

Voting Rights Policy

Purpose and applicability

AVEGA Capital Management S.A. (hereafter “ACM” or the “Company”) is an Alternative Investment Fund Manager (hereafter “AIFM”) pursuant to Chapter 2 of the Law dated 12 July 2013 on alternative investment fund managers (“AIFM Law”).

The exercise of voting rights is one of the key areas of the internal governance system for investment fund managers, as highlighted most recently by CSSF Circular 18/698 (art. 159). The present procedure is to be seen in the context of ACM’s obligation to develop adequate and effective strategies for determining when and how any voting rights attached to instruments held in the portfolios of the funds managed and administered by ACM (the “Funds”) are to be exercised, to the exclusive benefit of the Funds and their investors.

The objective of the present policy is to describe ACM’s approach with regard to such voting rights, and in particular:

- Determine when and how voting rights attached to such instruments are to be exercised;
- Identify and help to manage potential or existing conflicts of interest related to the exercise of such voting rights; and as such
- Ensure compliance by ACM and the Funds with all applicable laws and regulations covering AIF structures.

Version history and approval

Date	Prepared by	Approved by
30 September 2019	Stephan Grimm	Board of Directors

This Policy is dated 30 September 2019 (“the **Date of this Policy**”).

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Introduction

ACM can act as investment manager for which the exercise of voting rights remains with the Company. Among these in-house managed investment funds and other unregulated investment structures (“funds”) may be cases, in which ACM makes use of external professional advice for the exercise of voting rights or even delegates it to a third party service provider.

This Voting Rights Policy (“Policy”) has been reasonably designed to ensure that ACM in its capacity as investment manager exercises the voting rights attached to equities held by the Funds in the best interest of the investors and of the Funds.

As laid out by Art. 37 of the AIFM CDR, ACM is obliged to develop adequate and effective strategies for determining when and how any voting rights held in the Fund portfolios that it manages are to be exercised, to the exclusive benefit of the concerned Fund and its investors. Such strategy shall determine measures and procedures for:

- a) Monitoring relevant corporate actions
- b) Ensuring that the exercise of voting rights is in accordance with the investment objectives and policy of the relevant Fund; and
- c) Preventing or managing any conflicts of interest arising from the exercise of voting rights.

Finally, a summary description of the strategies and details of the actions taken on the basis of those strategies shall be made available to the investors free of charge.

The present procedure is to be read in conjunction with the “Conflicts of interest” policy.

Exercise of voting rights

ACM is of the view that exercising voting rights, whenever possible without incurring undue costs, is in the best economic interest of the shareholders of the Funds and aligned with the desire to safeguard investments, which are made with the aim of achieving financial success and based on prudent, responsible business behavior.

As a general principle ACM exercises the voting rights attached to equities held by the Funds. However, ACM may deviate from this principle, if the shareholding represents only a small part of the investing Fund’s total portfolio value and thereby the benefit of exercising the voting rights has little impact on the overall portfolio of the Fund.

Other factors, including but not limited to local regulations, which may render the exercise of voting rights cumbersome and costly or restrict ACMs possibility to trade the shares in question, may also affect the decision whether it is in the best interest of the investors of the Funds to exercise the voting rights.

The portfolio management department / Investment committee of ACM shall be responsible for making decisions with respect to the voting rights. In cases where ACM makes use of external professional advice for the exercise of voting rights or even delegates it to third parties these third parties and advisors are subject to the general principles of the previous chapter.

When voting rights are directly exercised by ACM the below list represents a non-exhaustive list of criteria to be considered:

- Protection of shareholder rights and interests,
- Enhancement of profitability stemming from operational activities of the company,

- Restructuring and reorganizing of the company,
- Growth of intrinsic value of the corporation,
- Improvement of corporate governance of the company,
- Improvement of financial structure of the company,
- Formal and transparent Board of Director nomination and election process,
- Remuneration of the members of the Board of Director,
- Transparency and communication.

Under some circumstances and due to the nature and specific investment strategies of the Funds in scope of AIFMD, not all criteria as listed above can be considered at the same time.