

Proxy Voting

VOTE DISCLOSURE

1ST JANUARY 2017 – 31ST DECEMBER 2017

Walter Scott exercises discretionary proxy voting authority - where authorised to do so - with a view to safeguarding its clients' best interests. This report details all votes cast in line with Walter Scott's Proxy Voting Policy which can be found at <https://www.walterscott.co.uk/documents/10184/0/Proxy+Voting+Policy.pdf>.

Proxy voting by Walter Scott is undertaken on a 'best endeavours' basis as the votes instructed by Walter Scott may not be cast in certain circumstances including, without limitation, the following examples:

- 1) The proxy documentation is not delivered timeously to the manager by the relevant custodian or ISS (Institutional Shareholder Services).
- 2) The client has a stock lending programme in place. Any such arrangement rests with clients and their custodian. Walter Scott does not undertake stock lending. Walter Scott generally does not ask clients to recall stock on loan in order to vote.
- 3) Jurisdictional restrictions, split voting, excluded markets.
- 4) The instructions from the custodian to the voting entity are incomplete.

PROXY VOTING RELATED ENGAGEMENT

Ongoing and meaningful dialogue with company management plays an important role within Walter Scott's investment process and the investment team actively seeks to meet with senior management on a regular basis, giving the investment team the opportunity to discuss events or air concerns as they arise.

In addition to the above, Walter Scott contacted 21 companies specifically about their proxies in 2017 and another 20 companies with regards to ESG specific topics, many of which feed into AGM agenda items.

We will generally seek to contact a company if we have a particular concern or would like further information on an AGM agenda item. We have contacted companies to discuss a number of topics including compensation, proxy contests and individual board member's commitments and experience.

VOTE SUMMARY

		%
Total number of meetings	212	-
Total number of proposals	2,943	-
Total proposals voted "For"	2,611	89%
Total proposals voted "Abstain"	34	1%
Total proposals voted "Against"	231	8%
Total proposals voted "One Year"*	67	2%

*In 2017 a number of US companies had an advisory vote on say on pay frequency. This agenda item gave the options of one year, two years or every three years.

Total votes not in line with management's recommendation	160	5%
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Rationale for votes not in line with management's recommendation	No of votes
Due to potential dilution >10%	106
Bundled resolutions	13
Vague/poorly defined proposal	8
Ad hoc item	10
Political donations	13
Non-disclosure of individual board member's remuneration	3
Compensation and stock option plans - not reasonable or excessive dilution	2
Say on pay - management supports least frequent advisory vote on pay	2
Proposed dividend too low	1
Poison pill	1
Persistently attended < 75% of board or committee meetings	1
Total	160