

Engagement Policy Statement under the Shareholder Rights Directive II

The revised Shareholder Rights Directive (SRD II) came into force from 10th June 2019 and aims to promote better shareholder engagement and improve transparency in the ownership of companies. It follows the European Commission's analysis of shortcomings in corporate governance during the financial crisis which identified key issues of short termism and insufficient engagement by shareholders.

SRD II, as implemented by the Financial Conduct Authority through their Conduct of Business and Systems & Controls rules, requires asset owners (life insurers and occupational pension schemes) and asset managers to make disclosures about their long-term investment strategies, their arrangements with each other and their engagement with the companies in which they invest. Accordingly, as asset managers, we must either:

- develop and publicly disclose an engagement policy and annually disclose publicly how the policy has been implemented; or
- disclose publicly why we have chosen not to develop such a policy

This statement explains RXi Wealth Limited's decision not to develop a formal Engagement Policy.

We provide discretionary investment management services directly to retail clients across a limited range of model portfolios. Our Investment Committee (IC) predominantly selects funds – Open-Ended Investment Companies (OEICs) and unit trusts – as portfolio assets, which are outside the scope of the Directive.

The IC may choose to invest a small proportion of some portfolios in assets which are traded on a regulated market – for example company shares, private equity, or Exchange Traded Funds - which are within scope of the Directive. However, our ability to engage with these companies is extremely limited as the proportion of their shares we would hold in our portfolios is tiny compared with those held by and for the large institutional asset owners.

We therefore consider that it would be disproportionate to develop a formal Engagement Policy.

12 August 2019