

# Engagement Policy - 2019 Voting Summary

June 2020

## Introduction

The Shareholders Rights Directive II (SRD II) aims to promote effective stewardship and long-term investment decision making, by enhancing the transparency of asset manager investment and engagement strategies. As an investment firm providing portfolio management services to clients, Charles Stanley is considered an asset manager and consequently is subject to the requirement of the SRD II to publish by 30th June each year our voting and engagement record for the previous calendar year.

Under Charles Stanley's terms of business, our firm has the contractual right to vote only on behalf of clients where we have a discretionary investment management mandate. We do not have a similar contractual right to vote on behalf of investments held by our advisory and execution-only clients, where they are solely responsible for exercising their right to vote.

This report includes an explanation of the implementation of the principles of our Engagement Policy and discloses our most significant votes during the previous calendar year. 'Most significant votes' is defined as the size of our shareholding as a proportion of an issuer's total voting rights. In practice, we would expect to report on our voting record for shareholdings of 3% or more of the issuer's voting rights. As Charles Stanley is a whole of market firm, offering clients a broad range of investment services and asset classes, the typical aggregate holding size across our discretionary investment management clients tends to be smaller.

## Engagement

As Charles Stanley is a whole of market firm, offering a broad range of investment services and asset classes, the typical aggregate holding size tends to be smaller than for institutional asset managers. This reduces the scope for direct engagement with the governance of investee companies. However, we recognise that the maximisation of client investment returns may sometimes require a greater level of engagement with investee companies, including entering into an active dialogue with investee company management, and the resources used for each such engagement will be managed according to the circumstances of each case. We do not disclose publicly any such engagement.

## Voting

During 2019, we used the services of proxy voting service provider Institutional Shareholder Services (ISS) to advise us on corporate governance issues and provide voting recommendations on our top one hundred holdings of equity and fund securities.

The advice of our proxy voting service provider is based on the UK Corporate Governance Code and its own set of voting principles built on a collection of industry best practice guidelines, which are designed to protect and enhance shareholders' interests. ISS has a long-standing relationship with many of the UK-listed issuers within its coverage universe and regularly engages with the senior management teams of such issuers. ISS has a set of benchmark policy recommendations and proxy voting guidelines. These comprise of four main areas; operational items, board of directors, remuneration and capital structure. There is also another set of guidelines for ESG related matters. ISS conducts rigorous analysis and investigation in line with these policies for the investee companies it intends to recommend a vote on.

With its knowledge of the UK Corporate Governance Code and a long history of corporate engagement, we believe the provision of advice from our proxy voting service provider enhances our engagement with investee companies. However, we are not bound to follow the advice of ISS and retain the ultimate say on which way to vote on each item raised at general and extraordinary shareholders meetings, based on what we believe is in the best interests of our clients.

In addition, there are occasions when our research analysts may encourage investment managers to vote in a way they deem to be in the best interests of shareholders, for example where major corporate events are taking place, such as a merger or takeover. Investment managers are free to decide how to vote the shares held by clients whose portfolios they manage.

We regard our clients as the only stakeholder to whom we owe a duty of reporting, where requested. We are happy to disclose and report further details of voting matters on request, at frequencies to be agreed. Such disclosure would relate solely to votes exercised on behalf of the requesting client.

## 2019 voting disclosure

	Number of Resolutions	Votes For	Votes Against	Votes Abstain	Client shareholders	Number of meetings
Apr-19	212	207	4	1	38718	12
May-19	567	562	3	2	73894	32
Jun-19	133	133	0	0	18550	9
Jul-19	437	436	0	5	61716	25
Aug-19	0	0	0	0	0	0
Sep-19	99	97	2	0	19031	6
Oct-19	59	55	4	0	17161	7
Nov-19	49	49	0	0	4273	3
Dec-19	33	31	2	0	4677	4
Jan-20	24	24	0	0	2686	2
Feb-20	75	69	4	2	9779	5
Mar-20	90	88	2	0	10664	6
Apr-20	269	266	2	1	48290	14
<b>Total</b>	<b>2047</b>	<b>2017</b>	<b>23</b>	<b>11</b>	<b>309439</b>	<b>125</b>

	Number of Resolutions	Votes For (%)	Votes Against (%)	Votes Abstain (%)	Number of meetings
Apr-19	212	97.64	1.89	0.47	12
May-19	567	99.12	0.53	0.35	32
Jun-19	133	100	0	0	9
Jul-19	437	99.77	0	1.14	25
Aug-19	0	0	0	0	0
Sep-19	99	97.98	2.02	0	6
Oct-19	59	93.22	6.78	0	7
Nov-19	49	100	0	0	3
Dec-19	33	93.94	6.06	0	4
Jan-20	24	100	0	0	2
Feb-20	75	92	5.33	2.67	5
Mar-20	90	97.78	2.22	0	6
Apr-20	269	98.88	0.74	0.37	14
<b>Total</b>	<b>2047</b>	<b>98.53</b>	<b>1.12</b>	<b>0.54</b>	<b>125</b>