



## Matrix Fund Managers - CRISA Statement of Implementation

(March 2020)

At Matrix Fund Managers we take our fiduciary responsibilities as stewards of our clients' capital seriously. As long term investors this includes taking responsibility for engaging with investee companies and holding them responsible, not only for their financial performance, but also their performance on environmental, social and governance (ESG) issues. As evidence of this commitment we adopt the CRISA principles and implement them as part of our investment process, as set out below.

Upholding the CRISA principles forms part of our broader ESG process and is the responsibility of the Chief Investment Officer, who reports to the Investment Committee and the Board of Directors. No responsibilities are outsourced to service providers, however external inputs do comprise part of our ESG process.

### **Principle 1: An institutional investor should incorporate sustainability considerations, including ESG, into its investment analysis and investment activities as part of the delivery of superior risk-adjusted returns to the ultimate beneficiaries**

ESG principles are incorporated into our investment activities at a number of levels. Our screening process incorporates a "quality" score which requires a qualitative judgement on the management, company and industry. This would reflect any ESG concerns we have, and bias any poorly scoring companies down in our research priority rankings.

ESG considerations impact our assessment of company valuation in a number of ways. Firstly, the raw assumptions used in calculating our Residual Income valuation are affected by ESG issues, for example increases in expenses or capital expenditure to comply with environmental regulations are expressly incorporated into our valuation model. Secondly in determining the cost of equity we adjust the company beta used to reflect any internal ESG concerns we have which may alter the risk profile of the company.

Finally, analysts keep abreast of ESG issues regarding stocks and sectors under their coverage, including monitoring our customized ESG scoring matrix for deviations from trend. Where issues become of material concern, we will initiate a number of risk reduction and mitigation strategies such as reducing or exiting the position in our portfolio and engaging with the investee company.

### **Principle 2: An institutional investor should demonstrate its acceptance of ownership responsibilities in its investment arrangements and investment activities.**

We take our fiduciary responsibilities, as owners of companies on behalf of our clients, very seriously. This is reflected through our active proxy voting programme and our ESG Policy which guide the application of sustainability considerations into our investment decisions as well as formalizes the process of our engagement with management when governance or other ESG related issues arise.

**Principle 3: Where appropriate, institutional investors should consider a collaborative approach to promote acceptance and implementation of the principles of CRISA and other codes and standards applicable to institutional investors.**

We support this in principle and are prepared to collaborate with other shareholders in holding companies to account where ESG responsibilities are not being met.

**Principle 4: An institutional investor should recognise the circumstances and relationships that hold a potential for conflicts of interest and should pro-actively manage these when they occur.**

Matrix Fund Managers has a Conflict of Interest Management Policy which each new employee is apprised of to inform them of their obligations and they are required to sign an acknowledgement of awareness of this and other related policies. All staff members are required to sign an annual Staff Policy Compliance Declaration.

**Principle 5: Institutional investors should be transparent about the content of their policies, how the policies are implemented and how CRISA is applied to enable stakeholders to make informed assessments**

Our proxy voting and ESG policies are available on our website at: [matrixfundmanagers.co.za](http://matrixfundmanagers.co.za)

Records of how we voted each event are maintained, along with our reasons for how we voted in the cases where we voted against or to abstain, and these are available on request to our clients. We do not currently publicly disclose the results of our votes.

A register of our corporate engagement activities is available on request. An overview of our corporate engagement and proxy voting statistics are presented in current and prospective client presentations.