

UK Stewardship Code

The UK Stewardship Code (the “Code”) was published by the Financial Reporting Council, and aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

The Code is a voluntary code and sets out a number of principles relating to engagement by investors with UK equity issuers. Investors that commit to the Code can either comply with it in full or choose not to comply with aspects of the Code, in which case they are required to explain their non-compliance.

EFG Harris Allday (EFGHA) is a Manager of investment products and services primarily to retail clients, but also to professional advisers and institutional investors. EFGHA is part of the EFG Group, a global private banking group offering private banking and asset management services, headquartered in Zurich.

EFGHA supports the objectives that underlie the Code and believes that shareholder engagement is effective and works in the best interest of clients to improve long-term returns in the companies in which we invest on behalf of our clients. The Code sets out seven principles which are detailed below, together with an explanation as to the extent to which EFGHA complies with them.

Principle 1 – “Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.”

EFGHA believes that sound corporate governance will create a framework within which a company can be managed in the best interests of its shareholders.

EFGHA delivers intelligent strategies for thoughtful investors. Research lies at the heart of the EFGHA investment approach. All our investment decisions are informed by our own macro-economic research and market analysis and we look for long-term trends and the value to be found in them. EFGHA conducts extensive proprietary research that informs investment decision-making.

Principle 2 – “Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.”

EFGHA has a Conflicts of Interest Policy. The policy highlights that EFGHA is required to take all reasonable steps to identify and manage conflicts of interests that could have a detrimental effect on clients to whom it provides a service. This applies to conflicts that arise in the context of the exercising of our stewardship responsibilities or when voting our clients’ shares.

In the event of a conflict of interest arising in the performance of our fiduciary responsibilities, and in particular in relation to the stewardship activities described by the Code, this matter will be referred to the relevant Head of Compliance, to ensure that EFGHA will always act in the best interests of its clients.

Principle 3 – “Institutional investors should monitor their investee companies.”

EFGHA conducts research that informs investment decision-making and active stewardship practices which aims to increase our clients' long-term financial returns and performance.

EFGHA performs secondary research as well as some primary research of macro-economics and strategy, equities, bonds and third party funds. The research team utilises their own structured due diligence process, typically a combination of quantitative techniques and subjective analysis. This might on occasion be augmented with research from third parties.

EFGHA manages its relationship with investee companies in such a way that it does not expect to be made an “insider” and would not expect to be made an “insider” at any meeting or industry event as this may affect our commitment to protecting and enhancing shareholder value. Regulatory Compliance monitor the risk of being made an Insider at meetings and industry events.

Principle 4 – “Institutional investors should establish clear guidelines on when and how they will escalate their stewardship activities.”

EFGHA primarily provide discretionary services to retail clients, where the proportion of shares held in investee companies is much lower than those held by large institutional investors. As such we do not engage with investee companies in the same manner as other large institutional clients may, such as pension funds or investment funds. Therefore, we do not believe it is currently appropriate to establish a formal Engagement Policy.

Principle 5 – “Institutional investors should be willing to act collectively with other investors where appropriate.”

EFGHA primarily provide discretionary services to retail clients, actions are made autonomously and we do not act collectively with other investors. Where considered appropriate and permitted by regulation and law, EFGHA may, on occasion, be willing to act with other shareholders where it is believed that it is in the interests of our clients.

Principle 6 – “Institutional investors should have a clear policy on voting and disclosure of voting activity.”

For EFGHA discretionary services, where investments are held by a nominee or are otherwise under our control, we will act under our discretion. For non-discretionary services, investments not under our control, we will obtain client instructions before exercising voting rights. We will exercise such voting rights in accordance with written instructions, in the absence of which they will be unexercised.

EFGHA will take instruction from its clients on a case by case basis.

Principle 7 – “Institutional investors should report periodically on their stewardship and voting activities.”

Unless required by law, EFGHA does not disclose publicly how its proxies are voted.