Ravenscroft

GLOBAL BLUE CHIP FUND **2023** ANNUAL SUSTAINABILITY REPORT

CONTENTS

"In terms of the process for our sustainability approach, we remain driven by the steps that we communicated in our inaugural report."

INTRODUCTION

Welcome to the second edition of the Ravenscroft Global Blue Chip's Annual Sustainability Report. The primary aim of this report is to convey to our investors the sustainability metrics of the Fund's underlying holdings, any progress that has been made in the reach and clarity of investee companies' reporting and our voting history. Additionally, we will be sharing notable case studies to provide a behind-the-scenes look at how we integrate our sustainability analysis into our stock selection, and ultimately to showcase the process in action.

In terms of the process for our sustainability approach, we remain driven by the steps that we communicated in our inaugural report and remain pleased with the results and risk analysis that these have brought into the wider Global Blue Chip investment procedure.

OUR RELATIONSHIP WITH SUSTAINABLE BUSINESSES

Last year's report contained an in-depth explanation of our investment process, but, in summary, the core investment aim of the Global Blue Chip Fund is to achieve returns for our clients that are commensurate with their investment objectives and risk profile. This means seeking capital growth through the investment in shares of large, established companies that are aligned with one or more of our structural investment themes: global consumerism, changing demographics, and technology and innovation.

In order to achieve this, we aim to identify companies that we believe are capable of generating consistent long-term growth and buying them at attractive prices.

In general, businesses that are more likely to be successful over the long term:

- **have a competitive advantage;**
- **have credible management who are skilled in allocating profits to their best use;**
- **operate sustainable working practices;**
- **consider the effects of their operations on the communities in which they operate; and**
- **have proper governance standards that protect the interests of all stakeholders.**

These businesses are also becoming increasingly transparent as Sustainability Accounting Standards Board ("SASB") standards impact their reporting, allowing us to both qualitatively and quantitatively gather greater data on how these companies are behaving.

WHAT IS SUSTAINABILITY TO US?

Sustainability has many interpretations. For us, it focuses on a company's;

- **long-term resilience;**
- **innovation; and,**
- **ability to generate consistent outcomes.**

To better understand a company's sustainability we analyse it through a pragmatic framework that seeks to understand the quality of product, the credibility of leadership, effectiveness of operations and likelihood of error (whether forced or unforced). In doing so, we gain a greater understanding of the pervading culture, better positioning ourselves to understand the risks associated with an investment.

"By creating a framework to help analyse a company's credentials and associated risks, we can mitigate some of the idiosyncratic uncertainty and better position ourselves for success."

THOUGHTS ON RISK

Knowing what it is you want to own is integral to understanding why you would want to own it. Better understanding improves awareness of the risks associated with any given opportunity, which can then be taken into account when calculating the preferred price one would be prepared to pay for the stock of any potential investment.

Whilst we value companies by forecasting the net present value of all its potential future cash flows, we are cognisant that the future is inherently unknowable, providing an imperfect dataset from which to base our assumptions off. Consequently, not having this full picture presents us with the risk of being caught out by an underlying problem that the numbers simply do not show. Gaining an understanding of how sustainable a company's operating practice is, assessed and monitored through the different lenses of environmental, social and governance ("ESG"), helps ascertain a level of confidence in our cash flow assumptions, which is then factored into the overall valuation calculation. A high level of comfort may result in the use of higher expected cash flows whilst a low level of confidence may result in a more conservative estimate being used.

By creating a framework to help analyse a company's credentials and associated risks, we can mitigate some of the idiosyncratic uncertainty and better position ourselves for success. Any price paid must offer a reasonable margin of safety that compensates for the risks inherent when investing in an equity. It also provides the added benefit of offering the potential for an aboveaverage return should our investment thesis play out as expected.

Examples of sustainability related analysis includes, amongst other criteria:

Remuneration structures for company executives - what behaviours are being incentivised and what outcomes should we expect?

Earnings calls and AGMs - to build a track record of understanding between what management say and what they actually achieve, as well as having our annual say on company matters in the interest of our investors through proxy votes.

Ongoing monitoring - scrutinising news articles and controversies and how companies maximise their strengths, manage their weaknesses, react to opportunities and threats.

Threat analysis - understanding an industry's material threats to their sustainability in order to better appreciate idiosyncratic vulnerabilities.

Whilst we do not exclude investments solely on sustainability factors or invest exclusively as a result of such, we would expect to be compensated in the price for perceived risks should an investment be exposed to greater sustainability issues in their normal course of business. In general, companies that fail basic sustainability considerations due to incompetence or wilful neglect are not viewed as appropriate investments, no matter what the price.

"...we commit to identifying companies that we believe are capable of generating consistent long-term growth and buying them at attractive prices."

ESG CASE STUDY – DISNEY

Introduction

The complexity of Disney's governance challenges came to light through a combination of many nuanced factors, including a leadership crisis, fast changing dynamics in sports rights and services, and political controversies. Much of what unfolded behind closed doors came to light through information leaked to the media, highlighting the opaque nature of many sustainability factors and how challenging it is for investors to detect real issues in time to act proactively. Nonetheless, understanding what happened, and why, is important if an analyst is to stand the chance of identifying similar situations in the future. Whilst circumstances may differ, human behaviours are often the same with similar motivations driving them.

TIMELINE

November 2022

Bob Chapek is replaced by Bob Iger as CEO. Chapek's failures in managing Disney's streaming ambitions and a political fallout between the company and the Governor of Florida, Ron De Santis (see April 2023) were initially unclear but later revealed deeper governance issues when these issues surfaced. Chapek's handling of them, coupled with the board's mixed messaging, made it hard for investors to gauge the risks, which led to Nelson Peltz calling for new leadership.

March 2023

Ike Perlmutter's removal by Iger and his subsequent alliance with Peltz added fuel to the proxy fight, giving him voting rights over millions of Disney shares and providing the activist with additional firepower.

April 2023

The fallout from Chapek's handling of the 'Don't Say Gay' bill with Florida worsens. It was revealed after the fact that Chapek acted against board advice, damaging Disney's reputation and losing the company's site in Florida its autonomous status. The missteps harmed investor confidence in the company's political stance and public relations strategy.

May 2023

An industry wide writers' strike disrupts Disney's production schedules, placing strain on Disney's box office and streaming services. Disney was executing a well-orchestrated and clearly communicated plan to reach profitability by the fourth quarter 2024. Amidst the changing investor mood towards loss-making streamers and profligate content spending, Disney's streaming ambitions came under increased scrutiny. The consequent shift in focus from subscriber growth to profitability added pressure on management to show greater strides in achieving their targets. Chapek and subsequently Iger when he retook office, executed their original plan but the market's impatience was an opportunity that Peltz seized on in his proxy campaign.

September 2023

Concerns about ESPN's future grows as cable subscriptions decline, and Disney faces tough negotiations with cable providers. A temporary blackout on Charter's Spectrum service in the run up to the first NFL game of the season brings matters between Charter Communications and Disney to a climax.

ESG CASE STUDY – DISNEY CONTINUED

KEY PLAYERS

Bob Iger
The longtime Disney CEO who stepped down in 2020, only to return in late 2022 to address the perceived mismanagement that occurred under his successor, Bob Chapek. Iger's return was met with relief but also acknowledgement of the perceived problems Disney faced.

Bob Chapek
Appointed CEO in 2020, Chapek's tenure was marred by poor management of Disney's creative ambitions, inability to stem losses fast enough within its streaming segment, and failures in settling a political crisis with the state of Florida. His missteps led to his replacement.

Nelson Peltz
Billionaire activist investor who pushed for a proxy fight in late 2023, aiming to join Disney's board. He criticised Disney's leadership for poor succession planning, high costs, and weak shareholder returns – brought about through several strategic missteps by Disney's transient management.

Ike Perlmutter
Former chairman of Marvel, who was ousted by Iger in early 2023. His dissatisfaction with Disney's leadership aligned him with Peltz in the proxy fight, providing Peltz with additional stockholding leverage.

Proxy Fight and Lessons Learned

Nelson Peltz's proxy fight focused on Disney's inability to successfully transition from Iger to Chapek and, coupled with ongoing controversies, laid bare weaknesses in Disney's overall governance structure.

Peltz lost the proxy fight but the activist's pressure led to reforms, notably the hiring of two new board members, James Gorman and Sir Jeremy Darroch. Sir Darroch, former CEO of Sky, brings valuable media experience, while Gorman will play a critical role in finding Iger's eventual successor after successfully orchestrating his own replacement's transition when he was the outgoing CEO at Morgan Stanley.

This case reinforces the importance of governance and how it plays into sustainability. Disney was performing extremely well until the transition change. Whilst 2022 was a difficult time for financial markets Disney's stock has languished through 2023 despite executing its plan. The market very quickly lost confidence in Chapek following his early missteps and this no doubt impacted the market's perception. Without the tarnished image, we suspect Disney's shares would have performed better as the underlying fundamentals were not that bad all things considered.

We also note that under different circumstances the public spat with Charter Communications may well have been handled very differently.

"This case reinforces the importance of governance and the difficulty for investors to assess risks in real time."

MONITORING CASE STUDY – DIAGEO

Diageo is a leading alcohol beverage company and maker of iconic brands such as Johnnie Walker and Guinness.

Sustainability is not just a corporate responsibility for Diageo, it is essential for the company's future success. As climate change continues to disrupt traditional weather patterns, the ability to grow key ingredients such as grains and grapes is increasingly threatened. Crop yields may decline, and the quality of ingredients may be compromised if sustainable practices are not implemented at scale.

Water scarcity is also a looming threat. Many of Diageo's operations are based in regions where water resources are becoming scarcer year on year. Without enough water, the company's ability to produce its products would become increasingly difficult and expensive.

Regenerative agriculture and active water stewardship are means to address these risks and, with management recognising this, Diageo achieved numerous milestones in these fields in 2023.

Progress in regenerative agriculture
Diageo has been actively investing in regenerative agriculture practices to support its goal of creating a more sustainable and resilient supply chain. Regenerative agriculture restores and enhances the natural health of agricultural ecosystems and has proved to enhance farming productivity. This approach helps reduce carbon emissions, improve soil health and ensure the long-term viability of agricultural lands that are critical for Diageo's ingredients.

In 2023, Diageo expanded its partnership with farmers across its global supply chain to implement practices such as cover cropping, crop rotation and reduced tillage, which help to restore soil health and reduce dependency on chemical inputs. The company's regenerative agriculture pilot projects have already shown promising results in improving biodiversity and soil fertility. For example, its work with barley farmers in Scotland, where whisky production relies heavily on local crops, has demonstrated that healthier soils lead to higher yields and better-quality ingredients, reducing the long-term risks associated with climate variability.

Water stewardship
Water is a critical ingredient in all of Diageo's products, and the company has long recognised the importance of sustainable water sourcing.

In 2023, Diageo continued to build on its water stewardship programme, focusing on reducing water usage, improving water quality, and ensuring access to clean water in the communities where it operates. This is encompassed in the company's target to achieve a 30% improvement in water efficiency across its production sites by 2030.

In regions such as Africa and India, where water scarcity is an increasing concern, Diageo has introduced technologies such as water recycling systems in its supply chains. For instance, in Kenya, Diageo's water efficiency initiatives have not only reduced operational water use, in terms of both consumption and management, but also improved water access for local communities, contributing to the overall well-being of the region.

Conclusion
Through partnerships with farmers, investments in sustainable water management, and a commitment to environmental stewardship, Diageo is positioning itself to navigate the challenges posed by climate change and resource scarcity. As the company continues to advance its sustainability agenda, these efforts will be crucial in safeguarding Diageo's future in a global beverage market currently in a process of upheaval due to climate change.

"Sustainability is not just a corporate responsibility for Diageo, it is essential for the company's future success."

SWOT THROUGH THE LENS OF SUSTAINABILITY – LVMH

Our sustainability analysis is largely focused on identifying risks within a holding or potential investment opportunity. The following example examines the strengths, weaknesses, opportunities, and threats of LVMH through our sustainability lens.

Overall, we consider LVMH to be a leader in luxury, an industry often associated with controversy. Despite efforts to address some of the controversies, challenges remain in achieving environmental sustainability, supply chain transparency and diversity goals. LVMH is well-positioned to capitalise on opportunities in sustainable luxury and ethical craftsmanship but must navigate regulatory pressures and evolving consumer expectations to be able to make the most of them.

STRENGTHS

Strong commitment to sustainability through the LIFE 360 programme, which focuses on circular economy, biodiversity, and climate action. Good progress is being made in meeting set targets, such as integration of renewable energy and reduction of greenhouse gas emissions in product production.

LVMH prioritises diversity and inclusion, with over 45% of key positions held by women. The company also has a strong emphasis on cultural heritage and craftsmanship, providing over 8,000 jobs in metiers and assisting in keeping many traditional manufacturing trades operational.

LVMH is family run, which offers comfort to stakeholders that interests are aligned between those that operate the business and those that depend on its future success. A succession process is well underway and likely to yield a new leader in the not too distant future.

WEAKNESSES

Although LVMH has ambitious environmental goals, its reliance on resource-intensive goods for its products (e.g. leather, precious metals) presents ongoing challenges in its efforts for environmental sustainability.

LVMH has faced criticism regarding supply chain transparency in the past, especially in regions with less stringent labour laws. We saw this make headline news in 2023 concerning Dior in Italy and Loro Piana in Peru.

Having such a vast portfolio of brands all under the LVMH umbrella can create complexity with regards to ensuring consistent sustainability policies and actions across all brands. There is also the risk that should one falter, the PR impact could encompass others.

The Arnault family has majority voting control, which could be used negatively against wider stakeholders, such as CEO pay, corporate actions etc.

OPPORTUNITIES

Growing consumer demand for eco-friendly luxury provides LVMH an opportunity to lead in regenerative luxury through innovations in materials and production. Switching to eco-friendlier methods may also provide more streamlined processes.

The luxury sector's focus on heritage and craftsmanship allows LVMH to emphasise its narrative around preserving cultural skills, providing global opportunities for craftsmen and artisans to ply their trade with the resources that LVMH offers.

Rising global regulations on sustainability disclosures present an opportunity for LVMH to strengthen its leadership in transparency in this area, leveraging the size, capital and power that the conglomerate wields.

THREATS

Regulatory pressures, especially in Europe, regarding carbon emissions and materials sourcing could lead to increased costs in order to comply. Furthermore, climate risks and subsequent agricultural impacts may threaten the supply chains of LVMH's alcohol brands.

Growing scrutiny over luxury goods and the company's association with wealth inequality could impact LVMH's brand image.

Geopolitics is incredibly tense at this point in time, with countries weaponising access to their markets as part of an escalating trade war. There is legitimate concern that LVMH may be impacted by this, given the importance of markets such as China and the US.

MONITORING CASE STUDY – MICROSOFT ANTITRUST

All holdings are monitored to ensure the reasons for holding them (their investment rationale) holds true. The moment a piece of news or corporate event occurs that threatens our original investment thesis in a holding, a red flag is raised, and the stock enters enhanced monitoring.

Microsoft Overview

Microsoft is a leading multinational vendor of computer software and hardware, mobile and gaming systems and cloud services. Products include operating systems, cross device productivity applications, server applications, business solution applications, desktop and server management tools and video games. Microsoft also designs and manufactures devices including desktop tablets, gaming and entertainment consoles, intelligent devices and related accessories. The company produces first-class products in the cloud infrastructure space and, with vast amounts of capital at its disposal and the relationship with OpenAI, Microsoft is seeking to be the leading institution in Generative AI's development.

Investment Rationale

Microsoft's shift from a non-recurring license model to cloud-based subscription services has unlocked the true value of the company's commercial network and dominant home computing presence. Microsoft's ubiquitous office presence delivered by Azure, a state-of-the-art cloud platform, augmented by numerous other productivity and business applications, is considered too valuable and indispensable by users. As cloud adoption by enterprises and households gathers pace, Microsoft's future looks incredibly lucrative and it is one of our main technology investments. Furthermore, the company's presence at the forefront of cloud infrastructure and the early adoption of AI investments and future products has been richly rewarded by investors and the company is one of the largest (by way of market capitalisation) in the world.

Red Flag

The red flag for Microsoft stems from a strength that propelled it to its recent valuation heights: its deep involvement in both AI and cloud technologies. As regulators become increasingly wary of big tech's ability to monopolise emerging industries, Microsoft's leadership in AI has exposed it to significant antitrust risks. This isn't just limited to Microsoft; similar scrutiny has been applied to other tech giants like Alphabet and Amazon. Microsoft's challenge lies in navigating the thin line between strategic dominance and overreach, especially as governments begin to crack down on tech firms perceived to be using their market position to stifle competition.

Background

Microsoft's antitrust challenges span various sectors, from cloud computing to gaming, and most recently, AI. The most prominent antitrust issue began with its $69 billion acquisition of Activision Blizzard, a deal that faced fierce opposition from regulators worldwide. Concerns were raised about Microsoft potentially dominating the cloud gaming sector. The UK's Competition and Markets Authority ("CMA") and the US Federal Trade Commission ("FTC") initially blocked the deal, arguing that it could reduce competition. However, Microsoft navigated this by making concessions, such as transferring cloud streaming rights to Ubisoft. The last-minute legal hurdles in the FTC's case ultimately allowed the acquisition to proceed, but this was only the beginning of Microsoft's regulatory battles.

The EU then opened an antitrust investigation into Microsoft's bundling of its Teams app with the Office 365 suite. Competitors like Slack claimed that bundling gave Microsoft an unfair advantage in the software-as-a-service market. Despite offering to unbundle Teams, European regulators continued to push for stricter measures, emphasising Microsoft's dominance in the space and its potential to stifle smaller competitors. These events laid the groundwork for what would become the most critical area of regulatory focus: Microsoft's position in AI.

Current Stance

Microsoft's significant investment in OpenAI, and its subsequent efforts to integrate AI technologies into its products, has drawn increasing scrutiny from regulators in both the US and UK. Questions have been raised about whether Microsoft's partnership with OpenAI, along with its involvement in other AI startups like Inflection AI, represents monopolistic practices. For example, Microsoft's hiring of Inflection AI's key staff without conducting a formal acquisition, known as an 'acquihire,' sparked concerns that the company was circumventing antitrust rules. It was concluded though that there was no wrongdoing.

However, a pertinent point of note is that the legal system deemed the Inflection AI case to be a grey area – so while no immediate wrongdoing was found, it was determined that future 'acquihire' situations would be treated as mergers, further complicating Microsoft's strategy. This underscores how difficult it is to assess Microsoft's antitrust risk profile in real time, as many of the company's practices fall into legal grey areas that can evolve with shifting regulations.

The challenges Microsoft faces today are reminiscent of the antitrust battles it narrowly avoided in the late 1990s. Back then, the company was forced to share some of its technologies with rivals, which hindered its growth for over a decade. Today, the concern lies in how regulators might respond to Microsoft's dominant position in AI. If forced to share its AI advancements with competitors, Microsoft could face significant setbacks, as AI development is both costly and reliant on a limited pool of experts. The geopolitical implications of AI competition further complicate matters as countries like the US and China race to achieve technological supremacy.

One then must consider the murky waters that regulators find themselves in as they balance several factors in assessing the company's position:

- **Should Microsoft retain its dominance unchecked, may it lead to a scenario where the tech giants compete so fiercely that they drive their own businesses to the brink, a self-destructive path that could ultimately harm the very innovation they seek to foster?**
- **Although Microsoft's dominance arguably hinders the development of competition in the AI space from companies outside the Magnificent Seven, one could possibly argue that the costs involved in AI development already create a significant barrier to entry.**
- **If Microsoft and others were to be broken up today, would it slow down American AI development due to resources no longer being concentrated in a few large companies, therefore potentially allowing other nations a chance to catch up in the global AI race?**

Conclusion

Microsoft remains a critical player in the global technology landscape, making substantial investments in cloud computing and with the potential for AI to further continue and enhance its success. However, the growing antitrust scrutiny represents a key challenge, particularly as regulators explore new ways to curb the dominance of big tech. While Microsoft has successfully navigated regulatory hurdles in the past, the heightened focus on AI means the company must tread carefully.

The outcome of these antitrust cases will be crucial in determining whether Microsoft can maintain its competitive edge or if it will be forced to make concessions that could hinder innovation and limit its growth. One could argue that breaking up America's largest technology companies, such as Microsoft, could stifle America's lead in AI. One would then have to ask whether this would be in the best interests of America and its geopolitical ambitions.

Should the regulatory environment remain hostile to US large-cap technology, investors will have to remain mindful of the impacts regulatory action may have on future cashflows and profits.

"Microsoft's future looks incredibly lucrative and is effectively our number one play in technology."

LATEST ESG FUND STATISTICS

Information to disclose (plus percentage of reporting portfolio companies):

Key Performance Indicators ("KPIs")	Unit	Weighted Portfolio Data	Portfolio Companies Reporting KPIs (%)
Sustainalytics ESG Percentile amongst peers	0 (poor) -1 (good)	0.799	100%
Sustainalytics ESG Percentile amongst universe	0 (poor) -1 (good)	0.736	100%
S&P rating	0 (poor) -100 (good)	52.75	96.70%
Scope 1 GHG emissions	Metric ton of CO2	265,760	100%
Scope 2 GHG emissions	Metric ton of CO2	220,823	100%
Scope 3 GHG emissions	Metric ton of CO2	18,660,920	100%
Scope 1&2 / revenue	Metric ton of CO2 per million of revenue	11	100%
Scope 1&2&3 / revenue	Metric ton of CO2 per million of revenue	216	100%
Scope 1&2 Implied Temp Rise	Degrees Celsius	0.68	73%
Scope 1&2&3 Implied Temp Rise	Degrees Celsius	1.25	77%
Percentage of non-renewable energy sources to renewable	Percentage	55%	90%
Total energy consumed	Gigawatt hours	2,979	93%
Total energy consumed / revenue	Gigawatt hours per million of revenue	0.05	100%
Ratio of female to male board members	Ratio	36%	100%
Gender pay gap	Percentage	-2%	40%
Total water consumed	Cubic meters	10,247,089	63%
Total water consumed / revenue	Cubic meters per million of revenue	257	100%
Total amount of non-recycled waste	Tonnes	48,357	70%
Total recordable incident / injury rate for all employees	0 (good) - 5 (poor)	0.21	43%
Ratio of annual CEO compensation to median of all employees	Ratio	252:1	90%
Percentage of Independent Directors	Percentage	36%	100%
Average age of directors	Years	62	100%

(Data as of 29th December 2023)

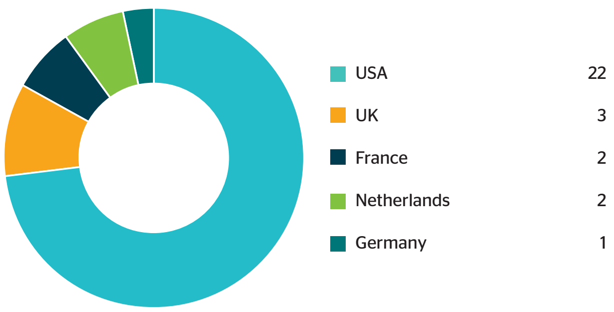
LATEST ESG FUND STATISTICS CONTINUED

SASB issues within the portfolio:

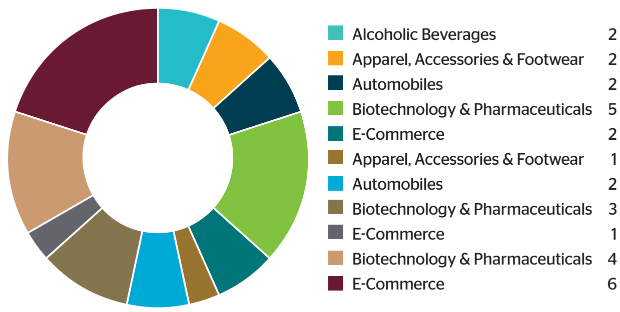
Product Quality & Safety	10.4%
Supply Chain Management	9.7%
Employee Engagement, Diversity & Inclusion	8.7%
Product Design & Lifecycle Management	8.3%
Selling Practices & Product Labelling	7.6%
Energy Management	7.5%
Competitive Behaviour	6.1%
Data Security	6.0%
Customer Privacy	6.0%
Business Ethics	5.2%
Materials Sourcing & Efficiency	5.1%
Access & Affordability	4.9%
Customer Welfare	4.0%
Systemic Risk Management	3.3%
Water & Wastewater Management	2.8%
Human Rights & Community Relations	2.6%
Labor Practices	1.5%
Waste & Hazardous Materials Management	0.3%

(Data as of 29th December 2023)

Geographies (Holdings)



SASB Industries (Holdings)



MSCI ESG rating **96.7%**

CCC	B	BB	BBB	A	AA	AAA
Laggard		Average			Leader	

Sustainalytics rating **100%**

Severe	High	Medium	Low	Negligible
40-50	30-40	20-30	10-20	0-10

OUR VOTING

As demonstration of our continued commitment to active ownership, 2023 marks our first full year of voting.

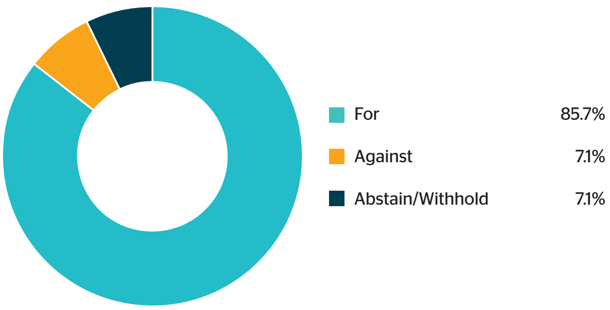
This allows us to take direct action on behalf of our investors, keeping their long-term interests at the forefront of our mind. We keep full records on our voting rationale with assistance from ISS Proxy Exchange (discussed in more detail in last year's report), a leading global provider of corporate governance services, including proxy voting and vote research.

Breakdown of votable meetings

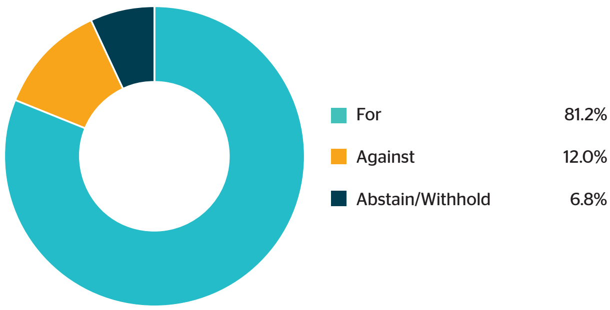
	Quarter 1 2023	Quarter 2 2023	Quarter 3 2023	Quarter 4 2023
Portfolio company meetings in quarter	1	22	2	2
Total items voted upon	14	399	32	45

Breakdown of voted items

Quarter 1 2023



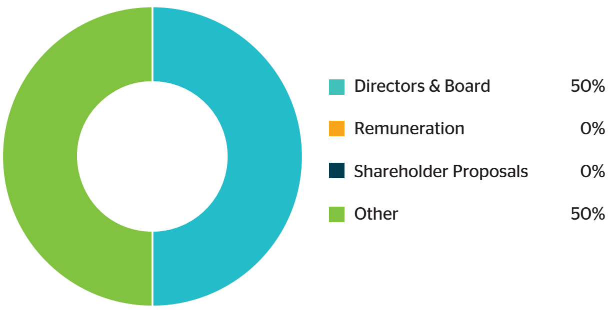
Quarter 2 2023



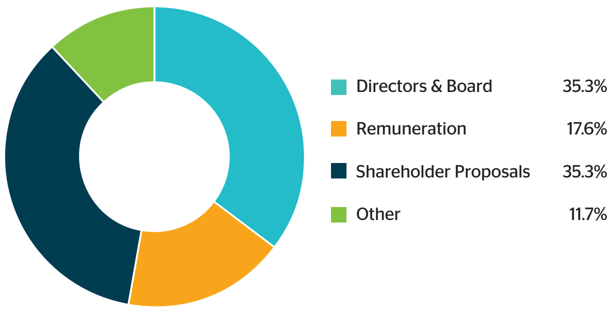
Source: ISS (Data as of 29th December 2023)

Breakdown of votes against management and abstentions – by category

Quarter 1 2023



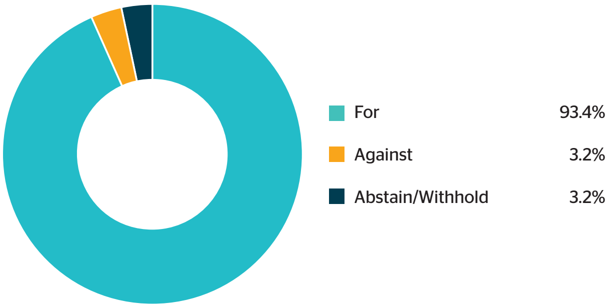
Quarter 2 2023



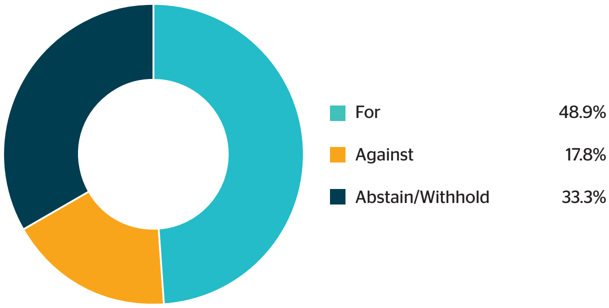
Source: ISS (Data as of 29th December 2023)

Breakdown of voted items

Quarter 3 2023



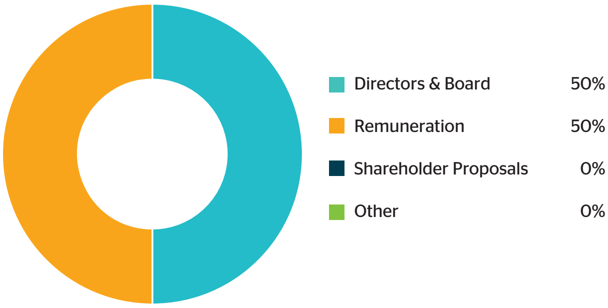
Quarter 4 2023



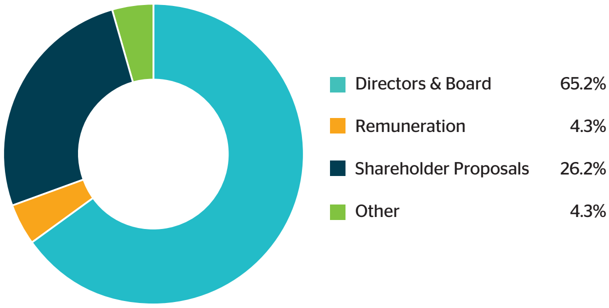
Source: ISS (Data as of 29th December 2023)

Breakdown of votes against management and abstentions – by category

Quarter 3 2023



Quarter 4 2023



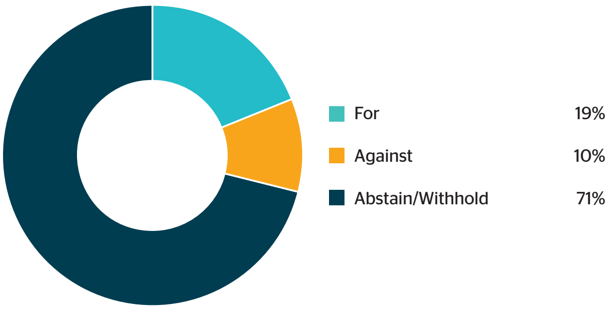
Source: ISS (Data as of 29th December 2023)

You may notice from the above that in the majority of quarters we vote in line with management. This is not a sign of inaction on our side, but rather a function of our overarching investment process. Given our emphasis on investing alongside capable management, we would expect to align with the majority of their recommendations. However, we do reserve the right to disagree and vote against management, should we consider that to be in the best interests of our Blue Chip holders.

An example where we have differed with management was our voting on Oracle in Q4 2023, where the majority of our votes were either against management recommendations or abstained (21 votable proposal items).

Of these respective items, this is how we voted:

Oracle



Source: ISS (Data as of 29th December 2023)

OUR VOTING CONTINUED

So, why the apparent disconnect between our high regard for Oracle's management and our decision to abstain from 15 out of 21 proposals at their 2023 AGM?

Whilst 71% is indeed a large figure, all of the abstained votes focused on the election of directors and were utilised as a means of communicating a point to those in charge. The issue was that Oracle often ignores shareholder concerns, like ours, about the pay incentives for some top managers. This is best explained by ISS's reasoning for voting against approving the Executive Officers' compensation, which we agreed with:

"Following the 12th consecutive low say-on-pay vote result, the proxy vaguely described shareholder engagement efforts, and though feedback is clearly disclosed, the committee did not make any substantive changes to the executive pay program to address shareholders' concerns. Additionally, while CEO pay and company performance were reasonably aligned for the year in review, there are concerns noted within the pay program. Most notably annual equity grants to certain NEOs do not utilize performance-conditioned equity, which is inconsistent with prevailing market practices. This concern is heighted given the magnitude of certain awards and specific shareholder requests for performance-conditioned equity during engagement. Additionally, Chairman Ellison received excessive security fee perquisites in FY23, and no additional disclosure is provided regarding a sharp increase in the value of this perquisite."

Given incumbent board members have consistently provided insufficient responsiveness to our above concerns, we decided during the period to abstain from voting in favour of management. This was our most direct means of voicing discontent for the incentives executives receive for stewarding the company in your best interests, whilst not voting outright against management who we see as otherwise good leaders of the business.

Should you want any further voting information, we will provide records and rationales on a 'per request' basis.

OUR OUTLOOK

Looking forward, the Global Blue Chip Fund is well-positioned to capitalise on investments exposed to our investment themes, but in a measured manner and adhering to our ESG considerations.

There is a significant shift towards greater transparency in sustainability reporting and as this trend continues, and as the integration of sustainable practices becomes increasingly essential for companies seeking long-term success and resilience, we hope to be able to include more detailed reporting, to you, our investors.

From the case studies discussed in this year's report, we hope that we have conveyed the importance of leadership quality, stewardship navigation, healthy corporate governance and understanding environmental and social risk factors. While we have only covered a handful of companies, the concepts apply to all our holdings and are not just limited to Disney, Microsoft, LVMH and Diageo.

We will continue to hold management to account and conduct holistic risk analysis, particularly through the lens of sustainability. This is ever more pertinent in our changing world and is becoming more accessible with the improving availability of data year-on-year.

FUND INFORMATION AS AT 29 DECEMBER 2023

Fund Name	Ravenscroft Global Blue Chip Fund
ISIN (O Class – Retail)	GG00BN707P73
ISIN (I Class – Introducer/Advisor)	GG00BN707M43
ISIN (S Class – Institutional)	GG00BMH70Q35
Reference Index Name	MSCI World Index
Inception Date	1 July 2014
Trustees	BNP Paribas S.A., Guernsey Branch
Fund Reference Currency	GBP
Share Reference Currency	GBP
Number of Portfolio Holdings	30
Fund Size as of 31 December 2023	£275,085,912.39 (+87% from December 2022)
Units in Circulation as of 31 December 2023	1,636,615.09

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