

**The UK Stewardship Code**  
**Statement of Compliance by Cavendish Asset Management Limited**

Cavendish Asset Management Limited (“Cavendish”) is a privately owned boutique investment manager based in London. We were founded in the early 1980s as a private wealth manager and now specialise in managing long-only equity and fixed income investments within UK focused, global, regional and sector specific mandates.

Cavendish manages funds on behalf of institutional investors, professional clients, pension funds and private individuals.

We employ a bottom-up stock-picking investment process, which is based on fundamental research where we analyse the financials of businesses, their management, their business models, their products, corporate governance and a multitude of other factors in coming to our investment decisions. Our core investment approach is about getting to grips with the fundamentals of businesses and this means we place a high priority on getting out to the markets in which we invest, meeting the companies and speaking directly to their management teams.

We recognise our wider stewardship responsibilities and to this end support the introduction of the FRC UK Stewardship Code (“Code”), which sets out the responsibilities of institutional shareholders in respect of investee companies. This statement sets out how Cavendish applies the seven principles of the Code.

**Principle 1**

**Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.**

Our general stance is that we vote either where we and or our clients have identified specific issues that in our judgement has the potential to impact on our clients’ investments. Voting is done on a case by case basis on matters which the individual fund manager(s) concerned feels are relevant to our client’s investments. As explained below we do not routinely vote on issues as we have limited recourses and therefore only vote where we have carried out satisfactory investigation of the issues concerned.

Where we exercise our votes, we use the services of ISS Proxy voting agency.

**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.**

Cavendish has a robust policy on managing conflicts of interest within the companies in which it invests. Copies of the conflicts of interest policy are provided to all clients and can be provided to potential clients on request.

**Principle 3**

**Institutional investors should monitor their investee companies.**

As described above, a core part of our investment research process is to meet with and interview the management of investee companies where possible. We continue to meet with the companies

after the initial decision to invest, as well as continuing to monitor the fundamentals based on publicly available information, company reports, external analysis research, and news flows etc.

#### **Principle 4**

**Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.**

Whilst great emphasis is placed on maintaining an active discussion with the management of investee companies, Cavendish's approach is not to generally engage in shareholders' activism campaigns against individual companies. When a company proposes or takes a course of action which we consider to be detrimental to the interests of shareholders, we may attempt to dissuade them, but if this endeavour is unsuccessful we would probably sell our investment in the company. We are of the view that where the companies recognise an unexpected departure of a previously long-term shareholder this sends a strong signal in relation to the acceptability of its strategy.

However on occasions where we vote against proposals which are clearly against the interests of shareholders we may on a case by case basis seek to publicise our views and in some cases bring the matter to the attention of the necessary authorities.

#### **Principle 5**

**Institutional investors should be willing to act collectively with other investors where appropriate.**

Where we consider appropriate on a case by case basis, Cavendish will act in co-operation with other investors to promote good governance of investee companies. However as noted above we do not as a matter of course engage in shareholder activism.

#### **Principle 6**

**Institutional investors should have a clear policy on voting and disclosure of voting activity.**

Cavendish does not have the resources to investigate and vote on governance issues routinely. Our approach is that we would abstain in all cases where we have not investigated and sufficiently researched the issues concerned. We will vote where we have researched issues and arrived at an informed opinion that we believe is important to shareholder value. In practice this means that we are more likely to vote on small capitalised companies, rather than larger ones and in fewer cases rather than as routine.

Cavendish does not publicly disclose voting records as we believe that information to be confidential to our clients.

#### **Principle 7**

**Institutional investors should report periodically on their stewardship and voting activities.**

Where we have agreed with or have been instructed by our institutional clients we would provide details of our voting activities to the clients concerned. As noted above we would not provide public disclosure of our engagement with companies as we believe that information to be confidential to our clients and therefore public disclosure is not in their best interests. Given our limited coverage, it is not our current intension to seek independent audit opinion on our voting and engagement processes.