

Investee Engagement Policy

1. Introduction

The principal business of Rowan Dartington and Co. Limited (“RD”) is discretionary and advisory portfolio management, primarily for retail clients but also, on occasion, for clients who can be classified as “professional” according to UK regulation. In this capacity, RD invests on behalf of its clients in a wide range of securities – listed shares of UK companies (UK equities) and collective vehicles.

RD primarily manages the assets of retail clients so we have only a small number of institutional or professional clients. To the extent that we do have professional clients, we are required to publicise how we engage and communicate in relation to our investment strategy and how we monitor investee companies for Stewardship.

RD is not a signatory to the UK Stewardship Code (issued by the Financial Reporting Council) - reasons for this are given below. We do, however, attempt to put into practice the principles of the Code in our interactions with both investee companies and outsourced asset managers -within the limitations imposed by the relatively small size of our holdings.

2. Purpose, Objectives and Governance

RD is a small to medium sized financial services organisation which invests on behalf of our varied clients in a wide variety of different asset classes. Our stated aim when investing is to generate good long term (3-5 year) returns for those clients by investing in an appropriately risk-managed portfolio of actively managed investments.

We are long term investors – we do not allow short term market gyrations to divert us from that goal. We also believe that diversification, by asset class and security selection, is a critical feature of efficient portfolios that mitigates against unpleasant surprises.

It is the combination of our overall size and the focus upon adequate diversification that guides our approach to engagement and stewardship. As long term investors we recognise that we have a fiduciary duty to preserve and enhance the value of the assets entrusted to us. Stewardship, being the opportunity to guide the companies in which we invest towards better governance practices which have been demonstrated produce better long term returns, can be an important component of fulfilling that duty – however, engagement, being the means by which we can bring stewardship activities into operation, perforce can only be effective where we can exert significant influence.

We recognise that, for companies in which we are directly invested, flouting accepted good governance practices and contravening environmental and social norms are unlikely to be associated with sustainably good long term returns. These “ESG” factors do form part of the investment thesis. Furthermore, where we invest using collective vehicles, we are able to assess whether the managers of those vehicles subscribe to these same principles.

RD is required by the Financial Conduct Authority (FCA) to comply with the rules governing Conflicts of Interest. As part of this, a statement of how we manage those conflicts is available in Section 2 of the “Policies” section of our website. This policy applies to all conflicts of interest, including those in relation to stewardship.

3. Investment Approach

Some of our clients invest with us on an advisory or execution-only basis – in respect of those clients, we have no contractual rights to vote those holdings nor to exercise other stewardship activities. Furthermore, to a large extent, we derive many of those asset exposures via collective vehicles, where the opportunity for direct shareholder involvement (where the asset class permits) is very limited. Even where we hold direct UK equity exposures on our clients’ behalf, for the most part the aggregate size of those holdings is very small and the scope for direct involvement with their governance is limited.

Where advice is required, our approach concentrates on the identification of a broad range of quality investment opportunities consistent with clients’ objectives and risk profiles. This includes disposing of those assets when, for whatever reason, they are no longer deemed suitable.

4. Active Monitoring

It is a critical part of the investment process at RD that we actively monitor the underlying performance of the investment securities in which our clients’ funds are held.

In the case of direct UK equity securities, this will include regular contact by our Research team with the management of those companies and also prospective investee companies. This occurs at regular intervals and compliance with the spirit of the UK Governance Code is a factor which is taken into account when forming an investment view. The lead analyst will take responsibility for engagement with management on these issues. If a company is perceived not to be acting in the best interests of shareholders, then we will not invest or consider disinvestment.

With regard to investments in collective vehicles, the level of ongoing monitoring and review of such vehicles is just as rigorous and the managers’ attitude to governance and stewardship is regularly assessed as part of that process.

5. Constructive Engagement and Clear Communication

Where we have significant direct holdings in equity securities, and we have concerns about the nature of corporate governance or whether management is acting in shareholders’ best interests, then we may consider it fruitful to inform management of that fact. But because our priority is to act in clients’ best interest, the usual course of action is to disinvest.

In circumstances where we believe it would be in clients’ best interests, we are happy to engage with other investors on a case by case basis, while being mindful of our legal and regulatory responsibilities.

6. Exercise Rights and Responsibilities

Many of our investments are in collective vehicles where we do not have voting rights in respect of the underlying holdings. In respect of directly held equity securities, for the most part our holdings are immaterial to the outcome of the vote, being very low single figure percentages of the outstanding in nearly all cases. For that reason, our voting activities are usually restricted to Extraordinary General Meetings governing corporate actions, where we have a material interest in the outcome, or where we judge our position to be material – such events are rare. However, individual clients are welcome to vote in respect of their own holdings, either in person or by form of proxy, which RD can arrange. Were this situation to change, whether because we became responsible for a significantly greater amount of directly invested funds or because we took larger stakes in listed companies, we would of course reconsider this policy.

We do not engage in securities lending with client holdings.

It is not our current policy to report routinely to clients on our stewardship and voting activities. We consider such information to be so generic as to be potentially misleading. We do not seek independent assurance of stewardship activities or voting performance on the basis that the scale of the firm's activities would not justify the expense.

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