

Annual Report

Engagement and stewardship form an integral part of the investment process at Boussard & Gavaudan Investment Management, Boussard & Gavaudan America LLC and Boussard & Gavaudan Gestion (together “the Group” or “BG”). As such, BG is committed to complying with SRD II and is supportive of the directive’s goal of encouraging long-term engagement and stewardship.

Under SRD II, in scope firms are required to develop, implement, and publicly disclose an Engagement Policy describing how the firm integrates engagement and stewardship into their investment process. BG first published its Engagement Policy in 2020 which it reviews annually with the latest update published in December 2022. The policy can be found on the Group’s website:

https://www.boussard-gavaudan.com/files/upload/Regulatory-disclosure/Engagement_Policy_2022_v5_FINAL.pdf

This report provides information on how the Group implemented its Engagement policy from 1st January 2022 to 31st December 2022.

BG is cognizant that it does not have the level of resources of larger asset management firms. With this in mind, the Group applies a focussed and pragmatic approach dedicating its attention to the areas where it believes it can most effectively add value for its clients.

BG’s team of experienced and dedicated sector specialists are well suited to maintaining strong relationships with investee company management. The combination of experience with the Group’s long established active management style has enabled the investment team to build an effective approach to engaging with investee companies across sectors and geographies, with a strong track record of implementing successful methods of escalation.

Voting

Delegated voting services continue to be popular in the asset management industry, whereby a third party makes recommendations on how an asset manager should vote and effects voting on shares held by an investment manager. This enables investment managers to vote on all shares held without having to dedicate much time or resources to the voting process. While BG recognises the value provided by these services in the application of a broad and systematic approach to voting, the Group has decided to implement a more targeted and focussed approach.

In accordance with the Group’s Voting Policy (Annex 2 - https://www.boussard-gavaudan.com/files/upload/ESG_and_Responsible_Investment_Policy_v17_FINAL.pdf), BG commits to vote on companies in which it has a material interest in doing so for the benefit of its investors, namely:

- When the position represents 0.25% or more of the Group’s assets under management and the Group holds 0.25% or more of the investee company’s voting rights; or,
- when the Group holds 1.00% or more of the investee company’s voting rights.

Summary Voting Record 2023:

Meetings eligible to vote at	158
Resolutions eligible to vote on	1628
% of resolutions voted on for which eligible	94.2%
% voted with management	92.0%
% voted against management	2.8%
% abstained	5.1%
% of meetings voted at for which at least one vote was against management	13.3%

Example significant voting case study:

Company name	ACTIVISION BLIZZARD
Date of vote	June 2023
% holding at the date of meeting	1.7%
Summary of the resolution	Shareholder proposal regarding shareholder ratification of termination pay.
Vote	Against Management
Rationale	Support initiative for better control over golden parachutes.
Outcome of the vote	Not adopted

Engagement

In its role as asset manager, BG recognises that it has a fiduciary duty to act in the best interest of its clients over both short and long-term horizons. This duty includes undertaking responsible stewardship of client assets in a way that should add value for clients through time.

Engagement with investee companies forms part of the initial due diligence conducted by analysts on potential investments and is also part of the firm's ongoing monitoring and oversight of investments. BG engages with investee companies in different ways which enables BG's analysts to tailor engagement with the investee company according to the situation. Engagement is an integral part of BG's investment strategy, enabling the Group to steer investee company management to unlock the shareholder value identified by BG's analysts.

During 2023 BG's analysts engaged with investee companies on 19 occasions across a variety of topics, a summary table of which is provided below.

Theme	# Engagements
Environment - Climate change	4
Environment - Natural resource use/impact (e.g. water, biodiversity)	1
Environment - Pollution, Waste	1
Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying)	0
Social - Human and labour rights (e.g. supply chain rights, community relations)	0
Social - Human capital management (e.g. inclusion & diversity, employee terms, safety)	3
Social - Inequality	0
Social - Public health	0
Governance - Board effectiveness - Diversity	0
Governance - Board effectiveness - Independence or Oversight	1
Governance - Board effectiveness - Other	0
Governance - Leadership - Chair/CEO	0
Governance - Remuneration	2
Governance - Shareholder rights	3

Strategy, Financial and Reporting - Capital allocation	0
Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting)	4
Strategy, Financial and Reporting - Financial performance	0
Strategy, Financial and Reporting - Strategy/purpose	0
Strategy, Financial and Reporting - Risk management (e.g. operational risks, cyber/information security, product risks)	0
Other (Exit of Russian assets)	0

Example case studies of engagement during 2023 are provided below:

	Engagement theme	Rationale	Engagement	Outcomes and next steps
Firm-level - Theme engagement case study 1	Environment - Natural resource use/impact (e.g. water, biodiversity)	Company to develop credible ESG strategy	Call with CEO to discuss diversification away from fossil fuels.	Successful outcome: Company is implementing strategy supporting renewables (hydrogen and carbon capture)
Firm-level - Theme engagement case study 2	Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting)	Have company adopt Say on Climate recommendations	Meeting with CFO to explain importance and benefits of Say on Climate initiative	Company is showing interest in initiative
Firm-level - Theme engagement case study 3	Governance - Shareholder rights	Resolve governance issue from the effective but informal control of the largest minority shareholder	Meeting with CEO and CFO to push them to act independently from largest minority shareholder and for all shareholders	Multiple corporate actions are being discussed that would be beneficial for minority shareholders. Situation remains very uncertain.

BG targets international best practice and follows the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosure (TCFD). Within this framework, BG will be engaging with companies, in collaboration with other supporters, to seek additional disclosures from issuers.

For more information, please or visit our website www.boussard-gavaudan.com

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