

STEWARDSHIP CODE

BACKGROUND

London and Capital Asset Management Limited “L&C” is a discretionary investment manager, specialising in managing assets for retail, professional and institutional clients.

OBJECTIVE

This policy statement sets out L&C’s commitment to the Financial Reporting Council’s (FRC) UK Stewardship Code (or “the Code”). The Financial Conduct Authorities’ Handbook (COBS 2.2.3) requires Asset managers to either comply with the Code or provide an explanation of their alternative approach.

The FRC states in the Preface to the Code that:

The code is addressed in the first instance to firms who manage assets on behalf of institutional shareholders such as pension funds, insurance companies, investment trusts and other collective investment vehicles.

SCOPE

L&Cs core business is to manage money for predominantly retail clients on a Discretionary basis as well as professional clients who are natural persons. These activities are out of scope of the Code.

The FRC is the UK’s independent regulator responsible for promoting, via the UK Corporate Governance Code, high quality corporate governance and reporting to foster investment and also oversee the regulatory activities of the actuarial profession and the professional accountancy bodies.

The Stewardship Code complements the UK Corporate Governance Code, with the aim of “enhancing the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities”. L&C is covered by the Code as it also manages assets on behalf of institutional shareholders.

The FRC recognises that not all parts of the Code will be relevant to all institutional investors and that smaller institutions may judge that some of the Principles and guidance are disproportionate. It is perfectly legitimate for some asset managers, for example, not to engage with companies, depending upon their investment strategy. A firm can comply with the Code by explaining why it does not comply with a particular provision(s) of the Code.

PRINCIPLES

As a UK-based FCA Regulated asset manager, L&C has a duty to act in the best long-term interests of its clients and observe proper standards of market conduct, and is committed to achieving this. We recognise, however, that due to the very nature of our process, it is not always feasible to comply with the Code therefore whilst L&C supports the seven principles embodied in the Code, there are areas where it does not fully comply with the code.

The firm’s approach to the Principles of the Code is explained below:

PRINCIPLE 1:

Institutional Investors should publicly disclose their policy on how they will discharge their stewardship responsibilities: This document sets out our policy in relation to the Stewardship code.

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. In order to ensure that L&C acts in the interests of all of its clients, it has a conflict of interest policy that requires conflicts to be reported to line managers and to Compliance.

PRINCIPLE 3:

Institutional Investors should monitor their investee companies. L&Cs' Investment desk conducts due diligence and research on companies before recommending to the Portfolio Managers that they are incorporated in clients' portfolios. Various filters and guidelines are used when selecting the securities which are relevant to Principle 3.

Where L&C does not believe that management is acting in the best interest of shareholders, it will not make a investment recommendation. Where it believes that management's actions or intentions are not in the best interest of shareholders then it will, in general, disinvest. L&Cs investment theme is based on capital preservation and downside risk is continuously monitored.

In general L&C will not be made an insider but when they consider that it is in the best interest of their clients they will comply with all applicable laws and regulations.

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.

The firm's priority is to act in its clients' best interests. The firm is likely to take appropriate action by liquidating its investment to protect the overall value of our clients' investments.

PRINCIPLE 5:

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

L&C would act jointly with other institutions on a formal or informal basis if we deemed it to be in the best interests of its clients.

PRINCIPLE 6:

Institutional Investors should have a clear policy on voting and disclosure of voting.

L&C will seek to act in accordance with the best interests of its Clients when exercising (or not exercising) voting rights. It is not L&C's policy to publish a voting record. However, details of such matters will be disclosed to clients upon request.

PRINCIPLE 7:

Institutional Investors should report periodically on their stewardship and voting activities.

We will disclose our voting activities to clients if requested.

We periodically review our compliance with the Stewardship Code and will update our policy as required.

The value of investments and any income from them can fall as well as rise and neither is guaranteed. Investors may not get back the capital they invested. Past performance is not indicative of future performance. The material is provided for informational purposes only. No news or research item is a personal recommendation to trade. Nothing contained herein constitutes investment, legal, tax or other advice.

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