

Highlight Investment Management LLP

Compliance with the UK Stewardship Code

The UK Stewardship Code recognises that investors in a company have a role to play in holding the board of directors of publicly listed companies to account for the fulfilment of their responsibilities. To this end, the UK Stewardship Code sets out the principles of effective stewardship by investors.

We have set out below the manner by which Highlight Investment Management LLP, as an investment manager, has applied each of the seven principles with which signatories of the Code are expected to comply. As a small firm, we are realistic about the extent to which we are able to exert influence on a company management team. That said, where possible we endeavour to interact with the companies in which we invest and to make our voice heard.

Institutional investors should:

1. publicly disclose their policy on how they will discharge their stewardship responsibilities.

Highlight Investment Management LLP will publish this policy on its website (www.highlightim.com). The document sets out how we comply with the guidance and principles of the UK Stewardship Code.

2. have a robust policy on managing conflicts of interest in relation to stewardship which should be publicly disclosed.

Highlight Investment Management LLP has a Conflicts of Interest Policy with which all partners are familiar. This policy sets out the process for identifying potential conflicts of interest and for ensuring that our client's interests are not damaged by those conflicts. We currently manage a single fund, VT Highlight British Companies Fund, hence one potential source of such conflict (in the form of a divergence of views between clients) does not exist. A copy of our Conflicts of Interest policy is available upon request.

3. monitor their investee companies.

Highlight Investment Management LLP is the investment manager of VT Highlight British Companies Fund and follows rigorous fundamental research led approach. That approach involves building an in-depth knowledge of each company in which the Fund would consider investing. This would include an assessment of company management; a thorough understanding of the industry in which the business operates and rigorous financial analysis. The firm does not wish to be made insiders in normal circumstances but has procedures in place (as set out in the firm's Compliance Manual) for dealing with circumstances in which it may receive such information.

4. establish clear guidelines on when and how they will escalate their stewardship activities.

It is not always possible for our fund managers to have face to face meetings with company management before an investment is made. Where specific concerns meriting

further action are identified, we would consider several courses of action. These might include trying to arrange a meeting with management to discuss our concerns; writing to company management or selling our holding in the company concerned.

5. be willing to act collectively with other investors where appropriate.

We would traditionally fulfil our stewardship obligations alone but would be willing to consider collective engagement with other investors where this is felt to be appropriate.

6. have a clear policy on voting and disclosure of voting activity.

As laid out in the Investment Management Agreement between Highlight Investment Management LLP and Valu-Trac Investment Management Limited, the ACD of VT British Companies Fund, the firm shall monitor corporate events in relation to those entities in which the fund is invested and in which the assets carry voting rights and shall be entitled to exercise (or instruct the Depositary to exercise) any voting rights attaching to those assets. The exercise of good governance practices by management teams will be one factor which is considered when determining voting intentions.

7. report periodically on their stewardship and voting activities.

Any voting activity which is undertaken will be reported to the funds for which we fulfil the investment manager role. Our compliance with the UK Stewardship Code will be reviewed at least annually and our policy updated on a comparable timescale.