



## **Foord Engagement Policy**

This document explains how Foord Asset Management meets the Shareholder Rights Directive II (“SRD II”) disclosure requirements on engagement with investee companies and other stakeholders. This document is supplemental to the [investment approach and stewardship](#) published on the Foord website [www.foord.com](http://www.foord.com).

### **Introduction**

Foord is an independent and owner-managed business built on the principles of sound investment stewardship. Its collective investment schemes (“funds”) invest primarily in securities of listed companies. We construct diversified investment portfolios based on rigorous fundamental research, high conviction ideas and a value-driven investment policy.

We believe that markets are inefficient; Foord’s investment process is designed to identify short-term mispricing by forming a view on both the economic cycle and the future earnings potential of an investee company to exploit a market inefficiency. A preferred investment choice is one that offers favourable prospects at a price worth paying — that is, one that offers a material margin of safety to protect against the future risk of loss. Therefore, buying at the right price is crucial.

In addition to the detailed research and ongoing monitoring of investee companies, Foord’s [investment team](#) conducts detailed macroeconomic reviews monthly. The Foord EcoView is a three to five-year forecast of the key macro variables that the team believes are important in forming a forward-looking view on the economic cycle.

### **Monitoring Investee Companies**

On an ongoing basis, the investment analysts conduct detailed company research which integrates the investment strategy, the macroeconomic view and financial models that consolidate the results of earnings forecasts, industry analysis and/or meetings with the investee company’s management.

We focus strongly on our own proprietary forecasts of key variables from macro all the way through to the minutiae of company financials. This is a bottom-up and top-down investment approach designed to inform our own investment views and establish conviction around forecast income streams.

The investment analysts may meet with the management teams of investee companies. The quality and efficiency of the management team is a key consideration but it is not always necessary or possible to meet with an investee company before investment. We look for management teams who have relevant experience, have delivered through the cycle and have their interests aligned with shareholders. Evaluating sincerity and the stewardship mindset is a subjective call; we look to foster a relationship of respect and trust with management of investee companies.

### **Working with stakeholders**

The investment team meets daily. The Chief Investment Officer (the “CIO”) normally chairs these meetings. Each team member is empowered to contribute their best ideas to investor portfolios, regardless of their specific position or tenure. We avoid a hierarchical type of investment committee structure to keep formal meetings to a minimum and encourage rapid investment idea germination, but without compromising on accountability.

The CIO chairs quarterly strategy meetings to review the investment strategy and overall portfolio positioning. The CIO, assisted by the collective inputs of the portfolio managers, will consider the long-term outlook and possible scenarios determined by the macroeconomic review process.

Foord employs a multiple-counsellor approach to portfolio management — each portfolio manager has full discretion (and hence full accountability) for their investment decisions. This allows nimble decision making and ensures our highest conviction ideas receive the proper weight.

We recognise that there may be occasions where it will be appropriate to work with other shareholders to effect positive change. We are willing to act collectively or share information with other stakeholders subject to such collaboration being conducted in compliance with applicable law and regulations.

### **Exercise Voting and other Shareholder Rights**

Refer to the [Voting Policy](#) on the Foord website [www.foord.com](http://www.foord.com).

Foord owes a fiduciary duty to its investors to vote on company resolutions in a manner that preserves and enhances the investor's investment interest.

The voting process includes voting initiated/ undertaken by the portfolio managers following internal discussions with the investment team. Voting decisions are submitted via a single voting platform.

Under the SRD II, custodians are obliged to provide timely notification of upcoming corporate actions and the technical means by which to exercise our voting rights.

### **Conflict Management**

Foord takes all reasonable steps to identify, mitigate and manage potential conflicts of interest between the firm and its investors. It has implemented fair dealing and trade allocation policies to ensure fair and equitable allocation across investment mandates to avoid prejudicing investors of one fund against the investors of the other funds.

Foord employees must prioritise investors' interests over their own and are subject to personal account trading procedures which include obtaining pre-trade clearance and reporting of business interests and personal trading activities. The reporting of business interests provides transparency and enables the firm to identify and prevent undue influence, which stem from any relationship between investee companies and Foord and/or its affiliates or Foord employees, on our voting process

Foord may put its own capital at risk alongside that of its investors to align its interest with the interests of its investors. Such arrangement is permissible only if investors are not disadvantaged.

Note: This Engagement Policy will be reviewed regularly, and the latest version is available on the [www.foord.com](http://www.foord.com) website.