, including the proposal being voted on, is more than 10% of issued share capital.