

Stewardship code disclosure

“Asset owners and asset managers cannot delegate their responsibility and are accountable for effective stewardship. Stewardship activities include investment decision-making, monitoring assets and service providers, engaging with issuers and holding them to account on material issues, collaborating with others, and exercising rights and responsibilities. Capital is invested in a range of asset classes over which investors have different terms and investment periods, rights and levels of influence. Signatories should use the resources, rights and influence available to them to exercise stewardship, no matter how capital is invested.”

Canaccord Genuity Wealth Management (CGWM) takes a proportionate approach to our stewardship responsibilities under the terms of the UK Stewardship Code (the Code) and our obligations under the Shareholder Rights Directive II (SRD II) and when exercising the voting rights represented by our discretionary clients' investments.

Stewardship Code Principle 1

Signatories' purpose, investment beliefs, strategy and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Our purpose

CGWM's explicit purpose is to create long-term value for our clients, our business owners, our other stakeholders and our staff.

We seek where possible to engage with our stakeholders to:

- Build sustainable benefits to the wider economy
- Help maintain the solidity of the global financial system in the face of any external pressures

- Preserve, protect and improve our common environment
- Promote strong governance
- Play our part as a good corporate citizen and as individuals in fostering a prosperous and balanced society, and, above all,
- Create great outcomes for our clients, our business and our staff

Our business strategy

Our business strategy is to:

- Grow client assets sustainably, based on a rigorous but adaptable investment process, excellent client service and an industry-leading technology infrastructure platform
- Enhance the range of services we offer our existing and potential clients, developing innovative products that appeal to their needs, preferences and objectives, notably in the ESG arena
- Generate excellent risk-adjusted investment performance for our clients
- Participate in industry consolidation, employing strong price discipline, to allow us to share our economies of scale and focus on sustainability with clients, stakeholders and our business.

Our values

In order to underpin this strategy, CGWM has developed a strong and distinctive corporate culture. The foundations for this culture lie within our three core values. We are:

- Accountable
- Approachable, and
- Aligned

Our investment philosophy

Our investment philosophy entrenches sustainability and other ESG factors, including climate change more generally, into our investment decision-making.

Our philosophy is founded on five core beliefs:

- We believe in active investment management and seek to add value to our clients from asset allocation, investment selection and currency management
- Empirical evidence demonstrates that equities deliver the best real returns over long timeframes, so we have a bias to equities over the long term, whilst acknowledging the effects of their inherent volatility
- We believe a non-dogmatic, unbiased approach to investing improves client outcomes
- We believe that investing cannot be segregated from the world we live in
- We believe a client-centric approach to investing is essential to meet each client's individual investment requirements.

In our opinion, these beliefs will generate superior risk-adjusted outcomes for our clients over time.

Stewardship Code Principle 2

Signatories' governance, resources and incentives support stewardship.

CGWM has established a Stewardship Committee, that reports to the firm's UK and International Executive Committees on a six-monthly basis.

This committee meets twice yearly to assess management information covering:

- Engagement with investee companies across all asset classes
- Investment performance
- Performance of CGWM's ESG offering
- Results of voting
- Reports covering our third-party fund providers' stewardship activities

CGWM has a long-established Diversity committee, which champions a more diverse and therefore stronger company. We believe that strength comes from harnessing all our colleagues' skills and experience, without reference to colour, nationality, gender, sexual orientation or physical handicap.

We ensure that stewardship is embedded into our investment philosophy and process; each of our investment committee's Terms of Reference makes explicit reference to stewardship, sustainability and other ESG factors as integral to our investment decision-making process.

In addition, CGWM is a signatory to the UN Principles of Responsible Investment (UNPRI, the Principles) and is committed to reporting publicly on its adherence to them. We view these as working in tandem with our Stewardship Code responsibilities. Our six key commitments under the UN PRI are:

1. We will incorporate ESG issues into investment analysis and decision-making processes
2. We will be active owners and incorporate ESG issues into our ownership policies and practices
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest
4. We will promote acceptance and implementation of the Principles within the investment industry
5. We will work together to enhance our effectiveness in implementing the Principles
6. We will report on our activities and progress towards implementing the Principles.

Stewardship Code Principle 3

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

CGWM manages conflicts of interest explicitly to ensure that we adhere to the highest standards of corporate governance and that our clients' best interests are always pre-eminent.

Part of this process is a continual self-assessment of where new conflicts may arise.

In common with the wider investment industry, CGWM maintains a Conflicts Register, which, amongst others, incorporates potential conflicts arising from our stewardship activities, particularly as they relate to the relationship between CGWM (our wealth management business) and Hargreave Hale Fund Management (HHFM, our funds management business).

From time to time CGWM or HHFM may be notified at an early stage when investee companies are contemplating major strategic or corporate initiatives and may therefore be in receipt of price sensitive information.

CGWM is able to manage such information due to the Conflicts of Interest Policy we maintain and the care and diligence with which we manage receipt of such information.

Stewardship Code Principle 4

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

CGWM is one of the top ten UK wealth management businesses. However, despite our size, we are not on our own systemically important. Nonetheless, we recognise that every firm, no matter how big or small, has a role to play in ensuring the stability of the wider financial system.

We seek to play our part in five major ways:

- By ensuring that our clients' outcomes are based on a rigorous and disciplined investment process that generates high-quality results in a replicable manner. This process includes engagement with our investee companies and third-party funds
- This is supported by a strong set of risk controls that aim to place appropriate constraints on our portfolio managers' ability to take risks with our client portfolios
- By ensuring that our business is solidly financed and conservatively run, with a strong risk-control culture, backed by a wide range of targeted management information
- By participating in industry bodies, such as the Personal Investment Management and Financial Advice Association (PIMFA), and to cooperate, where appropriate, on regulatory and financial systemic issues
- By engaging constructively and transparently, where necessary and appropriate, with regulators such as the Financial Conduct Authority (FCA) and political actors to support high-level systemic oversight.

Stewardship Code Principle 5

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

CGWM undertakes an annual review for all parts of our investment process, in addition to continuous monitoring of our investment performance. The integration of our stewardship responsibilities into our investment committees' Terms of Reference and their stewardship performance forms part of this review process. Our stewardship policies are no different in this regard and may be reviewed at any time, but at least annually.

CGWM's internal auditors (currently BDO, an accountancy and consultancy firm engaged by us for the purpose) also have our stewardship responsibilities within their remit and will from time to time conduct reviews of our policies

and procedures in light of prevailing regulatory and industry practice.

One of our commitments under our subscription to the UNPRI is to undergo an annual assessment of our adherence to the principles and report the outcome on our website.

Stewardship Code Principle 6

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

The majority of our client base is retail-oriented, including within the UCITS funds managed by HHFM and by the wider business. These split between retail discretionary fund management (DFM) clients and the target market of the UCITS funds. There are some instances of either professional clients within the CGWM DFM client base, but these are de minimis in terms of the wider business. There are also a small number by quantity (and a relatively small volume by assets under management) of institutional accounts, notably in the international business.

One of the tenets of our investment philosophy is that, over long time periods, equities deliver higher returns per unit of risk, as validated by a variety of asset return studies, such as the Barclays Equity Gilt Study. In addition, as mainly active managers, we believe that markets are inefficient at pricing securities in the short-to-medium term but efficient in the longer term. By exploiting those inefficiencies, we believe we can enhance performance for our clients.

Therefore, to align this philosophy with client outcomes, the time horizon we prescribe for our clients is long-term, by which we mean in excess of five years.

This horizon is laid out explicitly in our client take-on process, alongside questions to establish our clients' attitudes to ESG factors. Our internal portfolio monitoring processes check on adherence by our private client portfolio managers to agreed risk profiles, ESG-related exclusions, asset class parameters, and where appropriate, their stewardship requirements.

Stewardship Code Principle 7

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

CGWM's various investment committees take stewardship and ESG factors, alongside the wider provisions of the Governance Code, into account when engaging with investee and potential investee issuers, or when engaging with third-party fund managers.

CGWM's investment committee standard Terms of Reference already incorporate these responsibilities into the investment selection and appraisal process.

These factors are taken alongside our usual investment analysis, which looks at underlying fundamentals and valuations to form a view on the relative merits or otherwise of potential or existing investments over our investment time horizon.

Stewardship Code Principle 8

Signatories monitor and hold to account managers and/or service providers.

CGWM is a large investor in third party funds and expects our sub-investment managers to comply, where appropriate, with the Code, or to provide in writing a reason why this is not possible.

CGWM will engage with the investment managers on our approved lists to assess and where necessary help improve managers' stewardship and ESG practices in line with industry best practice and CGWM's own stewardship policies.

This shall be done on at least an annual basis during our normal fund selection and appraisal process.

CGWM focuses its engagement on five core expectations of our third-party investment managers:

1. Voting – CGWM expects our third-party managers to vote their positions in underlying equities actively and to exercise on our behalf our stewardship responsibilities in other asset classes. This is in order to enhance and protect long-term value for the ultimate beneficiaries, our clients
2. Corporate Engagement – CGWM expects our third-party managers to adopt clear policies regarding engagement and escalation of that engagement. We also expect them to report on the outcomes from their engagement activities in a timely and clear manner. This engagement should be aligned with the spirit of the UK Governance and Stewardship Codes, and should include, but not be limited to: meeting the chair of the investee company or other board members; holding meetings with management; communicating with companies to raise concerns; and raising issues with the company's advisers
3. Transparency – CGWM expects our third-party managers to provide voting and engagement outcomes at least on an annual basis to be incorporated in CGWM's stewardship monitoring process
4. Collaborative approach to engagement – CGWM expects our third-party managers to collaborate with other industry actors in pursuing their stewardship policies and

to maximise their potential impact on the corporate behaviour of investee companies

5. Participation in public policy – CGWM expects our managers to engage with regulators, industry groups and where necessary governments to help set a regulatory agenda that protects the rights and enhances the interests of the ultimate beneficiaries and owners of the assets they manage.

Where necessary, CGWM's engagement will be escalated through to the senior management of our third-party managers.

Stewardship Code Principle 9

Signatories engage with issuers to maintain or enhance the value of assets.

As noted in the pre-amble, CGWM takes a proportionate approach to engaging with issuers over their compliance with the Governance and Stewardship Codes, and other issues of importance to CGWM where these are in addition to the provisions of the Codes and SRD II.

We apply a 0.5% voting capital threshold over which we may vote our position and actively engage with our investee issuers if we deem this appropriate and cost-effective. This threshold does not preclude engagement with companies where our ownership position is lower.

In the first instance, this engagement will be channelled either through the relevant Investor Relations function in the issuer (failing which their delegated corporate access agent), or their nominated advisers. From then onwards escalation is taken up to senior management orally or in writing and, if necessary, up to the Chair of the board.

For all issuers above the threshold, we will endeavour to have face-to-face meetings at least annually, and preferably more regularly. Governance, sustainability and ESG issues will generally form part of the meeting agenda.

Stewardship Code Principle 10

Signatories, where necessary, participate in collaborative engagement to influence issuers.

CGWM is part of a larger financial services group that in the UK encompasses institutional fund management through HHFM, corporate investment banking and broking services through Canaccord Genuity Limited and wealth management and advice services through CGWM itself.

Whilst there are potential conflicts of interest between these entities, for CGWM and HHFM (see Principle 3, above), we undertake to address issues of common interest to our end-clients in a holistic fashion. This is especially important, since both CGWM and

HHFM are important investors in the UK small and mid-cap company arena. As with all smaller companies, the responsibility on owners to exercise stewardship is all the greater, given the likelihood that such companies have less rigorous internal controls than their larger peers and the relative lack of wider third-party oversight.

For this reason, CGWM may co-operate with our colleagues in HHFM and align our mutual engagement with companies wherever this is expected to benefit clients from both our businesses.

In addition, and subject to appropriate controls over conflicts of interest, as noted above, we may seek to participate in wider industry shareholder initiatives, seeking to enhance the quality of corporate governance, improve ESG outcomes and benefit the longer-term economic interests of our clients, by whichever medium they invest.

However, in acknowledgement of the need for CGWM to balance our stewardship responsibilities with our available resources, CGWM will take a proportionate approach to its engagement efforts. Just as for our voting policies, we may seek to engage, where deemed necessary or appropriate, in instances where CGWM's voting stake in the issuer exceeds 0.5%.

Stewardship Code Principle 11

Signatories, where necessary, escalate stewardship activities to influence issuers.

As noted in Principles 8 and 9, CGWM sets out expectations for our third-party managers in relation to how they escalate their stewardship concerns and then report upon that escalation, as well as for issuers in whom we invest on behalf of our clients.

For our third-party funds business, CGWM expects our managers to escalate issues that arise where underlying investments are not in accord with the UK Governance and Stewardship Codes.

For our direct business, subject to the proportionality disclosed under Principle 12 and collaboration with other entities, CGWM will in the first instance prioritise compliance in its investee companies with the UK Governance and Stewardship Codes. From time to time, other issues which CGWM considers relevant, whether from a governance, sustainability or stewardship basis, may be added to our engagement priorities, in which case we will communicate the issues to our investee companies accordingly.

In principle, this is most likely to apply only to mid-sized companies in the UK, although in theory may be applied to any instrument in any geography, so long as CGWM's discretionary and advisory managed holding were above the 0.5% voting threshold.

Stewardship Code Principle 12

Signatories actively exercise their rights and responsibilities.

As noted above, we acknowledge that our clients as a body are large investors in UK mid-sized and smaller companies. We also acknowledge that we have a duty to marry our desire and responsibility to engage with our investee companies with the practicalities of a business of our size and resources.

As an initial measure, therefore, we have taken the decision to consider voting on occasions where CGWM holds more than 0.5% of the issued voting share capital of the underlying entity.

This policy applies only to the discretionary and advisory managed services offered by of Canaccord Genuity's UK Wealth Management division, except in so far as the coordinates their engagement policies with other parts of the Canaccord Genuity Group.

We will review the outcomes of our voting activity on an annual basis, identifying instances where we have voted against resolutions and we will note a brief outline of the reasons for doing so. We will identify when these votes have been exercised on our behalf through a proxy service.

In addition, we will engage with the third-party investment funds in which we invest on behalf of our clients to log their adhesion to the Codes, their approach to ESG factors and their voting records.

The record of these activities will also be available to clients on request, and/or through any electronic medium CGWM may in future develop.

As and where appropriate and possible, we will exercise these responsibilities in other geographies and asset classes, subject to similar proportionality measures.