



Stewardship Supplement

Voting Report 2021

June 2022



## INTRODUCTION

Our stewardship activities involve the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Voting rights give us the opportunity to participate in the stewardship of the companies in which we invest on our clients' behalf; they provide us with an important means of communication and ensure that our ongoing dialogue with management teams is done in a spirit of partnership.

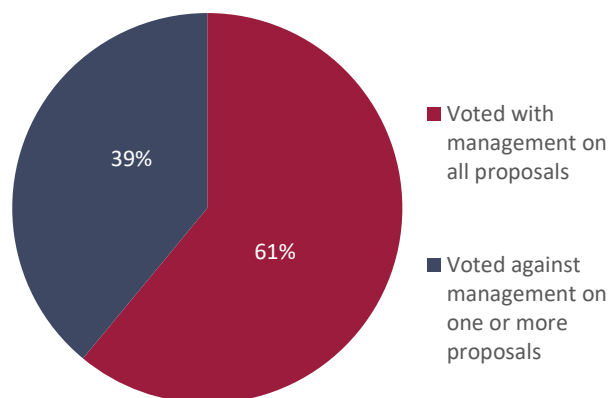
We believe companies that allocate capital responsibly, by putting environmental, social and governance considerations at the centre of their strategic frameworks, are more likely to succeed in the longer term than those companies that do not. Our full Voting Policy can be found [on our website](#).

This report provides an overview of our voting activity from 1<sup>st</sup> January to 31<sup>st</sup> December 2021, highlights prevalent themes, and includes examples of what we define as significant votes.



## Meeting overview 2021

- In 2021 we voted at 75 meetings<sup>1</sup>
- In 46 of these we voted with management on all proposals
- In 29 meetings we voted against management on one or more proposals



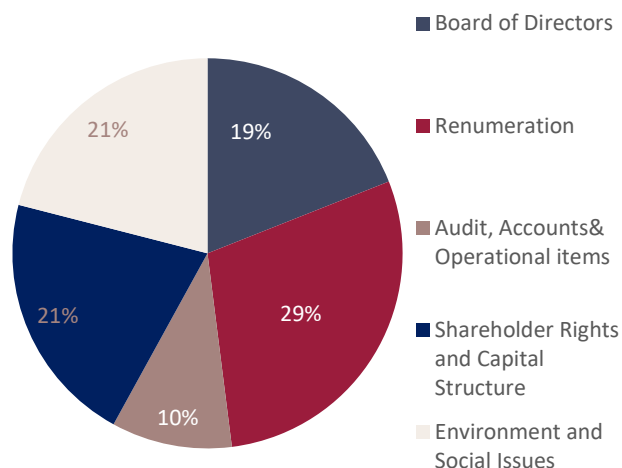
## Proposals overview

<b>Number of proposals voted:</b>	<b>1,139</b>	
Number of proposals with management:	1,066	93.6%
Number of proposals against management:	73	6.4%
Number of votes on shareholder proposals:	41	3.6%

## Votes against Management

This chart shows how we voted against management. We have broken the proportion of votes to correspond with the five sections of our voting policy.

Votes related to remuneration were most common, which is perhaps to be expected in light of the Covid-19 pandemic, and the exceptional circumstances that altered business-as-usual operations for the majority of companies. We elaborate more on this below.



<sup>1</sup> We seek to exercise our clients' voting rights at every opportunity for investments. However, we were unable to vote at one company meeting due to the requirement for us to establish Power of Attorney arrangements, which, due to our small shareholding, would not have been cost effective for our clients.



## Examples of significant votes

Our investments are carefully researched, and we remain active owners of every holding. As such, we would expect to vote with company management teams, however, in instances where we do vote against management on a material issue, we will seek to engage with the company before and/or after our vote, communicating our concerns and aiming to understand the company's approach for improvement. We define instances such as this as significant votes and provide examples below.

Depending on the severity of the issue, votes against the Board of a company can either be addressed through business-as-usual engagement or a specific engagement related to the decision. Our Engagement Policy can be viewed in full on our website.

### **Thermo Fisher Scientific**

At Thermo Fisher Scientific's AGM in May 2021 we voted against the Board's decision to modify 2020 executive compensation in light of the company's performance through the early stages of the Covid-19 pandemic. Having informed the company of our decision, we had an in-depth discussion with Thermo Fisher's Head of Investor Relations in H2 2021 to understand further context behind the Board's decision-making process. While recognising the exceptional performance delivered during an unprecedented environment, we communicated that we remained uncomfortable about the decision given the ongoing pandemic backdrop.

The risk of Thermo Fisher being accused of profiting from a health crisis is real and may have negative implications for the company's brand and culture in the future. In a highly politicised industry such as healthcare this is additionally important. The company have been informed that we would uphold our vote against management if asked again today and that our concerns be considered in future compensation decisions.

### **BH Macro**

In March 2021, the boards of BH Macro and BH Global proposed a combination of the two investment trusts into a combined vehicle wholly invested into the BH Master Fund following the existing strategy of BH Macro.

Prior to the merger going ahead Brevan Howard the appointed investment advisor to BH Macro proposed an increase in fees without which they would force the liquidation of the underlying fund positions and terminate the underlying investment agreement. We engaged with both Brevan Howard to understand their position and also with the Board of BH Macro to express our view that any increase in fees should be accompanied by an opportunity for shareholders to exit their positions at a fixed asset value.

At the subsequent EGM alongside the increase in fees BH Macro offered shareholders the opportunity to tender their shares at a modest discount to net asset value. We were therefore able to vote in support of the changes at the EGM. We ultimately elected to tender our shares given concerns that the underlying manager might seek to further vary terms in the future over which the Board and shareholders would have little influence and reservations about the ongoing liquidity given the potential reduction in size of the merged fund.



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The value of an investment and the income from it can go down as well as up and investors may not get back the amount invested. This may be partly the result of exchange rate fluctuations in investments which have an exposure to foreign currencies. You should be aware that past performance is not a reliable indicator of future results.

Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Authorised and regulated by the Financial Conduct Authority and a registered investment adviser of the Securities and Exchange Commission.