27four Investment Managers

Responsible Investment Policy

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INTRODUCTION

At 27four Investment Managers, our responsible investment policy covers five broad areas:

1. Risk management
2. Fees
3. Integration of ESG factors
4. Stewardship and voting
5. Commission payments

As a multi manager not managing assets directly, 27four assesses the responsible nature of each asset manager that we use to understand the importance that sustainable investing plays within their organisation. 27four recognises the importance of long term sustainable returns and as such part of our asset manager due diligence process is centred around the asset managers commitment to responsible investing and their ability to implement an analysis of Environmental, Social and Governance (ESG) factors into their processes.

Questionnaires focused on responsible investing are sent to the asset managers on a bi-annual basis. Not only is their expertise in this area assessed but also the developments and progress that they have made in the responsible investing space over the preceding 6 months.

1. RISK MANAGEMENT

As responsible investors, risk management is critical to ensuring that the money invested with us by investors remains secure.

As a company our corporate governance is in line with global standards, our own money is invested alongside the money of our clients and so performance is aligned with the interests of our clients. Investment risk in our portfolios is monitored on a daily basis and where necessary we make use of an independent risk manager as well.

At the asset manager level, we evaluate their corporate governance and make sure that they have the appropriate risk management systems in place. The risk management and performance of the asset managers needs to be aligned with their clients to avoid excessive risk taking in order to boost investment performance. We also attempt to ensure that all aspects presented on by the asset manager in their proposals are encapsulated in the mandates given to them, thereby making certain that what they say they can do, they are required to be doing in terms of the mandate.

Managers need to report immediately on any changes in governance structures, remuneration or investment approach and any major sales by key staff in the fund. Any legal proceedings or investigations by the financial services authorities are also closely monitored.

2. FEES

Fees need to be fully transparent and we align manager interests with those of our clients. Fee structures should also not incentivise excessive risk taking so we manage the relationship between management fees, performance fees and high-water marks carefully. Fee structures also need to incentivise longer term performance and not month by month performance so that the manager is rewarded for taking longer term views and delivering consistent performance.

Total costs of the portfolio should also be disclosed and the ranges for portfolio turnover specified in mandates to curb excessive trading costs.

3. INTEGRATION OF ESG FACTORS

27four assesses the ability of each asset manager that we use to integrate ESG factors into their investment process and the importance that sustainable investing plays within their organisation. 27four recognises the importance of long term sustainable returns and as such part of our asset manager due diligence process is centred on the asset managers' commitment to responsible investing and ability to implement ESG analysis into their processes.

Questionnaires centred on responsible investing are sent to the asset managers on a bi-annual basis. Not only is their expertise in this area assessed but also the developments and progress that they have made in the responsible investing space over the preceding 6 months.

We scrutinise the investment analysis process and the portfolio construction process to understand how the asset managers are building in an analysis of the various ESG factors and the impact this has on valuations and the ultimate portfolios. In this way we can see whether the skills exist in the investment team to properly analyse the factors and their impact and understand if the manager is able to provide any specific ESG focus in the portfolio should clients have specific requirements in terms of their own responsible investing policies.

4. STEWARDSHIP AND VOTING

The ownership of the assets needs to be clarified to ensure responsible stewardship and voting. In segregated mandates full control should remain with the client and the client should be allowed to give input on the votes they deem material.

Where the mandates are in pooled products and the manager retains ownership of the assets and where the manager is voting proxy, 27four requires all asset managers to vote and to vote in line with their proxy voting policies. We keep on record all of the asset managers' voting policies and all managers are required to disclose where they voted in favour of, or against and where they abstained from voting.

Where managers are engaged in the practice of scrip lending, they are expected to provide clarity on the impact of lending on their ownership rights and ensure that scrip is recalled timeously where necessary.

5. COMMISSION PAYMENTS

27four does not make use of any asset managers who make use of softing arrangements. All commissions and rebates need to be disclosed in full.

UNITED NATIONS PRINCIPLES FOR RESPONSIBLE INVESTING

27four is a signatory to the United Nations Principles for Responsible Investment (UNPRI). In 2007, 27four became a signatory to the United Nation's finance initiative known as Principles for Responsible Investment. The Principles for Responsible Investment were developed by an international group of institutional investors reflecting the increasing relevance of environmental, social and corporate governance (ESG) issues to investment practices. The process was convened by the United Nations Secretary-General. In signing the Principles, 27four publicly commits to adopting and implementing these Principles, where consistent with our fiduciary responsibilities. We also commit to evaluating the effectiveness and improving the content of the Principles over time. We believe this will improve our ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society. We encourage other institutions to adopt the Principles.

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