

# Principles of Internal Governance and Asset Stewardship

## 1. Organisation and Investment Approach

The Principles of Internal Governance and Stewardship set out in the statement have been adopted by the following two companies, both subsidiaries of Challenger Limited:

- Challenger Investment Partners Limited (**CIPL**), consisting of the CIP Real Estate team and the CIP Fixed Income team; and
- Challenger Investment Solutions Management Pty Ltd (**CISM**).

In this statement CIPL and CISM are collectively referred to as Challenger Investment Partners or **CIP**.

### 1.1 Investment Approach

#### Challenger Investment Partners Limited

CIPL comprises investment teams covering Fixed Income and Real Estate. The investment approach of each is outlined below.

**CIPL Fixed Income** – The Fixed Income team’s investment philosophy takes a private ownership approach to lending and aims to achieve better risk/return outcomes for clients across private and public markets. The team’s philosophy includes taking a long-term approach to underwriting credit risk, actively sourcing new opportunities, engaging with borrowers and arrangers directly and having a disciplined approach to understanding and quantifying credit, liquidity, and complexity risk premia.

**CIPL Real Estate** – The Real Estate team invests across private and public real estate equity and private and public real estate debt. A team of 40 highly experienced professionals advise and manage an extensive portfolio of domestic and international real estate assets on behalf of institutional clients valued at over A\$10.2 billion. The team’s track record extends back to 1988 in Australia and 2008 in Japan.

The Real Estate team is a relative value investment manager that takes a highly analytical approach to investments. Believing the market is not perfectly efficient and pricing anomalies can and do occur, the team searches for relative value by considering investments that may have been misanalysed or overlooked by the market. Assessing risk is a key component of the team’s investment approach and a highly detailed due diligence methodology is applied to transactions.

#### Challenger Investment Solutions Management

CISM provides advice to institutional clients and execution on derivative strategies across all liquid asset classes. The objective is to give asset owners greater flexibility and cost-effective solutions across the following areas:

- Dynamic asset allocation and rebalancing
- Enhanced index replication
- Portfolio protection
- Alternative risk premia

This allows asset owners to expand their investment tool-kit through an innovative and independent approach.

## 1.2 Alignment of Purpose and Values with clients

Challenger Investment Partners is a funds management business which provides investment solutions, including advice and execution, across real estate, fixed income and derivatives. The investment needs of its institutional client base are at the heart of what it does, with a focus on creating long term value for clients. For non-discretionary business, CIP relies on clients collaborating with CIP as a trusted advisor and implementing recommendations where clients believe they meet their needs and objectives.

Fee structures are adopted that appropriately align the remuneration of the manager with the investment strategy of the client and the delivery of superior investment performance.

In addition, Challenger as a group adopts remuneration policies and practices that attract and retain employees, executives and directors who will create value for shareholders and investors.

## 1.3 Ownership, Management and Governance Structures

CIPL and CISM are wholly owned subsidiaries of Challenger Limited, an ASX listed company. Both entities sit within Challenger's Funds Management division, overseen by the Chief Executive, Funds Management.

The CIPL and CISM Boards consist of Executive Directors appointed due to their relevant skills and expertise and meet quarterly.

CIP has adopted Challenger Group principles, frameworks and policies.

## 1.4 Key Management and Investment Personnel

### **Victor Rodriguez, Head of Fixed Income**

Victor joined CIPL in April 2017 as Head of Fixed Income. Prior to his appointment, he was Head of Asia Pacific Fixed Income at Aberdeen Asset Management based in Singapore from 2014 to 2017. There he led a team of more than 30 investment professionals across the region including Singapore, Indonesia, Thailand, Malaysia and Australia.

### **Chris Forbes**

Chris joined Challenger in September 2018 and is Head of Real Estate, responsible for Challenger's global real estate funds management and investment strategy. Chris brings 25 years of real estate and investment management experience from his prior roles with Dexus, Charter Hall and more recently as Australian Head of Funds Management for LaSalle Investment Management.

### **John Burke, Co-Head of Challenger Investment Solutions**

John Burke joined CISM in September 2015. Previously he was a Director at Deutsche Bank Australia providing derivative solutions to superannuation and insurance clients. Prior to this John worked for AllianceBernstein as a Senior Portfolio Manager covering Asia and Australia/NZ.

### **Josh Heller, Co-Head of Challenger Investment Solutions**

Josh Heller joined CISM in September 2015. Previously he was a Director at Deutsche Bank Australia providing derivative solutions to superannuation and insurance clients. Before moving to Australia Josh managed a cross-asset derivatives trading desk at Morgan Stanley in New York.

## **1.5 Investment Strategies and Conflicts of Interest**

CIP has appropriate arrangements in place to ensure that client assets are managed in accordance with their investment strategies, including Investment Committees where appropriate, pre-trade compliance restrictions within the trading system and post-trade compliance monitoring.

CIP adopts a Conflicts of Interest Policy which is designed to ensure that it provides financial services in a manner consistent with the interests of clients whilst meeting fiduciary and regulatory obligations; and actual and potential conflicts of interest between the companies and clients are managed effectively in a timely and consistent manner.

## **2. Internal Governance**

### **2.1 Ethical Conduct and Professional Practice**

CIP is committed to doing the right thing by all stakeholders and, in particular, its customers. CIP's approach incorporates the values and behaviours of its people, as well as its standards, policies and procedures.

It is a requirement that all CIP employees comply with the Code of Conduct. This applies equally to employees who are permanent or temporary, contractors and consultants. The code articulates the standards of honest, ethical and law-abiding behaviour expected. Employees are encouraged to raise any breaches of this code.

### **2.2 Personal Trading**

As a participant in the Financial Services Industry, CIP is required to have robust processes in place to ensure that employees do not trade in Securities unlawfully or to the detriment of clients or Challenger. A Staff Trading Policy is designed to establish principles and procedures for employees to conduct personal trading lawfully and in a manner that avoids insider trading, is in compliance with sec 1043A of the Corporations Act 2001 (Cth) (Corporations Act) and appropriately manages any conflicts of interest.

### **2.3 Management of Conflicts of Interest**

CIP has adopted processes to manage conflicts of interest and allow for the promotion of:

- Confident and informed decision making by clients;
- Fairness, honesty and professionalism in the financial services that CIP provides; and
- A fair, orderly and transparent financial product market in which they participate.

All financial services transactions and activities undertaken by CIP are required to be assessed for conflicts of interest by the appropriate member of the senior management team or their delegated accountable person. Areas for consideration include but are not limited to related party transactions, any individual gain or benefit by virtue of employment, licence authorisations and outsourced activities.

CIP also maintains a Gifts, Benefits and Entertainment Policy which provides employees with guidance on the types of gifts and entertainment they may accept or provide and the process for approving and recording the gifts, benefits or entertainment accepted or provided.

## 2.4 Risk Management and Compliance

### Operational Risk

The objective of CIP's operational risk framework is to reduce unexpected performance or value variations due to operational risk events to the point where stakeholders are not materially impacted.

Operational Risk Management Responsibilities:

- The Challenger Board and Directors – bear the ultimate responsibility for corporate governance and operational risk management. The Group Risk Committee (GRC) has been established to assist them discharge these responsibilities.
- Audit Function – Internal Audit perform targeted reviews on Operational Risk Management governance, framework and effectiveness of delivery. Aspects of the overall effectiveness of Operational Risk Management may also be covered in the External Audit review cycle and recommendations included in the annual audit reports.
- The Risk and Compliance team – are responsible for the development of operational risk frameworks, procedures and tools. The Risk & Compliance team ensure clear risk and control ownership and help risk owners define and manage a robust control set. They also coordinate regular reviews of the risk register, aggregate information and report results to the GRC.
- Risk and Control Owners – are responsible for the ongoing identification and management of operational risks and also to ensure that all of the control activities are adequate. Risk Owners are also required to assess their risks through periodic Control Self Assessments (CSA's).

### Compliance

The objective of CIP's compliance framework is to deliver and continually improve upon the organisation's commitment to maintaining a culture of integrity and compliance, ensuring that the overall strategy and the way it conducts its business accords with its obligations to meet relevant laws, regulatory requirements, industry codes and standards, as well as community and client expectations as to governance, ethics and conduct.

## 2.5 Error Correction Policy

CIP's approach to error correction is contained in the Incident Management Policy, which is designed to provide a consistent process for the escalation, management, recording and reporting of Incidents and Near Misses.

The Operational Risk & Compliance team will categorise incidents and near misses in accordance with the Challenger Operational Risk Policy and Practice Note and create an incident database which helps to identify control breakdowns and target improvement initiatives. An enhanced control environment significantly reduces the likelihood of incurring larger operational, financial or reputational impacts in the future. Timely identification and reporting of incidents and near misses assists CIP to:

- understand the underlying cause of an incident or near miss;
- implement appropriate actions to remedy the incident including consideration of measures designed to prevent, or reduce the likelihood of recurrence;
- identify potential risk management issues;
- meet commitments made to customers and mandate clients;
- continually improve the control environment and CIP policies;
- manage and consider potential reputational issues;
- ensure an ongoing focus on 'doing it right' and meeting customer expectations; and
- ensure CIP meets its regulatory obligations in relation to breach reporting.

For all incidents and near misses an action plan must be documented. Action plans may include but are not limited to:

- refinement or development of controls, procedures and/or operating policies;
- training and/or coaching of employees;
- technology improvements (tactical and or strategic when commercially viable); and
- compensation to a scheme, fund, portfolio, client, adviser or third party which may include a refund or waiver of transaction costs such as brokerage, fees and/or interest to compensate for the time value of money.

## **2.6 Brokerage and Commissions**

CIP adopts a Brokerage Arrangements and Alternative Brokerage Arrangement Policy. Investment managers have a fiduciary and statutory duty to act in the best interests of their investors in respect of investment decisions made on their investors' behalf. Therefore, no client should expect to be disadvantaged by brokerage arrangements or alternative brokerage arrangements and should be informed of material aspects of such arrangements. Further:

- Any decisions made by the business must be made independently, irrespective of any existing or potential brokerage arrangements.
- Arrangements must not contain additional conditions or limitations interfering with CIPL and CISM's ability to obtain best execution.
- In respect of all brokerage arrangements, brokerage derived from one group of investors must only result in the provision of research and/or other goods and services for the benefit of that particular group of investors.
- Consideration should be given as to whether the arrangement will result in a potential conflict of interest.

The following types of brokerage arrangements and alternative brokerage arrangements are generally considered to be acceptable. In all cases, the terms, conditions and circumstances of the particular arrangement should be considered in accordance with the principles and obligations outlined in the Brokerage Arrangements and Alternative Brokerage Arrangement Policy.

- Broker purchased and supplied goods and services directly linked with trades and trade advice. For example, arrangements that involve the allocation of brokerage towards the purchase of third party research and software that assists in pre-trade analysis.
- Prime brokerage arrangements that provide investment managers with the ability to borrow securities for long-short strategies.
- In certain circumstances, directed brokerage and commission recapture arrangements, whereby an investor directs that trades for its account be executed through a specific broker.

## **2.7 Equitable Asset Valuation and Pricing**

CIP maintains a Securities Pricing Policy. The objective of this policy is to ensure that the valuations of all assets and liabilities recorded in the portfolio administration system appropriately and accurately reflect the purpose for which those valuations are determined, taking into account relevant accounting standards, industry standards and other applicable requirements. The policy considers timing, valuation sources, valuation type and the process for determining the valuation for all non-third party priced securities. The team responsible for maintaining these valuation is independent of the investment teams.

## **2.8 Best Execution and Trade Allocation**

### *Best Execution*

CIP has an obligation to seek best execution of client transactions. All reasonable steps are taken to obtain, when executing orders, the best, most timely and fairest possible result for clients, taking into account the execution factors, in addition to price of the trade. These factors may include the characteristics of the client, the client order, the financial products that are the subject of the order, and the execution venues to which the order can be directed.

### *Trade Allocations*

#### *CIPL Fixed Income:*

The Fixed Income Allocations Policy provides guidelines for the CIPL Fixed Income team to allocate debt investments to one or more funds or portfolios controlled or managed by CIPL. The policy aims to ensure fair and equal treatment across mandates.

When a private investment complies with a mandate or fund's investment guidelines, the respective portfolio manager will determine that mandate or fund's maximum for that transaction in accordance with the protocols and pre-agreed maximums in each mandate. If required by a mandate, the portfolio manager will confirm with the investor(s) their participation in the transaction.

Where an investment meets the investment guidelines of more than one client, allocations will be determined using the proportion of each participating mandate/fund's respective maximum investment size to the aggregate maximum investment size of all clients participating in the transaction.

Where a publicly offered (or traded) investment complies with a mandate or fund's investment guidelines, the respective portfolio manager will bid on an open basis into the transaction. Any scaling in respect to the purchase from the broker/counterparty will be passed through to the respective mandate/fund in proportion to the account's initial interest.

Should there be any circumstance where a conflict arises; the portfolio manager will refer it to the Chief Risk Officer to make a determination

#### *CIPL Real Estate*

The CIPL Real Estate team adopts a separate mandate approach for each of its investors. Each real estate client's investments are governed by a separate investment management agreement. This philosophy allows the team to tailor mandates to best achieve the desired outcome by clients while the investment thesis remains current and at the same time, minimising conflicts and the less flexible approach of pooled and listed fund offerings.

Future acquisitions and further equity commitments are subject to unanimous investor approval. As such there is no requirement for an Allocations Policy.

## **2.9 Remuneration Policy**

Challenger has established a groupwide Remuneration Committee to assist the Challenger Board discharge its responsibilities by ensuring the Group:

- has coherent remuneration policies and practices that attract and retain employees, executives and directors who will create value for shareholders;
- fairly and responsibly rewards employees and executives having regard to the performance of the Group, performance of the employees and executives, the company's long-term financial soundness and risk management framework, the general pay environment and in a way that is aligned with prudent risk-taking and rewards long term sustainable growth.

Remuneration components comprise fixed and variable remuneration as summarised in the following table:

	Component	Overview	Link to remuneration strategy
Fixed	Fixed remuneration	Base salary, salary-sacrificed benefits and applicable fringe benefits tax. Employer superannuation contributions.	Positioned at market-competitive level, reflecting size and complexity of role, responsibilities, experience and skills.
	Cash STI	Annual 'at risk' remuneration, rewarding Challenger, division and individual performance.	Remuneration outcomes determined based on performance and contribution against annual KPIs which include financial measures, strategic objectives and application of and adherence to the risk management framework.
Variable	Share awards deferred for one and two years	At least 50% of STI awards are deferred into Deferred Performance Share Rights (DPSRs), with vesting in equal tranches over two years. Subject to forfeiture and clawback provisions under the Challenger Performance Plan (CPP).	Balances risk management and governance considerations along with supporting shareholder alignment through the deferral of a significant portion of STI into shares.
	Share awards deferred for three years	In recognition of initiatives undertaken in 2018 focused on long-term value, the Board determined that a portion of 2018 DPSRs would be deferred for three years. Subject to forfeiture and clawback provisions under the CPP.	Balances risk management and governance considerations along with supporting shareholder alignment over the long term.
	Hurdled share awards deferred up to five years	Long-term 'at risk' remuneration. Awarded as Hurdled Performance Share Rights (HPSRs) vesting in up to five years. Two thirds of the award are eligible to commence vesting on the third anniversary and one third on the fourth anniversary following grant, subject to continued employment and satisfying the absolute TSR performance targets. Any unvested awards lapse at the end of the fifth anniversary following grant. Subject to forfeiture and clawback provisions under the CPP.	Balances risk management and governance considerations along with supporting shareholder alignment over the long term. Aligns executives' interests with Challenger's long-term success and sustained shareholder returns.

## 2.10 Whistleblower Policy

Challenger's Whistleblower Policy outlines the process and governance arrangements for ensuring employees and other eligible persons can raise issues or concerns regarding any unethical, illegal, corrupt or other inappropriate conduct without being subject to victimisation, harassment or discriminatory treatment. Challenger's whistleblowing program utilises a third-party service provider to facilitate anonymous reporting.

## 2.11 Training and Development

CIP is committed to supporting the career aspirations and ongoing development of employees.

CIP believes the development of employees underpins the development of the organisation as a whole, and that continual learning is crucial to maintain market competitiveness. On-the-job-training, coaching and approved external training are provided during the normal course of employment. In addition, CIP provides assistance to employees for education they undertake which is relevant to their position and/or potential career path and which contributes to the ongoing success of the business.

CIP supports employees undertaking work-related studies by providing a range of benefits that:

- make study more feasible;
- reduce the financial burden of study;
- provide time off to study for and sit exams; and
- meet the business needs as defined in the employee's development plan.

CIP's Responsible Managers have ongoing training obligations.

## **2.12 Complaints and Dispute Resolution**

CIP is committed to maintaining an effective complaint handling and dispute resolution system that meets the expectations of the Board, its customers and its regulatory obligations.

Effective management of complaints is key to ensuring that disputes are handled fairly, promptly and consistently and the financial services offered by CIP are provided efficiently, honestly and fairly.

A complaint is defined as: 'an expression of dissatisfaction made to an organisation, related to its products, or the complaints-handling process itself, where a response or resolution is explicitly or implicitly expected.' CIP has substantially adopted the AS ISO 10002-2006 as the standard to apply to its business.

CIP accepts all complaints made orally or in writing, formally or informally. Irrespective of the method by which a complaint is made, complaints are required to be treated in accordance with the Complaints Policy and Practice Note.

## **3. Asset Stewardship**

### **3.1 Monitoring of Company Performance on financial and non-financial matters**

#### *CIP Fixed Income*

The Fixed Income team's investment philosophy is that taking a private approach to lending leads to better risk/return outcomes for clients across private and public markets. A private approach means underwriting credit risk as though you will own it not to trade it. It means having discipline in understanding and quantifying credit, liquidity, and complexity risk premia. It also means engaging with borrowers and arrangers directly to effect structural changes to transactions in order to mitigate downside risks as well as access better quality information. In addition, consideration of ESG factors is integrated into the investment process and embedded into the Fixed Income investment philosophy which emphasises strong engagement. The team believes that attractive returns can be generated by identifying ESG risk factors, engaging with borrowers to mitigate these risks and incentivising positive outcomes through structure as well as price.

#### *CIP Real Estate*

The role of monitoring company performance is shown in the graphic below.

Initial screen	Deep due diligence	Robust execution	Ongoing monitoring
<p><b>Origination</b></p> <ul style="list-style-type: none"> <li>Deep market connectivity delivers pipeline and off market opportunities</li> </ul> <p><b>Macro and micro view</b></p> <ul style="list-style-type: none"> <li>Long term thematic drawn from relative value approach</li> </ul> <p><b>Bottom up</b></p> <ul style="list-style-type: none"> <li>Review of market, pricing, execution, legal, technical and other risk factors</li> </ul> <p><b>ESG considerations</b></p> <ul style="list-style-type: none"> <li>We consider ESG factors at the earliest stage of the property investment process acknowledging that achieving safety, sustainability and diversity outcomes will have the benefit of delivering long term value for investors, the environment and the communities we live in</li> </ul>	<p><b>Investment review</b></p> <ul style="list-style-type: none"> <li>Incorporate macro views and assessment of relative value utilising proprietary data (i.e. Real Estate lending)</li> <li>The due diligence process is disciplined and detailed, seeking to identify and assess the market, the sector, opportunities and risks to ensure we effectively manage and or develop the asset over the investment horizon</li> </ul> <p><b>Quantitative analysis</b></p> <ul style="list-style-type: none"> <li>Detailed cash flow and scenario analysis</li> </ul> <p><b>Documentation</b></p> <ul style="list-style-type: none"> <li>Internal experts engage and manage external consultants and advisors ESG</li> <li>Integration and engagement approach</li> </ul>	<p><b>Approval process</b></p> <ul style="list-style-type: none"> <li>Segregation of transaction and analysis teams</li> <li>Investment committee (IC) approval is independent of the Real Estate team</li> </ul> <p><b>Credit review</b></p> <ul style="list-style-type: none"> <li>Credit team is independent to Investment team</li> </ul> <p><b>Documentation</b></p> <ul style="list-style-type: none"> <li>Transaction signoffs required include all functional areas (commercial, technical, tax, legal, credit, compliance, etc.)</li> </ul>	<p><b>Independent review</b></p> <ul style="list-style-type: none"> <li>Formal regular review process run by Head of Credit and Chief Risk Officer</li> <li>Continually improving management of assets with consideration of ESG factors in our day to day operations</li> </ul> <p><b>Portfolio reporting</b></p> <ul style="list-style-type: none"> <li>Quarterly, semi annual and annual review cycle for assets and portfolio</li> <li>Property management outsourced to JLL</li> </ul>

CISM

CISM specialises in derivative solutions therefore this section is not applicable.

### 3.2 Engagement with company management and the board and escalation of issues

CIP adopts an Investment Management Governance Policy which is designed to assist it to meet its responsibilities under various laws, regulations and industry standards in taking an active role in the corporate governance process in relation to those companies in whom they invest on behalf of investors. CIP acknowledges it may be in a position to influence the corporate governance of companies through discussions with management and / or the Board of directors.

Where appropriate, CIP believes in having direct communication with directors and senior management of companies where securities are held in CIP's portfolios. This allows CIP to have a better appreciation of the company's objectives, its potential problems and the quality of its management. It also allows companies to understand CIP's expectations and concerns.

### 3.3 Approach to considering Environmental, Social and Governance factors

CIP recognises the responsibilities it has as a company in relation to sustainability and the environment, its people and the community in which it operates.

CIP undertakes to consider environmental, social and governance (ESG) factors in investment decision making and ownership practices. CIP has adopted an integrated investment management approach to deliver responsible investment outcomes and believes there are links between long-term sustainable returns and the quality of an organisation's ESG practices.

CIPL's Fixed Income team has a systematic approach to incorporating ESG considerations into its investment process, and its speciality in private lending markets provides a greater opportunity for active engagement. The team manages investment portfolios to ensure its investors are compensated for ESG risks as it regards these risks as being inherently linked to the sustainability of the businesses to which it lends, to their ability to refinance and ultimately the risk of default.

CIPL's Fixed Income team's investment philosophy is heavily influenced by its heritage in private lending markets. For over a decade the team has approached credit markets as a lender as well as an investor. As an investor, the team applies a relative value approach, integrating ESG risk factors into its pricing and valuation considerations. As a lender the team prioritises direct engagement to mitigate ESG risk factors through incentivising more sustainable business practices.

CIPL's Real Estate team is committed to continually developing its approach to the integration of ESG considerations into property investment decision making and asset management. The team identify effective management of ESG risks being critical to the long-term investment performance of assets, therefore focusing on the integration of ESG considerations into the day-to-day business operations. As a team, this is a collective responsibility and they take a unified approach in the identification and management of ESG considerations.

The CIP Real Estate team undertake a significantly detailed analysis at the start of the due diligence process. The due diligence process produces a checklist approach to identify risks and opportunities including: an assessment of the market and sector, changes in government policy which can impact, legislation, tenant demand, and customer and investor sentiment. On an asset specific basis, NABERS rating, energy efficiency, natural hazards, building safety and materials, occupier satisfaction, local community and stakeholder engagement and any applicable regulatory standards are considered. The team believes these details are key to understanding the asset, and are imperative when assessing asset pricing, undertaking negotiations with the vendor and ultimately their potential to effectively manage or develop the asset over its lifecycle.

Post-acquisition, the CIPL Real Estate team outsource the property management services to a third party, whilst maintaining asset management responsibilities, allowing the team to focus and prioritise on asset specific ESG considerations. CIPL's Real Estate's Asset Management team are responsible for identifying key risks and opportunities on an annual basis and outlining the business plan for each asset. The team have various tools and processes integrated within the day to day business operations including life cycle audits, valuation reports, regular performance analysis and risk management plans which, combined, are crucial in achieving long term value for investors, the environment and the community. They are committed to ensuring ESG considerations are prioritised across the lifecycle of the assets they manage, while continually improving their approach and acknowledge that achieving safety, sustainability and diversity outcomes will have the benefit of delivering long term value for investors, the environment and the community.

#### **3.4 Proxy voting (see FSC Standard 13);**

As investors in fixed income, real estate and derivatives strategies, CIP does not hold voting rights over their investee companies and are therefore unable to participate in proxy voting activities.

#### **3.5 Collaborative engagement with other investors including involvement with industry groups and associations**

Given the nature of the asset classes in which CIP teams invest in, collaborative engagement with other investors is not applicable.

Challenger Limited is a member of the UNPRI, the Financial Services Council and the Property Council of Australia.

### **3.6 Principles used for policy advocacy including participation with industry groups and associations**

CIP engages with industry organisations and other asset management firms to discuss and share insights on relevant market developments and corporate governance. As a fixed income investor, CIP often has direct access to company management teams, with whom it actively engages as outlined in 3.2. When desired outcomes can be more readily achieved through wider collaboration with other investors, CIP will engage with such groups in order to improve client outcomes.

### **3.7 Client engagement, education and communication regarding asset stewardship**

CIPL has significant experience in managing real estate and fixed income assets for third party mandate clients, including large institutional clients and sovereign wealth funds, and are, therefore, acutely aware of relevant issues when managing investments on behalf of clients, including governance, confidentiality, best practice and investor requirements for these matters.

CIPL focusses on building deep long-term relationships with a select group of investors. Client engagement and communication occurs through both formal regular reporting requirements and portfolio overviews together with frequent informal communication.

Asset stewardship activities are not relevant to the derivative strategies managed by CIS.