

Strategic Report / Stakeholders

STAKEHOLDERS

Following the introduction of the Companies (Miscellaneous Reporting) Regulations 2018, during the year under review the Board considered in detail which individuals and organisations should be regarded as stakeholders.

Its views are set out in the table below:

STAKEHOLDERS



Shareholders

WHY THEY ARE IMPORTANT

As the Company is an investment trust, its shareholders are, in effect, also its customers.

Continued shareholder support and engagement are critical to the existence of the Company and to the delivery of the long-term strategy.

BOARD ENGAGEMENT

The Company has a large number of shareholders, including professional and private investors. Over the years, the Company has developed various ways of engaging with its shareholders, in order to gain an understanding of their views. These include:

- Annual General Meeting** – The Company welcomes attendance from shareholders at AGMs. At the AGM, the Investment Manager always delivers a presentation and all shareholders have an opportunity to meet the Directors and ask questions. The Board is disappointed that it will not be able to meet shareholders in person at this year's AGM due to the restrictions on public gatherings to prevent the spread of the COVID-19 virus but we have made arrangements for a presentation from the Investment Manager to be made available, for shareholders to raise questions and for answers to those questions to be published;
- Information from the Investment Manager** – The Investment Manager provides written reports with the annual and interim results, as well as monthly Factsheets which are available on the Company's website. Their availability is announced via the stock exchange;
- Investor Relations updates** – at every Board meeting, the Directors receive updates on the share trading activity, share price performance and any shareholders' feedback, as well as any publications or comments in the press;
- Working with external partners** – the Board receives regular updates from the Corporate Broker and also engages some external providers, such as communications advisers, to obtain a detailed view on specific aspects of shareholder communications;
- Feedback from shareholders** – The Board values the feedback and questions that it receives from shareholders and takes note of individual shareholders' views in arriving at decisions which are taken in the best interests of the Company and of shareholders as a whole. The Chairman occasionally meets major shareholders and welcomes enquiries and feedback from all shareholders. The Chairman can also be contacted via email chair@aviglobal.co.uk or by letter to the Company's registered office. The Chairman, the Senior Independent Director or any other member of the Board can be contacted via either the Company Secretary or the Corporate Broker, both of which are independent of the Investment Manager.

Recent examples of decisions resulting from feedback from shareholders were the decision to change the Company's name in May 2019 and the rebalancing of the proportion of the dividend paid as an interim dividend in the accounting year under review.

STAKEHOLDERS



Lenders

WHY THEY ARE IMPORTANT

The Company has raised capital in the form of both short-term and long-term debt from a small group of lenders. Although the Company is not dependent on debt funding to maintain its operations, continued support from lenders is important to maintain the financial stability of the Company and flexibility in the investment portfolio.

BOARD ENGAGEMENT

All of the Company's debt is subject to contractual terms and restrictions. We have an established procedure to report regularly to our lenders on compliance with debt terms.

It is our policy that all interest and repayments of principal will continue to be made in full and on time.

SERVICE PROVIDERS



The Investment Manager

The Investment Manager's performance is critical for the Company to deliver its investment strategy and meet its objective.

Maintaining a close and constructive working relationship with the Investment Manager is crucial as the Board and the Investment Manager aim to continue to achieve long-term returns in line with the Company's investment objective. The Board seeks to:

- Encourage open discussion with the Manager;
- Ensure that the interests of shareholders and the Manager are for the most part well aligned and adopts a tone of constructive challenge;
- Draw on Board members' individual experience to support the Manager in the sound, long-term development of investment strategy and, where relevant, the Investment Manager's business and resources.



The Administrator and Company Secretary

The Administrator and Company Secretary are key to the effective running of the Company.

The Board recognises that the Company is the largest client of the Investment Manager and so the long term success of the Investment Manager is closely aligned to that of the Company.

The Company Secretary attends all Board and Committee meetings.

The Management Engagement Committee undertakes an annual review of the key service providers, encompassing performance, level of service and cost. Each provider is an established business and each is required to have in place suitable policies to ensure that they maintain high standards of business conduct, treat customers fairly, and employ corporate governance best practice.

All bills and expense claims from suppliers are paid in full, on time and in full compliance with the relevant contracts.



Other key service providers

The Company has a number of other key service providers, each of which provides a vital service to the Company and ultimately to its shareholders. While all service providers are important to the operations of the Company, in this context the other key service providers are the Custodian, Depositary and Registrar.