MultiConcept Fund Management S.A. Engagement Policy ("MCFM Engagement Policy")

The aim of the MultiConcept Fund Management S.A. ("MCFM") Engagement Policy is to outline the principles to be applied by MCFM's appointed Portfolio Managers with regard to the monitoring of, voting in respect of and engagement with investee companies and to ensure implementation of Art. 3g of the Shareholder Rights Directive[1]

As a matter of principle, MCFM delegates the portfolio management function and the exercise of shareholder rights to Portfolio Managers (each a "Portfolio Manager" [2]). MCFM requires Portfolio Managers to express their engagement in line with the EFAMA stewardship code[3] . This policy applies to Portfolio Managers who invest into equities of companies domiciled in the European Economic Area (EEA) and are listed on a recognized trading venue in the EEA.

Effective date

The MCFM Engagement Policy Statement applies as of June 10, 2019.

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[1] Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (text with EEA relevance) ("SRD II").

[2] For the avoidance of doubt, in the context of this Policy the term "Portfolio Manager" should be understood to refer to both Portfolio Managers and Investment Managers.

[3] http://www.efama.org/Publications/Public/Corporate_Governance/EFAMA%20Stewardship%20Code.pdf.

Principles of the MCFM Engagement Policy Statement

MCFM expects that Portfolio Managers follow the EFAMA Stewardship Code[4] including, but not limited to, the minimum requirements below:

Principle 1:

Portfolio Managers should have an engagement policy available to the public on whether, and if so how, they exercise their stewardship responsibilities. Where Portfolio Managers decide not to develop an engagement policy, they should give a clear and reasoned explanation as to why this is the case.

Principle 2:

Portfolio Managers should monitor their investee companies in accordance with their engagement policy.

Principle 3:

Portfolio Managers should establish clear guidelines on when and how they will escalate engagement with investee companies to protect and enhance value of their clients' investments.

In addition to regular dialogue with officials at investee companies, MCFM expects its Portfolio Managers to, amongst other potential measures, adopt protocols applicable to the following scenarios:

- Meetings with non-executive directors,
- Voting against the company at its AGM,
- Calling an EGM to propose shareholder action,
- Reducing or liquidating the holding.

Principle 4:

Portfolio Managers should consider acting with other investors, where appropriate, having due regard to applicable rules on acting in concert.

A Portfolio Manager would generally be expected to engage in dialogue with its investee companies directly; however, it may also collaborate with other shareholders, where it considers such actions appropriate and where such actions are deemed to be in the best interest of its clients. In doing so the Portfolio Manager must ensure such action does not represent a violation of anti-trust or other relevant legislation.

Principle 5:

Portfolio Managers should exercise their voting rights in a considered way.

MCFM considers the exercise of voting rights a key element in bearing stewardship responsibilities for clients' assets. Voting serves Portfolio Managers in the escalation of issues and the expression of concerns and opinions. A Portfolio Manager should ensure effective and efficient voting processes and controls by focusing on investments that are material to the portfolio.

[4] http://www.efama.org/Publications/Public/Corporate_Governance/EFAMA%20Stewardship%20Code.pdf

Approach in respect of the exercise of voting rights

Due to the scale and diversity of the Portfolio Manager's investment strategies, investment teams may employ different strategies when exercising voting rights. The MCFM Voting Policy describes the threshold criteria for significant holdings as general principle criteria for voting for or against routine matters.

Engaging the services of proxy advisors

In order to facilitate well-founded voting decisions, Portfolio Managers will rely on several sources of information. To cover the extensive scope of investee companies, Portfolio Managers may utilize the services of external proxy advisors, where appropriate. Such proxy advisors must adhere to the SRD II and the Portfolio Managers will disclose the proxy voting results to MCFM. Voting recommendations provided by proxy advisors should serve as one source, among others, within a Portfolio Manager's decision-making process in respect of voting topics and should supplement the Portfolio Manager's internal research.
MCFM evaluates ex-post voting decisions in accordance with the MCFM Voting Policy.

Conflicts of interest arising from the exercise of voting rights

In the context of exercising voting rights, it is possible that a Portfolio Manager could encounter actual or perceived conflicts of interest. Portfolio Managers are expected to have policies and procedures in place to manage such conflicts of interest.

Principle 6:

Portfolio Managers should disclose the implementation and results of their engagement policy and EFAMA stewardship and voting activities.

Once a year, the Portfolio Manager must disclose how the engagement policy has been implemented, including a general description of voting behavior, an explanation of the most significant votes (e.g. if voting against a proposition) and information on the use of proxy voting advisors.
While MCFM and the Portfolio Managers will adopt a transparent approach in all aspects of their engagement policy activities, in certain circumstances, public disclosures will not be made where the availability of such information is considered not to be in investors' best interests.