

Review of voting record at TMI between July 2017 and July 2018

It was another full year of voting over the year to end July 2018. In total we cast 1963 votes, including votes for, against and abstentions.

Votes in favour as usual formed the majority, with 1886 votes cast For resolutions (in line with the management's preference), or over 96% of the total. Most of these were regular AGM Board resolutions, but during the course of the year we also voted in favour of Tesco's takeover of Booker, Disney's takeover of Fox, takeovers of UBM and Fenner where we held positions, and also the demerger of SSE Retail, the consumer gas and electricity unit, from Scottish & Southern Energy.

We made several votes For which were against management wishes. These included shareholder resolutions to split the roles of CEO and Chairman at several US companies where we voted For the resolution in line with our usual practice on this matter. We also voted For the formation of a shareholder committee at Royal Bank of Scotland, feeling that after many years of mismanagement and neglect of small shareholders the formation of such a committee would improve shareholder treatment.

Votes Against comprised 3.6% of the total. Many of these were votes against shareholder resolutions (where small shareholder groups put a resolution on the proxy form agitating in favour of a special interest agenda). We agree with management's view that these are often time wasting issues and a distraction of management time, and are happy to vote against them where they have no merit. However, sometimes we are prepared to vote in favour (for instance, in relation to splitting the roles of CEO and Chairman as discussed above).

There were a few items where we voted Against a resolution in contravention of management's express wishes. An example was Macquarie Infrastructure, a US quoted infrastructure company which experienced a 40% single day collapse in the share price after the company cut its dividend unexpectedly. The proxy voting services recommended a vote Against the re-election of directors Brown, Carmany and Hooke, abstaining in relation to the re-election of Messrs Kirk, Lentz and Sananikone, on the basis that these directors were associated with the dividend cut and the earlier guidance that the dividend would be held. A vote against MIC's executive compensation package was also recommended, and we followed the recommendation in all the above cases.

We also voted Against the Persimmon Remuneration Report. The housebuilder's compensation of senior executives was a high profile issue after the CEO cashed in about £40m of share options in the early part of 2018. While the company's Long Term Incentive Plan had been approved by shareholders in 2013 (when we were not holders of the stock, it should be added), we nevertheless felt it was appropriate to send a signal that we considered such awards inappropriate – particularly given the huge support that had been provided to the housebuilding industry through the Government's Help to Buy scheme.

We wrote to management outlining our concerns, and had a phone call with the company's Chairman and Head of the Remuneration Committee. While they asked us to Abstain, we maintained our original views, despite the background we were given to the awards, and stuck with our original intention to vote Against.