

## STATEMENT ON THE UK STEWARDSHIP CODE

Henderson Rowe uses a blend of active and passive investment management in managing assets on behalf of both professional and retail clients. Henderson Rowe's investment approach entails consideration of fundamental, macro and technical factors in securities and markets globally. This may include meetings or indirect communication with company representatives and external analysts conducted by its in house research team. Continuous assessment of companies' strategy, performance and management is core to Henderson Rowe's stock selection. While procedures for proxy voting exist, these are rarely exercised as Henderson Rowe's holdings are generally small in relation to investee companies, and voting on every investee company would be unduly onerous, have little impact and add little value. In its passive investment portfolios Henderson Rowe does not vote in line with its passive mandates.

### **The UK Stewardship Code**

In July 2010, the Financial Reporting Council ('FRC') issued a statement of seven principles which set out good practice for institutional investors' engagement with investee companies. The stewardship principles state that institutional investors or their agents should:

1. Publicly disclose their policy on how they will discharge their stewardship responsibilities.
2. Have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.
3. Monitor their investee companies.
4. Establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.
5. Be willing to act collectively with other investors where appropriate.
6. Have a clear policy on voting and disclosure of voting activity.
7. Report periodically on their stewardship and voting activities.

## **Henderson Rowe's response to the principles of the code**

Henderson Rowe broadly supports the principles of the UK Stewardship Code as a guide for good practice engagement with investee companies. It is compatible with Henderson Rowe's existing corporate governance and voting policy in that Henderson Rowe actively monitors its active investments and is prepared to escalate where necessary. This assists the protection of the rights and economic interests of Henderson Rowe's clients, as beneficial owners of these companies. Henderson Rowe also acts collectively with other stakeholders in the interests of clients where necessary. Henderson Rowe supports principles of disclosure insofar as they do not breach the confidential relationship that exists between Henderson Rowe and each of its clients.

Henderson Rowe's position in relation to each of the principles is set out below.

### **1. Policy**

Henderson Rowe has a pragmatic framework through which it can:

- monitor companies in which Henderson Rowe invests for its clients; and
- intervene with those companies, when necessary, on issues that are likely to impact the economic interest Henderson Rowe's clients hold through their investments.

The policy is intended to be sufficiently wide-ranging to reflect Henderson Rowe's global approach to investment and thereby operate consistently across all markets in which it invests for clients.

### **2. Conflicts of interest**

Where conflicts of interest on voting or engagement exist between Henderson Rowe and a particular client or a conflict exists between a client and another client, Henderson Rowe will act in accordance with the regulatory responsibility to treat all customers fairly. Henderson Rowe's conflicts of interest policy is mentioned in each client's Terms of Business and is available on request.

### **3. Monitoring**

Most of the companies in which Henderson Rowe invests for its clients are monitored by analysts on Henderson Rowe's research team except where clients have invested on an execution only basis or where the investments occur as part of a systemised investment approach including the index funds which Henderson Rowe manage. Monitoring includes study of company statements and third-party reports, and may include attendance at public meetings. Henderson Rowe will engage the board, senior management or investor relations managers of most investee companies directly in 'one-to-one' meetings at Henderson Rowe's or the company's offices (if in London) or by phone or email, whichever is more effective. Monitoring is oriented towards identifying potential performance or governance problems at an early stage in order to minimise or avoid any loss of shareholder value by Henderson Rowe's clients.

#### **4. Escalation**

When an issue is identified, Henderson Rowe may raise it directly with the board or senior management of the investee company. Performance and governance issues might be raised at meetings or telephone conferences with senior management, or by Henderson Rowe directly approaching the company or its advisers. If appropriate, Henderson Rowe would intervene with other shareholders (see below), or would submit resolutions to, or requisition, an EGM. It is unlikely that Henderson Rowe would make public statements prior to an EGM due to considerations of confidentiality.

#### **5. Acting collectively**

Henderson Rowe can engage with other shareholders in investee companies, either to decide or implement a course of intervention, but does not see this as a fruitful means of conducting its investment business in the normal course of events, as these are time consuming exercises that rarely produce results. In collaborating with other investors, Henderson Rowe is mindful of legal and regulatory requirements, for example in relation to conflicts of interest, the use of inside information, or acting in concert with other parties.

#### **6. Voting**

When necessary, Henderson Rowe may attend and/or vote at company shareholder meetings. It is not Henderson Rowe's policy to vote on AGM or EGM resolutions and corporate actions except where:

- Henderson Rowe's clients have a material interest in the outcome of the resolution or action, for the protection or enhancement of their shareholder value and beneficial interest, and Henderson Rowe's vote is likely to make a material difference to the outcome.
- Holdings of Henderson Rowe's clients are material to the outcome of the resolution or action.
- When Henderson Rowe does vote, it votes in what it considers to be the best interests of its clients.

#### **7. Reporting**

Henderson Rowe treats information on clients' voting activity as confidential. Clients may request details of their voting record.

Henderson Rowe Limited

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