

## *Policy for the exercise of voting rights*

<b>Original entry into force:</b>	<b>16/09/2013</b>
<b>Amended on</b>	<b>18/11/2019</b>
<b>Version</b>	<b>3</b>
<b>Line Managers or departments involved</b>	Compliance and Portfolio Management
<b>Legal requirements</b>	<p>In preparing this Policy, SELECTRA Management Company S.A. (hereinafter “SMC”) has endeavoured to align its procedures with the relevant legal requirements and current best practice. In particular, this Policy is designed to is aimed at complying with the requirements of:</p> <ul style="list-style-type: none"> <li>- Law of 17 December 2010 relating to Undertakings for Collective Investment</li> <li>- Law of 12 July 2013 on Alternative Investment Managers.</li> <li>- Delegated regulation of EU Commission no. 231/2013 art. 37 supplementing directive 2011/61 EU</li> <li>- CSSF Regulation no. 10-4</li> <li>- CSSF Circular 18/698.</li> </ul>
<b>Aim</b>	<p>The Policy applies to the funds for which SMC acts as Management Company (the “Funds”).</p> <p>In this document, a Fund will represent either a UCITS or an AIF for which this voting Policy is applicable.</p> <p>SMC may invest in shares or other securities that may grant the right to exercise a vote.</p> <p>In relation to the exercise of such voting rights, SMC shall implement the following strategy in order to: a) monitor all relevant corporate actions; b) ensure that the exercise of voting rights is in accordance with the investment objectives and Policy of the relevant Fund; c) prevent or manage any conflicts of interest arising from the exercise of voting rights.</p>
<b>Validity / Approval:</b>	The Conducting Officers and the Board of Directors of SMC must approve this Procedure.
<b>Availability</b>	Paper and digital copy of this Policy is accessible to all employees at the registered office of SMC.

	A brief description of this strategy is available to investors free of charge, in Selectra's website.
<b>Updating / Review</b>	The Policy will be regularly reviewed and updated in the following cases: <ul style="list-style-type: none"><li>- change of applicable legislation;</li><li>- any new legal requirement;</li><li>- any other change that would have an impact on the procedure.</li></ul>
<b>Communication to the CSSF</b>	On demand.

## System to be used in relation to the exercise of voting rights

### Preliminary

This Policy applies to SMC and to the appointed investment managers and advisors in the context of managing UCITS and AIFS (jointly hereafter referred to as ‘Funds’), Any Fund that has not specifically mandated SMC to exercise the voting rights attached to the instruments held in its portfolio, must develop its own strategy for the exercise of voting rights.

In such case the Investment Managers shall provide the Custodian Bank with the names of the persons authorised (Authorized Signatory) to give instructions to the Custodian Bank, together with specimens of their signatures. The Investment Managers shall advise the Custodian Bank each time the Authorized Signatory list changes, and provide it with the latest version of the document.

### Process

Each time an asset within Fund is impacted by a corporate action, the Custodian Bank advises the Investment Manager by fax and sends a copy of the notification to the Administrative Agent by fax.

For the events, which require an action to be taken, the Custodian Bank requests instructions duly signed by any Authorised Signatory (see part “preliminary”) by the stated deadline. Those instructions shall be sent to the fax number indicated in the notification.

The information used is essentially provided by financial service providers (e.g. Bloomberg, Telekurs, etc.) and by the Custodian Bank’s correspondent network.

The Custodian Bank will communicate the Investment Manager’s decision to the Administrative Agent by fax and give appropriate instructions to its sub-custodian.

Failing to receive any instruction by the Custodian Bank deadline by fax as mentioned in the notice, the default action will be applied automatically.

### Strategy for the exercise of voting rights

The exercise of voting rights on behalf of the Fund will be exercised, to the exclusive benefit of the Fund and its investors based on the following guidelines:

**Corporate Governance:** SMC will generally vote in favour of the management’s proposed directors in uncontested elections. For contested elections, SMC will vote for candidates that, in SMC’s opinion, best serve the interests of the Fund(s) concerned and of investors. SMC will further generally vote in favour of the appointment of external/independent directors at the boards of underlying securities issuers, as SMC believes that such directors are beneficial to the development of the relevant securities issuers. SMC will oppose to the appointment of any director whom SMC or the Investment Manager considers as unsuitable based on his/her experience or qualifications.

**Takeover Defence and Related Actions:** all proposals will be monitored and reviewed on a case-by-case basis; this taking into consideration the best interest of the Shareholders.

**Mergers/Acquisitions:** all proposals will be monitored and reviewed on a case-by-case basis; this taking into consideration the best interest of the Shareholders. Only if sufficient information exists and the process is in line with the interests of investors SMC will vote for mergers or acquisitions.

**Directors/Employee compensation:** SMC believes that the directors/employee compensations (including bonuses and other extraordinary incentive provisions) are part of the ordinary business and will generally vote in favour of directors/employee compensations at the level of underlying securities issuers in line with the interest of investors. SMC will take into consideration the economic position of the security issuer and the rationale behind the relevant directors/employee compensation proposals when deciding how to vote on any such matter, in the best interest of the investors.

**Capital Structure:** in the absence of unusual circumstances, SMC will vote in favour of proposed increases in authorized capital. Any proposal which involves the issuance of preferred shares or which gives the directors of the security issuer the authority to assign disproportionate voting rights at the time the securities are issued will be subject to reinforced review prior to approval. When deciding how to vote on any proposed restructuring or recapitalization, SMC, if it is not detrimental to the Funds' shareholders, will consider whether the proposed action is the best means of enhancing value for the funds holding the securities and will positively affect the security issuer's long term prospects.

**Compliance with investment objective / Policy of the SICAV's sub funds:** SMC, when exercising voting rights in relation to securities held by its Fund, will always exercise such voting rights in compliance with the investment objective and Policy of the relevant Fund.

**Conflicts of interest:** SMC may find itself in a situation where it has to exercise voting rights in relation to two or more underlying securities issuers with diverging/opposed interests, which may adversely affect a securities issuer and, subsequently, the net asset value of a sub-fund of the Fund. In such situation SMC will prevent or manage these conflict of interests arising from the exercise of voting rights, deciding on the direction of the votes on a case by case basis evaluating which of the two/more choices will affect less the sub-fund's NAV and vote consequently. Any new conflict of interest will be dealt on as per the procedures explained in the conflict of interest Policy.

**External advice:** SMC, from time to time, may seek recommendations from third-party service providers in relation to the exercise of voting rights; such service providers will be paid out of the assets of the relevant Fund.

**Reporting:** if the financial statements are not compliant with standard accounting rules, SMC will vote against the acceptance of the annual financial statements in line with the exclusive benefit of the Fund and the best interest of the investors.

### **Information of shareholders**

A summary of the description of the strategy for exercising voting rights is available to the funds' shareholders free of any charge on Selectra's website: <http://www.selectra.lu/>

### **Conclusion**

Based on the above, SMC is comfortable that voting rights shall be exercised in the best interest of the Funds, their sub-funds and their shareholders.