DEVON

Equity Management

UK Stewardship Code 2020 Disclosure Statement

Under Rule 2.2.3R of the FCA's Conduct of Business Sourcebook, Devon Equity Management ("the Firm") is required to produce a statement of commitment to the UK Stewardship Code ("the Code") or explain its alternative investment strategy where it does not commit to the Code (2.2.3R). The Code is voluntary and sets out a number of principles relating to engagement by investors in UK listed companies. While the Firm has chosen not to commit to the Code, it is generally supportive of the objectives which underlie it.

Devon's investment style is equity long only across a variety of jurisdictions globally and therefore the Firm does not consider it appropriate to commit to any particular voluntary code of practice relating to any individual jurisdiction. Devon believes it has an effective alternative investment strategy underpinned by clear Stewardship considerations.

Investment Strategy

The concept of stewardship concerns a person looking after someone else's property. Devon expects the management and boards of the companies in our investment portfolios to be good stewards of their businesses. Devon expects them to maximise the long-term prosperity of the company and shareholders by applying capital in the most effective manner. Successful companies benefit the wider economies of the countries where they operate. At Devon, we aim to act in the best interests of all our stakeholders by engaging with the companies that we invest in, and by exercising our voting rights with care. This ensures responsible investment of our clients' funds.

The Firm seeks to deliver investment outperformance after fees over the long term, without exposing clients to unnecessary risk. Stewardship is an important factor which underpins this objective. Fund managers are free to follow their convictions, selecting what they believe to be the best opportunities the market has to offer over the long term. Fund managers take the lead on stewardship issues, working in partnership with senior Management at Devon.

Devon's investment team seeks to understand how governance factors impact long-term performance through monitoring. Devon's approach is to try and engage proactively, rather than reacting once problems emerge. There is a continuous programme of meetings with management, chairmen and non-executive directors of investee companies. Discussions may include, but are not limited to, business strategy, acquisitions and disposals, capital raisings and financing operations, risk management, culture, board effectiveness and succession, board composition and diversity, shareholder rights, corporate responsibility, sustainability, and remuneration.

Devon has a fund-manager-led approach, aligned to investment considerations, and designed to enhance and protect our clients' capital. Devon's concentrated, long-term approach to investment is key to Devon's investment philosophy and affords ample scope to engage with management teams on issues relating to culture, governance, and enduring sustainability.

Environmental, governance and social factors are recognised as material issues to consider when making investment decisions and undertaking stewardship. Devon recognises that certain industries and countries with weak environmental or governance structures present additional business risks for prospective investee companies. As part of our diligence process Devon will be aware of where and how such risks exist. If such activities change Devon's risk perception of an industry or company, it may preclude an investment.

Devon does not pursue an exclusionary policy whereby we negatively screen potential companies and thereby restrict our investment universe. However, Devon will engage with those companies where we feel they are falling short on their responsibilities.

Richard Pavry

Devon Equity Management Limited