RWC

RWC Partners

RWC Stewardship Report - 2021

Contents

Introduction

This Stewardship Report provides a reflection of the work we undertook across 2020 to fulfil our stewardship obligations to our clients. As you will see, we have been pragmatic with the resources available to us, consonant with our size, the size of our typical ownership stakes, the specific focus areas of the funds we manage, and the extent of exposure we had to individual issuers over the year.

It is important to note that:

- We have always had a clear client focus within our approach and feel passionate about standing up for minority shareholder rights.
- We view responsible investing and stewardship as critical and integral parts of our organisation's long-term strategy.
- We welcome the fast evolving market and regulatory expectations of best practice in our industry in respect of stewardship and the broader responsible investment agenda, and believe we can use this to further demonstrate our own alignment and commitment to servicing our clients.

To help lay the foundations for the next phase of our evolution as a responsible investor, we are actively committing resource to this area and in January 2021 appointed a new Head of Sustainability and Integration to lead this work on a dedicated basis.

Consistent with everything we do, we want to be genuine and authentic in our approach. As highlighted above, we have not failed to notice the ramping interest directed towards responsible investment issues. However, it remains vital for us to focus on identifying the signal within the noise as we deepen our commitment to investing responsibly. Development and enhancement of related policies and processes will, we hope, help to clarify our beliefs as a business, provide the platform on which to secure our credentials as a responsible investor of capital going forwards, and so enable us to continue to meet client expectations effectively. The UK Stewardship Code represents a global best practice standard and for that reason many of the issues it raises will need to be reflected within our evolving approach. Our disclosures will also need to evolve in tandem to demonstrate that this is indeed the case.

This report is only a first attempt at evidencing what we do. We hope to say much more in future iterations.

Arthur Grigoryants

Head of Investment Strategy and ESG

October 2021

Overview

As a manager of equities, fixed income and multi-asset funds, we know and understand the importance of stewardship as a tool within the investor's toolbox. Engaging with the companies in which we invest can help inform risk discovery, identify opportunity, and over time provide light and shade to our assessment of the quality of management and strategic decision-making within a business.

Engagement is not a right though. Whilst ownership of equities provides a formal claim over a company's profits, it does not require that companies listen to each and every shareholder, only that they grant a right to participate in shareholder meetings. For reasons of efficiency, issuers will tend to listen most keenly to those investors considered most important on the share register (which often tends to be the largest holders given the scope that exists, at least in theory, for them to mount a take-over); managers with smaller positions may have valid issues to raise but do not benefit from having so much time with management or board members, even where they are long-term holders.

It is for this reason that collaborative engagement initiatives are so important, providing a mechanism for investors with smaller positions to come together with a unified voice on a given issue. Such action necessarily requires a degree of compromise from all parties though, as it is rarely the case that the centre of gravity of views will necessarily reflect the view of any one individual member.

Across the majority of our funds, the exposures we have to individual companies tend to be relatively small. However, for our stewardship-focussed funds, we often take much more significant positions as part of our investment thesis, the intention being to use our position to unlock deep value to our clients' benefit. The tools and techniques applied in the context of these stewardship-focussed funds differ materially from those applied to our conventional fund range, but that is not to say that stewardship obligations are taken lightly within these; on the contrary, voting against management at shareholder meetings occurs regularly across our entire fund range, with active engagement taking place in many of the markets we cover.

We also engage with credit issuers, despite these opportunities being relatively fewer and further between given the lack of voting rights accruing through bond investment. For instance, in late 2020, we were wall-crossed for a potential new deal from an Australian investment company. Subsequent discussions focussed on the prospects for the issuer's coal business and on corporate governance. This led directly to us discovering the potential for anticipated coal asset disposals to support a case for reclassification of the company's sector, on which basis we placed an order.

The report that follows provides comments on each of the 12 Principles applicable to asset managers under the UK Stewardship Code, primarily as they relate to our business and the activities of our equity teams. It has been filed with the Financial Reporting Council ahead of the 31 March 2021 deadline for submission.

Chris Anker

Head of Sustainability and Integration

October 2021

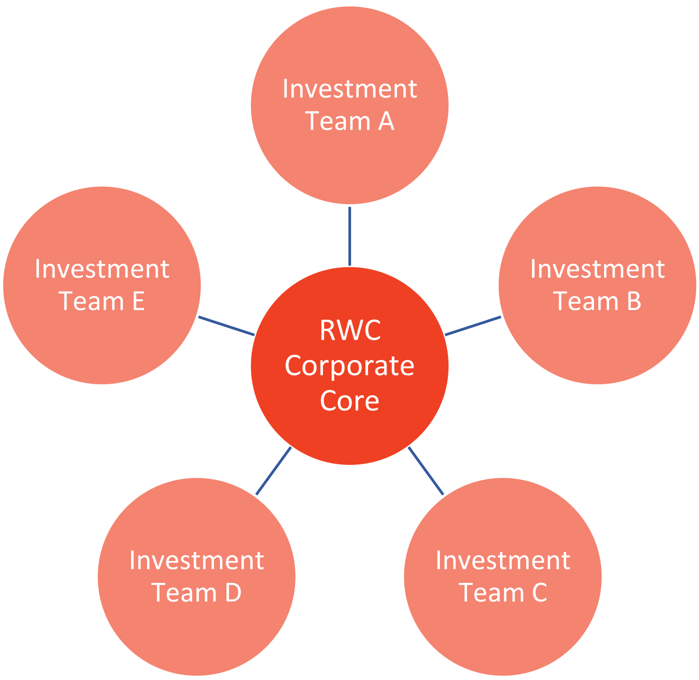
Principle 1

Our purpose as a business is to deliver savings solutions for clients that meet risk and return expectations over the long-term.

RWC Partners is an independent provider of investment services and is an organisation that aims to achieve alignment with clients, long-term stability and maintain a high level of professionalism.

Our active investment heritage is built on a foundation of innovation, original thought and high conviction investing, underpinned by an ownership structure that includes broad employee share participation to reinforce long-term commitment to the development of the organisation.

Our organisational model is focused on enabling experienced, accomplished and well-supported fund managers to operate with a high degree of investment autonomy, free from unnecessary restrictions, and a focus on achieving superior investment returns. Cultivating and harnessing the productive intellectual capital of all our employees is thus a key aspect of our ethos, as is enhancing our ability to collaborate effectively, supporting our ability both to remain relevant for clients and to attract new investment teams to expand our offering over time.



In striving to achieve our goals as a business, and given the differing investment beliefs of our investment teams, our client-focussed strategy is to constantly re-evaluate and, to the extent possible predict, the long-term needs of our teams' clients as well as the expectations of relevant regulators. Through cultivating and maintaining close relationships and through effective cascade of information, we can ensure that our corporate core remains well-resourced to provide effective and sustainable support to all our investment teams in terms of operations, risk management, product management, data management, legal and compliance, sales support, HR, finance, and technology.

In terms of values, we and our investment teams strongly believe that the consideration of sustainability issues within investment decision making can help to enhance assessments of risk and return. Unethical or neglectful behaviour by a company in relation to the management of environmental, social or governance risks can harm those who invest as well as the environment or society in which a company is located. We believe that applying ESG best practices, such as consideration of environmental and product safety, workplace diversity and strong corporate governance, can contribute to investment return while helping to manage risks over the long-term. The approaches used by our investment teams to integrate ESG considerations do vary however, reflecting the specifics of relevant markets and strategies. We do however all recognise the desirability of excluding controversial weapons from portfolios; our policy in this regard is set at the firm level and all investment teams are required to implement it.

Responsibility for stewardship activities rests primarily with the relevant investment teams themselves who co-invest alongside clients, creating a natural alignment of interests across the chain. Oversight of our responsible investment and stewardship activities is provided at an executive level by our Head of Investment Strategy and ESG Arthur Grigoryants, whose regular interactions with investment team heads ensures frequent reflection on evolving client interests. Decisions in relation to the specific themes and activities to reflect within investment approaches (including in relation to stewardship) remains the responsibility of the portfolio managers and analysts of the relevant strategies, and reflecting the specific interests of strategically important clients is an important consideration within this. As a client focussed business, we also monitor the extent to which our purpose and beliefs remain relevant and effective in helping us to serve the best interests of our clients through regular reporting on our activities (including the sharing of case studies and voting records) and the debate in our interactions with them which ensures a constant dialogue in terms of both direction and depth of stewardship.

Taken all together, our approach enables our investment teams to connect deeply with the concept of stewardship, helps assure our clients that we are an effective steward of the capital they entrust to us, and helps us be an authentically responsible investor.

We recognise though that developments in this field are occurring quickly. Historically we have relied upon our informal ESG Working Group to monitor developments in this connection; however, in recognition of the growing interest around stewardship and responsible investment more generally, at the end of 2020 we appointed a new Head of Sustainability and Integration, who will report to the Head of Investment Strategy and ESG and lead the development of our ESG and sustainability work on a dedicated basis. A key focus of their work in 2021 will be to improve upon and develop further aspects of our existing approach, including in relation to governance, as well as transparency and reporting, drawing upon the findings of the review we undertook in 2020 of our existing policies and comparing to the standards set out under the new UK Stewardship Code amongst other frameworks considered.

Principle 2

We are an independent business, majority owned by current RWC personnel, and supported by an external long-term focussed shareholder.

Within our management structure, the investment teams at RWC have a high degree of autonomy with regards to their investment process and, as such, the approach to incorporation of ESG considerations adopted by each investment team will differ, as will the approach to stewardship.

In line with their investment freedoms, each investment team is also responsible for developing internal policies and procedures for ESG integration within their respective investment mandates. Rather than use targeted financial rewards to drive the adoption of stewardship and its consideration within investment decision making, we have found that using this approach puts responsible investing into practice in a manner that is meaningful and genuine. It has also led to the identification of "ESG champions" within each investment team, although responsibility for stewardship activities (engagement and, where applicable, proxy voting) is shared amongst portfolio managers and analysts.

Looking across the full wavefront of our stewardship activity, individuals involved comprise juniors and seniors, the younger and the older, men and women, and also reflect a variety of different educational backgrounds and nationalities.

RWC Investment Teams	Asset class
Emerging and Frontier	Equity
Income & Value (UK focus)	Equity
Global Horizon	Equity
Global Equity Income	Equity
European Focus	Equity
European Equity (Pensato)*	Equity
Convertibles	Fixed Income (Investment grade)
Diversified Return	Multi-asset

* The analysis presented in this report excludes work undertaken by our European Equity team, in view of the closure of their funds which was announced in early 2021.

The basis on which stewardship is undertaken varies in accordance with the specifics of the strategy, the geography of focus, and idiosyncratic industry and company-level factors. Engagement can be effected by a variety of means; direct 1:1 with management or board directors; collaborative engagement via investor initiatives or, more rarely, in direct co-ordination with other investors; and, in more extreme cases, via public comment and use of investor rights beyond mere participation in shareholder meetings. No investment team outsources engagement activities to third parties. Proxy voting meanwhile is effected via ISS' ProxyExchange platform, with teams' vote decisions informed by ISS' benchmark research, as well as a variety of other relevant inputs. Investment teams retain full discretion to vote as they see fit, although must record any rationales for votes which either are cast against management or which differ from the default vote recommendation received.

Oversight is provided by Head of Investment Strategy and ESG, Arthur Grigoryants. Arthur defines the strategy and direction of the responsible investment approach for the entire organisation and oversees ESG integration by individual investment teams. Arthur also sits on the Executive Committee which meets on a weekly basis to review the ongoing management of the business, including ESG integration activities, with the appropriate level of control, as directed by the Board and CEO. He meets monthly with Heads of Investment Teams to discuss investment issues and the extent of any new or emerging concerns, for instance, over the resources applied to the delivery of stewardship in practice by the corporate core. He also chairs RWC's fortnightly Business Update Forum, designed for senior leadership within the RWC corporate core to share insight relating to upcoming workflow and to raise awareness of short term and long term resourcing constraints. With these mechanisms in place, we are able to make effective decisions around resourcing relevant to stewardship.

To support development of our responsible investment approach, we have formed an ESG Working Group, headed by Arthur, and comprising analysts from across the firm, which helps us to stay abreast of ESG regulatory developments, leverage our membership of the UN Principles for Responsible Investment, and assists investment teams to consolidate their respective processes into ESG summary policies.

We recognise however that more dedicated support is required, for example to help us leverage more effectively our membership of organisations focussing on responsible investment issues. Across 2020, we undertook a gap analysis to identify and evaluate areas for improvement in our proposition as a means to establish the need for further investment in our internal resources, which led to us appointing a Head of Sustainability and Integration in January 2021 who will enhance the day to day oversight and support for efforts to integrate sustainability considerations into all aspects of our work, including stewardship.

Principle 3

We welcome interaction with clients on all stewardship matters and are happy to receive comments on our stewardship approach as a means to ensure interests remain well aligned.

It is our policy to conduct all business in an honest and ethical manner. We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate. Conflicts of interest can arise from the interaction between RWC, our affiliates, employees and clients. Where the interests of these stakeholders are different, it can create a conflict of interest. We manage all conflicts of interest fairly, both between RWC and our clients, and between one client and another.

Our firm-level Conflicts of Interest policy sets out the principles and guidelines for identifying, managing, recording and, where relevant, disclosing existing or potential conflicts and protecting the interests of clients.

Within these, all staff and business areas are responsible for identifying actual or potential conflicts of interest in the first instance, and for raising issues or concerns with our Compliance Team. Steps to be taken include:

Assess and evaluate the risk posed by those conflicts of interest

Decide how to manage those conflicts (e.g. disclosure, managing and/or avoiding the conflict)

Report the conflict to the Compliance team

Record the action taken

Monitor the conflict on an on-going basis if required.

Given our scale, our approach to the management of conflicts of interest specific to stewardship activities reflects the application of pragmatism and reasonableness in alignment with the general conflict of interest policy outlined above. All investment teams are responsible for their own stewardship activities, which are undertaken in the interests of their respective clients. Consistent with the general Conflicts of Interest policy outlined above, where teams are invested in companies with whom RWC has a material business relationship, or in respect of which some other conflict or the perception of some other conflict, responsibility for implementing effective controls to manage the conflict rests with the relevant investment team, subject to the application of relevant policies not least our Personal Account Dealing policy.

New joiners are asked to report any conflicts of interest on appointment. Examples of conflicts that we would expect to be disclosed include family members working for competitors/investee companies/clients/service providers. Conflicts are addressed in practice in a contextually appropriate manner; for example, a staff member with a family member working for a strategically important client in a significant role might expect to be requested to have another member of our business present in discussions of a sensitive nature with that same client.

On the issue of proxy voting specifically, where client assets are managed within segregated accounts, we are happy to facilitate client-directed voting as required. Where clients delegate authority to us, voting is undertaken by investment teams on their behalf. RWC may nonetheless by exception agree to vote proxies in accordance with written instructions provided by the client with regard to specific items on a shareholder meeting's agenda. These instructions must be provided at least 10 business days in advance to allow for processing by our operations team and fund custodians.

As for pooled funds, RWC has adopted a Proxy Voting Policy to help it review and fulfil its fiduciary duties.

To the extent that RWC accepts proxy voting authority on behalf of its clients, RWC and relevant personnel shall comply with the relevant policies and procedures. While RWC's investment teams subscribe and adhere to RWC's Proxy Voting Policy, they have a high degree of autonomy with regards to their investment process. As a result, the approach of each investment team can differ depending on the strategy. Where the votes cast differ from the default recommendations provided by our proxy voting partner ISS, investment teams are required to document the rationale for doing so. This information can be provided to clients on request, within periodic voting reports.

Regarding engagement more broadly, we are happy to discuss our general engagement agenda and establish a collaborative strategy or strategies if there are any areas of overlap, where combining resources of two organisations might have a stronger impact.

In view of our deepening commitment to the issue of stewardship and responsible investment more generally, we expect to develop a firm-level policy specific to the management of conflicts of interest within stewardship activities over the course of the coming year.

Principle 4

Responsibility for assessing evolving market-wide and systemic risk rests with our investment teams, and is contextualised by the dynamics evident within the focus market and the characteristics of the strategies under management.

Whilst it has not been a major aspect of our responsible investment approach historically, we have in the past contributed selectively to market initiatives looking to understand and address risk. For example, the 2017 report prepared by the UN PRI “Responding to megatrends: Investment institutions trend index” featured an interview with our Head of Investment Strategy. We recognise though the growing interest in this area for market participants to play an active role in terms of responding to evolving market-wide and systemic risks, and we hope to be able to increase the volume of work we do in this connection under the oversight of our new Head of Sustainability (at least where risks relate to sustainability themes). For the time being, we continue to support the development of progressive policy relevant to our industry through membership of organisations such as the Investment Association (the UK trade association for asset managers) and the New City Initiative (which represents the interests of small asset managers).

Within investments, our approach to identifying and evaluating risk is led by asset-class and market specialists, and is informed particularly by the extent to which they expect risk events to occur within the relevant time frame. Nonetheless, we recognise that some systemic risks may be slow to emerge but when they do have potential to be extremely significant. Climate change is one of these. Having become a signatory to the UN Principles for Responsible Investment in 2020, and given their increasing focus on the issue, we recognise that going forwards all responsible investors are likely going to need to do more in this connection in future. Achieving alignment between the experience of clients as delivered through portfolios, and the advocacy work of the organisations of which we are a member, will be a keep aspect of delivering truly responsible investment in future.

Principle 5

All our policies are subject to regular review, with amendments made as necessary to reflect evolution in our own approach as well as progress in terms of best practice.

Policies relevant to stewardship activity include our Environmental, Social and Governance policy, our Stewardship Code 2012 statement, and our proxy voting policy. Each of these was reviewed during the course of 2020, with the recommendation to keep them in force noted on the policy register maintained by our Compliance department which is subject to oversight by our Executive Committee

As active investors, many of our teams interact intensively with company management. The close, ongoing conversations and in-depth understanding of their investments mean our teams are well-placed to engage directly on any areas of concern, including ESG-related risks. We fully support this pragmatic dialogue as it may impact the long-term results of our clients' investments.

In the context of our equity fund range, special reference should be made here to RWC's Active Ownership and Engagement Strategies: the RWC European Focus Fund and RWC Nissay Japan Focus Fund. Each of these funds has at the core of its investment strategy a focus on stewardship and engagement, using these to drive shareholder value creation within a framework of good corporate governance.

We continue to invest in our responsible investment approach and have in the year conducted a gap analysis to understand in better detail how related aspects of our business could be improved, including in relation to our stewardship policies and processes as well as related reporting.

Given the wide range of clients we service around the world (including pension funds, endowments, foundations, and sovereign wealth funds) we are highly aware of increasing expectations around the delivery of stewardship obligations and the pressure this is putting on managers to evolve their policies at a more granular level. As regards assurance, the close ongoing conversations between our teams and our Head of Investment Strategy help to ensure that there is sufficient encouragement of effective stewardship activity in practice, and that this is meeting client expectation (for example, through the inclusion of engagement case studies within client reports). This ongoing assurance is echoed through the interactions of teams with members of our ESG Working Group whose role is to champion the integration of ESG considerations within investments.

Specific to proxy voting, annual assurance is also provided in the form of the ISAE 3402 audit of our risk management controls framework.

Assurance and assessment of our approach will be enhanced also by virtue of the fact that our engagement activity will be subject to assessment by the UN PRI for the first time in 2021. Having joined the PRI in 2020, we will be completing the PRI member survey on a voluntary basis in 2021, and intend to incorporate the feedback we receive in the ongoing development of our approach.

Principle 6

We are client focussed in everything we do and provide reporting as requested.

An overview of our assets under management follows, representing a breakdown as at 31 December 2020 by asset class and client location/type:

Asset class

Equity	94.00%
Fixed Income (Convertible bonds)	5.60%
Multi-asset	0.40%

Client location

UK	39.00%
North America	29.60%
Europe ex UK	15.60%
Australia	8.20%
Middle East	5.30%
Singapore	1.50%
Japan	0.30%
Other	0.50%

Client type

Pension Funds	26.70%
Multi-Manager	15.80%
Sub-advisory	15.70%
Endowments / Foundation	13.50%
Private Bank / Financial Advisory	12.30%
Sovereign Wealth Fund	7.80%
HNW/Retail/Investment Trust	7.70%
RWC Staff	0.40%

We recognise that many clients, as owners of substantial assets and with liabilities extending out into the future, are exposed to risks that play out over the long-term. Within the context of our work to help clients achieve their long-term goals, all our investment teams adopt a similarly long-term focus although there are however practical limitations to this; for instance, the risk/return models used by our equity teams are relatively insensitive to events that play out in the medium to long-term and so in practice these events do not always have a clear bearing on investment theses; meanwhile, our convertible bonds team operates in a market where the average maturity is around seven years, meaning that investments are largely insulated from events playing out only in the long-term as these will occur after the typical bond matures. For these reasons, whilst sustainability factors may feature regularly in stewardship activity, it remains the case that they may in a practical sense play a rather more limited role in the management of portfolios on a day-to-day basis, not least given the implied discount factors that must be applied when modelling far out into the future.

Reporting to evidence our stewardship activity in practice is available on request, and can include case studies and voting reports, as well as the wider responsible investment characteristics of portfolios. Where requested, reports are typically provided on a quarterly or annual basis.

Engagement can be both pro-active and reactive, but in either case is undertaken cognisant that whilst some sustainability issues are material in investment terms, others are not. Our activity tends to concentrate on issues likely to have an impact on the investment thesis, although we will from time to time engage on issues where the investment materiality argument is less widely accepted; this could for example occur where a team manages assets for a client on a segregated basis and conducts engagement on a narrow set of issues of specific significance to them.

For clients in segregated mandates, whom we speak to most regularly, the opportunity to debate and discuss directly the outcomes of our stewardship activity provides a valuable mechanism for us to continually monitor the extent to which our processes remain robust as well as the need for any enhancement. Our teams place great value in being able to retain the trust of clients and so welcome direct input on their stewardship work as well as the opportunity to learn more about the themes of ongoing and evolving significance to clients.

Lastly, as noted above, our engagement activity will be subject to assessment by the UN PRI for the first time in 2021. Having joined the PRI in 2020, we will be completing the PRI member survey on a voluntary basis in 2021; whilst in our first year it is not our intention to make our transparency report public, future iterations of our submissions will be publicly available as a matter of course.

Principle 7

Our firm-wide Environment, Social and Governance policy provides the framework for integration activities across all funds.

In addition to our firm-level ESG policy, each investment team has a strategy-specific sub-policy detailing the manner and extent to which those aspects are incorporated in the investment approach. Clients who are interested to know more about what specific investment teams do are encouraged to review both the firm-level ESG Policy and the investment team level ESG-related documents to formulate a holistic view on the issue.

For instance, whilst all teams integrate sustainability considerations within investment research, different approaches can apply; whereas one team may focus primarily on the risk of a company becoming embroiled in an ESG-related controversy, another may adopt a more thematic approach to the identification of opportunity. Unless additional constraints are applied – by the fund or as required by our clients – such as a 'tilt' against a benchmark, or through the application of negative screens beyond the screening we already apply as a business, sustainability will be considered within other elements of the investment process (i.e. security selection and portfolio management) typically only to the extent it is material in the investment context.

The specific sustainability considerations reflected in research are those considered by the investment analyst to be most material in context, with many teams looking to key reference frameworks like the Sustainability Accounting Standards Board (SASB®) to obtain an objective opinion of the issues most material given an issuer's sector and its operational footprint. For instance, for an energy intensive business, carbon emissions will typically be a key metric, but where this is not the sole business line other sustainability factors may be of similar importance.

By way of example of an approach one of our teams applies to integrating stewardship in investment, our European Focus team engages deeply with companies to identify and unlock hidden value, using corporate governance as an enabler. Through promotion of the development of improved standards of internal operations, oversight and governance – which can involve taking a position on the investee company's board – the team seeks to apply management consultancy and stewardship techniques directly to the delivery of investment returns. Drawing on their extensive collective experience, the team has built a strong track record of identifying opportunities for European companies to harness efficiencies, embrace new opportunities, and deliver improved returns to shareholders. Through the development of improved internal risk management processes, improvements are also often made to corporate approaches to the management of environmental and social liabilities created through the course of operations.

Meanwhile, the team managing our Nissay Japan Focus Fund follows a similar process to unlocking value through engagement within their focus universe (Japanese companies), albeit without going so far as to take seats on boards.

Principle 8

All third-party service providers are subject to constant rolling review. Critical service providers are subject to additional oversight measures.

We retain third-party service providers to help facilitate specific aspects of our investment approach, including research on environmental, social and governance issues, as well as in respect of proxy voting.

Annual reviews of service providers require the completion of a standardised questionnaire, with responses collated and reviewed by our Enterprise Risk team. Based on these responses, any areas of emerging concern can then be identified and prioritised for attention, with the Enterprise Risk team engaging with principal service users within our business to establish the potential risks to the delivery of services as anticipated. The questionnaire is itself reviewed and updated annually to incorporate additional criteria we consider to be of relevance, not least to ensure equivalence between the standards we apply in our engagement work with our investments and the standards applied to our service providers.

Should concerns arise over the quality of any service received, whether raised by users or our Enterprise Risk team, we would normally raise these directly with the relevant account manager in the first instance. The extent and severity of concerns may ultimately bear upon our decision to maintain or pursue a business relationship with the provider in question. More substantive service reviews are conducted as deemed necessary.

Principle 9

Engagement is typically conducted diplomatically and discreetly. It is also normally conducted directly, but may also occur via collaborative initiatives arranged by organisations of which we are a member.

The issues on which we engage are varied, reflecting the extent to which individual sustainability factors are considered to be material in context, as well as the quality of an issuer's approach to managing them. The need for engagement is monitored constantly through reference to company communications, market commentary, as well third party data (including as provided by specialist researchers focussed on environmental, social and governance issues) as it updates over time.

Where we have serious concerns, we will typically look to engage pro-actively but engagements may otherwise be arranged opportunistically, taking up meetings with issuers as they are made available to us, for reasons of efficiency given the typical size of our investment in a given company and in view of the resource constraints applicable in practice.

Within our approach, we typically engage members of management on financial considerations and members of the Board on matters relating to sustainability and business strategy; however, there may be times where this distinction is inappropriate to observe. We may also engage with third parties in positions of influence e.g. a company's broker, as required. Engagement can take the form of in person meetings, phone calls or written exchanges; for the purposes of this exercise, proxy voting is considered separate and distinct from engagement, although in practice the two can be very closely linked.

Within the strategies we manage that have a dedicated stewardship focus, where we typically have much larger positions than arise within our conventional funds, engagement is undertaken much more pro-actively and often to a much deeper level of detail. Where our ownership stakes are significant, we may look to secure Board level representation to help guide the companies in which we invest. We may also look to participate in person at company shareholder meetings, in particular where we are represented on a company's Board.

Diplomatic engagement approaches are not always fruitful however. Should concerns arise that are particularly severe, and where more conventional engagement has proven unproductive, we may on occasion make public statements as a means to raise broader awareness of our concerns and encourage issuers to address them, or otherwise make use of the rights available to us as a shareholder to support the filing of shareholder proposals.

Across 2020, we engaged over 100 individual companies[1], the majority of which we spoke to multiple times. Governance and multi-themed engagements predominate which is unsurprising given the dedicated stewardship focus of two of our funds, but engagement has also been pursued on distinct environmental and social issues as well (including in relation to emissions targets, energy transition strategy, human rights, and modern slavery) as appropriate. As appropriate, specific correspondence has been held with Chairs, other directors, CEOs, CFOs and other targeted members of management on site, in person, via video conference, via telephone, and in writing. The list overleaf identifies those companies with whom we have engaged:

[1] The analysis presented in this report excludes work undertaken by our European Equity team, in view of the closure of their funds which was announced in early 2021.

List of companies with whom RWC teams engaged across 2020

AA
Addiko Bank AG
Akastor
Aker solutions
Alamos Gold Inc
AllHome Corp.
Anglo American
Anglo American Platinum
APL Apollo Tubes
Asahi Intecc
Aviva
Barrick Gold
Beijing Sinnet Technology Co
BIM Birlesik Magazalar
BP
Capita
Cavco
Centrica
Corbion
Cosmos Pharma
Costco
Credicorp Ltd
Daifuku
Dixons
Eagle materials
Ebara
EMGS
ENI
En-Japan
Essentra
Fancl
First Quantum
Genomma Lab International
Giken
Globalwafers Co. Ltd
GMO Payment Gateway
Hangzhou Robam Appliances
Han's Laser Technology
Hatton National Bank Plc
Hoa Phat Group
Hochschild Mining
Huazhu Group
Hyve
Infomart
Italmobiliare
ITV
JCU
JD.com
Jollibee Foods Corp
Just Systems
Kaz Minerals
Kingfisher
Kongsberg Automotive
Kotobuki Spirits
Lasertec
Lazard
LivaNova
Live nation
Lixil
M3 Inc.
Marks & Spencer
McKesson
Milbon
Mitie
Miura
MonotaRO
MP Materials
Nabtesco
Nakanishi
NatWest Group
Newmont Mining
Nihon M&A Center
NN Group
Offshore Oil Engineering Co
Opus group
Pearson
Relo Group
Rolls Royce
Royal Dutch Shell
Royal Mail
RPS
Ryohin Keikaku
Savannah Energy PLC
Savills
Scotts Miracle Gro
Serco
Solar
SolGold
Standard Chartered
TBC Bank Group PLC
Technicolor
Telefonica
Total
Total SE
Tribal
Tullow Oil Plc
Turkiye Garanti Bank
Universal Robina Corp
Vectura
Vietnam Prosperity Bank
Vincom Retail
Vingroup
Yakult Honsha

The names shown above are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations or advice. No investment strategy or risk management technique can guarantee returns or eliminate risks in any market environment.

Principle 10

Collaboration is considered and used when appropriate.

As a signatory to the UN Principles for Responsible Investment, we are able to monitor the PRI's 'Clearinghouse' to identify opportunities for participation in collaborative engagements. Where engagements relate to companies whose securities we hold and are aligned to our own objectives, we may look to participate.

We are also members of the UK's Investor Forum, on organisation designed to facilitate collaborative engagement with UK-listed companies.

During the year, we participated in the Investor Forum's engagement with UK-listed Pearson plc. The engagement focused on CEO succession planning, which had been an issue of concern for us; lacking the scale to drive change directly, we saw merit in joining a collaborative effort as a means to add our weight to the core requests being made which were well aligned to our own thinking. The outcome was that a new CEO was appointed to help lead the business forwards, with the Pearson Board better appraised of the expectations of a broad cross-section of its UK shareholder base. We continue to monitor the situation closely however given the issues outstanding around incentive arrangements which were not a core focus of the collaboration.

Principle 11

We approach stewardship strategically, and adopt a flexible approach.

Where conventional engagement approaches are unproductive, and we see that there may be advantage for our clients in us adopting alternative strategies, we may look to escalate our approach.

Escalated engagement is normally subject to prior consultation with the Head of Investment Strategy and ESG, General Counsel and Chief Compliance Officer, and our Executive committee in view of the increased attention this can bring.

During 2020, we made a number of public statements regarding the acquisition of Kaz Minerals plc, a company in which we held a significant investment. Dissatisfied by the price recommended by the Board to shareholders, we reviewed our options before deciding that the only practical solution was to speak to the press in part to bring the Board's decision under greater scrutiny, to demonstrate to our clients how we were acting in their interests, and to help other investors understand why the price being offered should be considered insufficient.

The names shown above are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations or advice. No investment strategy or risk management technique can guarantee returns or eliminate risks in any market environment.

Principle 12

As a responsible investor, we recognise and aim to use appropriately and proportionately the rights and responsibilities accruing to us across all our investments.

For our equity teams, a key aspect of stewardship activity is the use of shareholder voting rights. Across all teams, we aim to cast votes in respect of all shares where we have authority to do so; despite this, and although we do not as a business engage in stock lending (which might otherwise compromise our ability to vote), shareblocking and other local market technicalities can occasionally frustrate our ability to participate in the voting process.

Responsibility for voting rests with the relevant investment team. Given that we do not as a matter of policy support client directed voting in pooled funds, the approach adopted by each team is framed through recognition of the need to meet the expectations of their respective clients as well as evolving market best practice. Considering how best to reflect the centre of gravity of client views is a critical component within this, as is calibrating the voting approach to ensure consistency with the application of broader stewardship responsibilities. Where voting rights are formally delegated to RWC, stewardship examples and vote reports are provided on request, to facilitate discussion and debate on our approach.

Teams have a general preference to support management; however, as required, dissenting votes are cast across all proposal types. In formulating vote decisions, the process followed reflects the stewardship approach of each team. In the main, teams draw on their own past engagement experience (we do not use third party engagement service providers although our clients may do so) as well as other information sources including corporate governance research issued by ISS. As such, even where votes cast match ISS' recommendations, it tends to be the case that ISS' research is an input to, rather than the sole determinant of, the decision taken.

Given that teams may hold securities issued by a common issuer, it is possible – albeit rare in practice - that at the same shareholder meeting two or more teams do not vote identically. Teams are however encouraged to share insights amongst themselves ahead of meetings as a means to reduce the risk of diametrically opposing votes being cast. Where votes differ, we look to record and rationalise the decisions taken by each team.

A statistical review of voting across 2020 follows for those meetings where we were able to vote, in respect of which votes were cast identically across all ballots.

Statistical Review of Proxy Voting: Calendar Year 2020

Table 1 – Meeting level

Number of meetings voted	462
Number of meetings voted with >1 vote against management	203 (44%)

Table 2 – Proposal level – management proposals, by type

		VOTE CAST	
	TOTAL	SUPPORT	DISSENT
Number of management proposals voted	5215	90.87%	9.13%
Antitakeover Related	80	98.75%	1.25%
Capitalization	736	88.59%	11.41%
Directors Related	2271	92.43%	7.57%
Miscellaneous	9	100.00%	0.00%
Compensation	503	81.71%	18.29%
Preferred/Bondholder	14	78.57%	21.43%
Reorganisations and Mergers	181	79.56%	20.44%
Routine Business	1421	93.88%	6.12%

Table 3 – Proposal level – shareholder proposals, by type

		VOTE CAST	
	TOTAL	SUPPORT	DISSENT
Number of shareholder proposals voted	118	63.56%	36.44%
Compensation	3	33.33%	66.67%
Corporate Governance	9	22.22%	77.78%
Director Related	69	73.91%	26.09%
Health/Environment	7	42.86%	57.14%
Other	10	30.00%	70.00%
Routine Business	13	76.92%	23.08%
Social / Human Rights	7	71.43%	28.57%

Table 4 – Proposal level - Votes against ISS recommendation

		VOTE CAST	
	TOTAL	**SUPPORT**	**DISSENT**
Number of management proposals voted	100	70	30
Number of shareholder proposals voted	6	2	4

Table 5 – Meetings by region

Number of meetings voted (by region)	**Number**	**% of Total**
UK	108	23.38%
Europe (ex UK)	88	19.05%
Asia (ex China)	80	17.32%
China	53	11.47%
USA	44	9.52%
Africa	29	6.28%
North America (ex USA)	26	5.63%
South America	23	4.98%
Other	11	2.37%

Table 6 – Significant votes

The table below highlights where both (1) we dissented from supporting a management proposal, or supported a shareholder proposal, and (2) we departed from the default vote recommendation provided to us by ISS.

Company Name	Item	Proposal	Rationale	Vote Cast
Amazon.com, Inc.	**9**	Require Independent Board Chairman	Support appointment of an independent Chair	For
American Airlines Group Inc.	**1h**	Elect Director Denise M. O'Leary	Remuneration related	Against
American Airlines Group Inc.	**3**	Advisory Vote to Ratify Named Executive Officers' Compensation	Remuneration related	Against
Baker Hughes Company	**2**	Advisory Vote to Ratify Named Executive Officers' Compensation	Remuneration related	Against
Cavco Industries, Inc.	**2**	Advisory Vote to Ratify Named Executive Officers' Compensation	Remuneration related	Against
CBRE Group, Inc.	**3**	Advisory Vote to Ratify Named Executive Officers' Compensation	Remuneration related	Against
Dialog Semiconductor Plc	**11**	Authorise Issue of Equity without Pre-emptive Rights	Disenfranchises minority shareholders	Against
Dialog Semiconductor Plc	**12**	Authorise Issue of Equity without Pre-emptive Rights in Connection with an Acquisition or Other Capital Investment	Disenfranchises minority shareholders	Against
Georgia Capital Plc	**3**	Re-elect Irakli Gilauri as Director	Support appointment of an independent Chair	Against
GlaxoSmithKline Plc	**2**	Approve Remuneration Report	Remuneration related	Against
GlaxoSmithKline Plc	**3**	Approve Remuneration Policy	Remuneration related	Against
GlaxoSmithKline Plc	**15**	Re-elect Urs Rohner as Director	Remuneration related	Against
HelloFresh SE	**6.1**	Reelect Jeffrey Lieberman to the Supervisory Board	Board independence	Against
HelloFresh SE	**6.2**	Reelect Ugo Arzani to the Supervisory Board	Board independence	Against
HelloFresh SE	**6.3**	Reelect Ursula Radeke-Pietsch to the Supervisory Board	Board independence	Against
HelloFresh SE	**6.4**	Reelect John Rittenhouse to the Supervisory Board	Board independence	Against
HelloFresh SE	**6.5**	Reelect Derek Zissman to the Supervisory Board	Board independence	Against
Italmobiliare SpA	**3.3.2**	Slate 2 Submitted by RWC Asset Management LLP and Fidelity International	Board independence	For
Jardine Strategic Holdings Ltd.	**7**	Authorise Issue of Equity	Disenfranchises minority shareholders	Against

Company Name	Item	Proposal	Rationale	Vote Cast
Lennar Corporation	**2**	Advisory Vote to Ratify Named Executive Officers' Compensation	Remuneration related	Against
Lloyds Banking Group Plc	**5**	Re-elect Lord Blackwell as Director	Remuneration related	Against
Lloyds Banking Group Plc	**13**	Re-elect Stuart Sinclair as Director	Remuneration related	Against
Mandarin Oriental International Ltd.	**9**	Authorise Issue of Equity	Disenfranchises minority shareholders	Against
PACCAR Inc	**1.10**	Elect Director Gregory M. E. Spierkel	Remuneration related	Against
PACCAR Inc	**2**	Advisory Vote to Ratify Named Executive Officers' Compensation	Remuneration related	Against
Telefonica SA	**9**	Advisory Vote on Remuneration Report	Remuneration related	Against
TomTom NV	**4**	Approve Remuneration Report	Remuneration related	Against

SRD II Compliance statement (COBS 2.2B)

Research consumed in the formulation of our proxy voting decisions includes research provided by Institutional Shareholder Services (ISS). This research informs but is not determinative of the final voting decisions applied. Ultimate responsibility for voting rests with the relevant investment team.

All votes are executed on the ISS Proxy Exchange platform.

We do not use third party engagement service providers.

Our engagement policy currently in force should be interpreted with particular reference to the commentary provided in respect of Principles 1, 3, 5, 6, 7 and 8-12, and our approach to evaluating the medium- to long-term performance of a company should be interpreted with particular reference to the "Environment, Social and Governance Policy" disclosed on our website.

Most significant votes for 2020 are as shown in the Statistical Review of our UK Stewardship Code Report.

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The Alternative Fund Managers Directive (Directive 2011/61/EU) (“AIFMD”) is a regulatory regime which came into full effect in the EEA on 22 July 2014. RWC Asset Management LLP is an Alternative Investment Fund Manager (an “AIFM”) to certain funds managed by it (each an “AIF”). The AIFM is required to make available to investors certain prescribed information prior to their investment in an AIF. The majority of the prescribed information is contained in the latest Offering Document of the

AIF. The remainder of the prescribed information is contained in the relevant AIF's annual report and accounts. All of the information is provided in accordance with the AIFMD.

In relation to each member state of the EEA (each a "Member State"), this document may only be distributed and shares in a RWC fund ("Shares") may only be offered and placed to the extent that (a) the relevant RWC fund is permitted to be marketed to professional investors in accordance with the AIFMD (as implemented into the local law/regulation of the relevant Member State); or (b) this document may otherwise be lawfully distributed and the Shares may lawfully offered or placed in that Member State (including at the initiative of the investor).

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The representative and paying agent of the RWC-managed funds in Switzerland (the "Representative in Switzerland") is Société Générale, Paris, Zurich Branch, Talacker 50,

P.O. Box 5070, CH-8021 Zurich. In respect of the units of the RWC-managed funds distributed in Switzerland, the place of performance and jurisdiction is at the registered office of the Representative in Switzerland.