



Investment  
Solutions

## Stewardship Code

January 2011

Under COBS 2.2 of the FSA Handbook, we are required to make a public disclosure in relation to the nature of our commitment to the above Code, which was published by the Financial Reporting Council ('FRC') in July 2010.

The Code aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

This report is intended to enable our clients to understand the manner in which we treat the Stewardship Code at Investment Solutions Limited (ISL) and Investment Solutions Fund Managers Ltd (ISFM) hereafter referred to as Investment Solutions. While, Investment Solutions supports and upholds the objectives of the Code, it manages Life Funds and Collective Investment Schemes which invest in other manager's funds or segregated accounts and as such we delegate the code's responsibility to external managers.

### **Principle 1: Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities**

Investment Solutions is a multi-manager investor. We outsource the investment management to a range of different investment managers. As part of the due diligence process we use to select the managers, we assess the merits of the investment manager's research and company selection process. We do not prescribe how managers adhere to the code but we ask for their own statements and check to see if they are consistent with their own code.

We do not prescribe how investment managers should invest, in fact we look to invest in a wide range of investment styles and processes for diversification purposes. Therefore we expect that investment managers will adhere to the code in different ways. There are managers whose processes are quantitative where their adherence maybe minimal or non-existent. However, on balance we expect that the managers we appoint will tend towards adherence to the code.

In the majority of cases we invest in investment manager's funds (collective investment schemes) but where we invest in segregated accounts we are guided by the recommendations of the investment manager when we are required to vote.

### **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.**

We have not come across a situation that has incurred conflicts of interest. As we are removed from the day-to-day investment in companies and for the most part we are invested in funds so this conflict does not arise.

Investment Solutions ownership structure is such that there is no conflict of interest between our clients' investment interests and the position of Investment Solutions, or any other part of the parent Group.

Investment Solutions maintains a Conflicts of Interest Policy which is reviewed by senior management on an annual basis.

#### Investment Solutions

3rd Floor, 1 Royal Exchange, London EC3V 3LN  
t: 020 7847 3300 f: 020 7847 3399  
enquiries@isltd.co.uk  
www.isltd.co.uk



# Investment Solutions

## **Principle 3: Institutional investors should monitor their investee companies**

Investment Solutions regularly monitors the investment managers that it appoints and has transparency in the portfolios they manage for us. Quarterly, the investment managers report to us on their investment activities and the performance of their portfolios.

Following these meetings, we write appraisals where any material findings are documented and these are presented to the Investment Committee. Should any issues of concern arise, these will be pursued and recorded with the Investment Committee being kept informed.

Before appointment, we ask for the Investment manager's code, through a Due Diligence questionnaire, and this will be monitored as events require.

## **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**

Investment Solutions delegates this responsibility to the investment managers. We will assess their actions in relation to the investment manager's original stated process and philosophy as a check for consistency. Where controversial decisions are required we will seek to understand the manager's positions.

## **Principle 5: Institutional investors should be willing to act collectively with other investors where appropriate**

We delegate to the investment managers. If asked we would consider collaboration as our objective is always to ensure the best long-term outcome for our clients.

## **Principle 6: Institutional investors should have a clear policy on voting and disclosure of voting activity**

We delegate this activity to our investment managers. While our business model outsources direct company investment, from time to time Investment Solutions may engage in direct company investments such as Investment trusts. In these situations Investment Solutions will use a third party proxy administrator to be responsible for performing certain proxy voting services. Currently, the proxy voting provider is BNY Mellon.

## **Principle 7: Institutional investors should report periodically on their stewardship and voting activities**

As direct company investment is not a core activity at Investment Solutions it will not publish a statement explaining its voting patterns, except where Investment Solutions has exercised any stewardship rights as the holder of a security. Affected clients will be provided appropriate information on request.

Investment Solutions Limited and Investment Solutions Fund Managers Limited are authorised and regulated by the Financial Services Authority. Investment Solutions Limited Registered No. 3104978. Investment Solutions Fund Managers Limited Registered No. 842763. Registered in England and Wales at: 5th Floor, Leon House, 233 High Street, Croydon, Surrey CR9 9AF.