



# WISE INVESTMENT

PLANNING FOR LIFE

## Revised Shareholder Right Directive (SRD II) – Statement on Engagement Policy

SRD II rules require investment firms such as Wise Investments Limited ('Wise Investment') to either develop and publicly disclose an engagement policy and publicly disclose on an annual basis how it has been implemented (including details of voting), or to publicly disclose a clear and reasoned explanation of why it has chosen not to comply.

An engagement policy describes how a firm:

- ✿ integrates shareholder engagement in its investment strategy;
- ✿ monitors investee companies on relevant matters, including:
  - ✿ strategy;
  - ✿ financial and non-financial performance and risk;
  - ✿ capital structure; and
  - ✿ social and environmental impact and corporate governance;
- ✿ conducts dialogues with investee companies;
- ✿ exercises voting rights and other rights attached to shares;
- ✿ cooperates with other shareholders;
- ✿ communicates with relevant stakeholders of the investee companies; and
- ✿ manages actual and potential conflicts of interests in relation to the firm's engagement.

Wise Investment provides financial advice and investment management solutions to private clients. Investment management clients will typically be invested in a portfolio of investments on either a discretionary basis (via model portfolios or bespoke portfolios), an advisory basis or an execution only basis. Clients are mainly invested via the Pershing Nexus platform.

The investment strategies adopted by Wise Investment, particularly the model portfolios, lean heavily on investing in other collective investment schemes (or 'funds'), typically unit trusts or Open Ended Investment Companies (OEICs), which will themselves invest in the underlying companies. These funds provide efficient building blocks for the construction of portfolios that are diversified across asset classes to the extent of the constraints of the relevant portfolios' investment objectives and investment policies.

Where a Wise Investment client is invested in underlying companies via other funds the opportunity for shareholder engagement with the underlying companies is limited as this opportunity sits with these underlying fund managers rather than with the client or with Wise Investment.

In addition to investing in collective investment schemes, investment can also be made into company shares or exchange-traded investment companies. In these cases, the opportunity for shareholder engagement sits with Wise Investment (discretionary portfolios) or the client (advisory and execution only portfolios).



# WISE INVESTMENT

PLANNING FOR LIFE

Wise Investment does not have a formal engagement policy which covers all of the points listed above as the ability to engage with companies is limited for the following reasons:

- As outlined above, the majority of holdings in client portfolios are in assets where the opportunity for shareholder engagement sits with another party
- In our view such a policy is more suited to firms providing discretionary services to large institutional clients such as pension funds or investment funds who have significant holdings enabling them to influence management rather than to retail clients with smaller holdings

Despite the statements above, and regardless of the structure or the investments within client portfolios, Wise Investment adopts a consistent approach to overseeing progress of investments. Regular quantitative and qualitative assessment is made of each holding through ongoing oversight of discretionary portfolios and engagement is sought where this is felt to be necessary and beneficial.

## Proxy voting - changes made from 3 September 2020

In compliance with elements of the SRD II rules which take effect from 3 September 2020, Wise Investment now has access, via the Broadridge ProxyEdge system, to notifications of both Annual General Meetings (AGMs) as well as Extraordinary General Meetings (EGMs) for companies whose shares are held by Wise Investment clients via the Pershing platform. Upcoming meetings are regularly monitored.

Clients that hold company shares under an advisory agreement or execution only agreement will be given the option to opt in or opt out of being informed of meeting notifications and being given the opportunity to vote at meetings. If a client opts in, they will be sent the relevant information by Wise Investment in advance of the voting deadline. Clients are then given the opportunity to instruct how they would like to vote (should they choose to), and Wise Investment will then instruct votes on behalf of clients via the Broadridge ProxyEdge system

Please note that clients can subsequently change their mind to opt in or opt out. Please also note that charges will apply to this service for clients opting in; details will be provided to relevant clients in advance.



# WISE INVESTMENT

PLANNING FOR LIFE

Wise Investment will also monitor company meetings for shares held via a discretionary agreement, although votes will not necessarily be cast. Factors which would influence the likelihood of Wise Investment casting a vote include the size of shareholding and the nature of the issue. Details of how Wise Investment has voted will be available on request.

## **Corporate Actions**

We will forward to advisory agreement or execution only clients details of any corporate actions which relate to company shares which are held on the Pershing platform. Examples of corporate actions include stock splits, rights issues, bonus issues, share buybacks and mergers and acquisitions. There is no charge for this service and the rules do not allow the option to opt out.

This statement reflects the position of Wise Investment as at the date below. It will be reviewed at least annually and updated as appropriate.

*Wise Investment, 3 September 2020*