

# Invesco Perpetual Select Trust plc

## Schedule of Matters Reserved for the Board

(February 2019)

### Board Membership (all Non-Executive Directors)

Patrick Gifford – Chairman  
Craig Cleland  
Alan Clifton  
Graham Kitchen  
Victoria Muir

*Senior Independent Director – Alan Clifton*

**Manager (AIFM):** Invesco Fund Managers Limited  
**Company Secretary:** Invesco Asset Management Limited  
**Portfolio Managers:** UK Equity Portfolio : James Goldstone  
Global Equity Income Portfolio : Nick Mustoe  
Balanced Risk Allocation Portfolio : Scott Wolle  
Managed Liquidity Portfolio : principal investment managed by PIMCO.

## 1. Objective of the Board

The Board's role is to provide entrepreneurial leadership of the Company within the framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives and reviews the performance of the Manager and Company Secretary. The Board also sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

Non-executive Directors should constructively challenge and help develop proposals on strategy, scrutinise the performance of the Manager in meeting agreed goals and objectives and monitor the reporting of performance. They should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.

***Items marked \* may be the responsibility of a designated Committee of the Board, with the final decision required to be taken by the Board as a whole.***

## 2. Strategy and Management

- 2.1 Responsibility for the overall investment management of the Company.
- 2.2 Approving the Company's Investment Policy and any material changes to be put to shareholders for their approval.

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- 2.3 Approving the Company's long term objectives and strategy.
- 2.4 Approving the annual operating budgets and any material changes to them.
- 2.5 Overseeing the Company's operations ensuring:
  - competent and prudent investment and administrative management;
  - sound planning;
  - \* an adequate system of internal control and risk controls;
  - \* adequate accounting and other records; and
  - compliance with statutory and regulatory obligations.
- 2.6 Reviewing performance in light of the Company's strategy, Investment Policy, financials and ensuring that any necessary corrective action is taken.
- 2.7 Extending the Company's activities into new business or geographic areas.
- 2.8 Any decision relating to the continued existence of the Company.
- 2.9 Approving corporate projects.

### **3. Investment Management**

- 3.1 Agreeing a policy with the Manager regarding voting and corporate governance issues in respect of holdings in the Company's portfolio, taking into account the recommendations of the UK Stewardship Code.
- 3.2 Defining the scope of the Manager's responsibilities, including the principal operating issues (such as the methodology for performance benchmarking, hedging, gearing, share buy backs and issuance) and agreeing the procedure for the Manager to report back to the Board.
- 3.3 Identifying any circumstances in which the Manager should refer to the Board for approval before undertaking transactions (such as dealing in any other investment fund managed by the Manager or investing in new issues of other closed-end funds managed by others).
- 3.4 Agreeing that the Manager informs the Board of any conflicts surrounding share trades and votes.
- 3.5 Agreeing any policy on whether the Manager should be permitted to carry out commission sharing.
- 3.6 Changing the investment policy guidelines laid down for the Portfolio Managers.
- 3.7 \* Considering for approval a statement in the Annual Report, prepared in accordance with Listing Rule 15.6.2(2), whereby the Directors' appointment of the Manager on the terms agreed is in the interests of shareholders as a whole, together with a statement of the reasons for this view.

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## **4. Structure and Capital**

- 4.1 Changing the Company's capital structure including
- reduction of capital,
  - \* share issues (including sales of treasury shares),
  - \* share buy backs (including the use of treasury shares), and
  - \* conversions between share classes.
- 4.2 Approving any policies relating to the discount management policy or share buy backs.
- 4.3 Changing the Company's corporate structure.
- 4.4 Changing the Company's listing or its status as a plc.

## **5. Financial Reporting and Controls**

- 5.1 \* Approving the annual and half-yearly financial reports, including representations required by regulation or the external auditor, and related announcements.
- 5.2 Approving the dividend policy.
- 5.3 \* Declaring any interim dividends and recommending any final dividend.
- 5.4 \* Approving any significant changes in accounting policies or practices.
- 5.5 \* Approving any changes to the capital:revenue apportionment of expenses.
- 5.6 Approving any treasury policies (including foreign currency exposure and the use of financial derivatives).

## **6. Internal Controls and Risk Management**

- 6.1 \* Ensuring maintenance of a sound system of internal control and risk management including:
- receiving reports on, and reviewing the effectiveness of, the Company's risk and control processes to support its strategy and objectives;
  - undertaking an annual assessment of these processes; and
  - approving an appropriate statement for inclusion in the annual financial report.

## **7. Contracts**

- 7.1 Approving contracts which are material strategically or by reason of size, entered into by the Company in the ordinary course of business, for example bank borrowings.
- 7.2 Approving contracts of the Company not in the ordinary course of business, for example loans and repayments; foreign currency transactions; major acquisitions or disposals.

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7.3 Approving major investments (including the acquisition or disposal of interests of more than 3% in the voting shares of any company or the making of any takeover offer).

## **8. Shareholder Communications**

8.1 \* Ensuring that effective shareholder communications are established.

8.2 \* Ensuring that marketing, promotion and investor relations are conducted professionally, efficiently and cost effectively.

8.3 Ensuring that shareholders are provided with sufficient information for them to understand the risk:reward balance to which they are exposed by holding shares in the Company.

8.4 Regularly monitor the Company's shareholder profile and put in place a system for canvassing shareholder views and for communicating the Board's views to shareholders.

8.5 Approving resolutions and corresponding documentation to be put forward to shareholders at a general meeting.

8.6 \* Approving all circulars and listing particulars (approval of routine documents could be delegated to a committee of the Board).

8.7 \* Approving press releases concerning matters decided by the Board.

## **9. Board Membership and other Appointments**

9.1 \* Changing the structure, size and composition of the Board.

9.2 \* Ensuring adequate succession planning for the Board.

9.3 \* Considering and approving appointments to the Board.

9.4 \* Selecting the Chairman of the Board.

9.5 \* Appointing the Senior Independent Director.

9.6 \* Considering and approving the membership and chairmanship of Board committees.

9.7 \* Considering the continuation in office of Directors at the end of their term of office, when they are due to be re-elected by shareholders at the AGM and otherwise as appropriate.

9.8 \* Considering the continuation in office of any Director at any time, subject to the law.

9.9 \* Appointing or removing the Company Secretary.

9.10 \* Appointing, reappointing or removing the external auditor to be put to shareholders for approval, following the recommendation of the Audit Committee.

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## **10. Remuneration**

10.1 Determining and reviewing the ongoing appropriateness of the policy for the remuneration of the non-executive Directors.

10.2 In determining such policy, taking into account all factors which are deemed necessary including relevant legal and regulatory requirements, the provisions and recommendations of the AIC Code of Corporate Governance and associated guidance. The objective of the policy should be to ensure that members of the Board are provided with appropriate compensation and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company, also taking into account committee memberships.

10.3 Approving the remuneration policy statement for inclusion in the annual financial report.

10.4 Agreeing the policy for authorising claims for Directors' expenses.

## **11. Delegation of Authority**

11.1 \* Approving the terms of reference of Board committees.

11.2 Receiving reports from Board committees on their activities.

## **12. Corporate Governance Matters**

12.1 \* Undertaking a formal and rigorous review (annually) of its own performance, that of its Committees and individual Directors.

12.2 \* Determining the independence of Directors.

12.3 Reviewing the Company's overall corporate governance arrangements, including approving policies such as Directors' tenure, PDMR share dealing code, and Directors' appointment policy.

12.4 Receiving reports on the views of the Company's shareholders.

12.5 Considering the interests of shareholders.

12.6 Considering and authorising (if appropriate) direct or indirect interests of Directors that conflict, or possibly may conflict, with the interests of the Company.

12.7 Ensuring full disclosure of information about the Board.

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### **13. Other**

13.1 The making of political and/or charitable donations.

13.2 Approving the appointment of the Company's principal professional advisers.

13.3 Prosecution, defence or settlement of litigation.

13.4 Approving the overall levels of insurance for the Company including Directors' & Officers' liability insurance (and indemnification of Directors).

13.5 Approving this Schedule of Matters Reserved for the Board.

13.6 Approving significant items of non-investment expenditure. For example, fees for advice in relation to corporate projects.

Matters which the Board considers suitable for delegation are contained in the terms of reference of its Committees.

In addition, the Board will receive reports and recommendations from time to time on any matter which it considers significant to the Company.

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