NOVA INVESTMENT MANAGEMENT LIMITED

Shareholder Rights Directive II policy

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Block C, One Park Place, Hatch Street Upper, Dublin 2, D02 E762, Ireland

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Shareholder Rights Directive II policy

1. Introduction

Nova Investment Management Limited (the "**Firm**") is:

(i) a UCITS management company authorised by the Central Bank under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 as amended (the "**UCITS Regulations**") ;

Directive (EU) 2017/828, commonly referred to as the SRD II Directive, has been transposed into Irish law under the European Union (Shareholders' Rights) Regulations 2020 (the **"Irish Regulations**"). The Irish Regulations in turn amend the provisions of the Companies Act 2014 as amended (the "**Companies Act**").

The Firm falls within the new definition of "relevant asset manager" set down in Part 17 of the Companies Act. As a result, in accordance with its obligations under Section 1110H of the Companies Act, the Firm has developed this shareholder engagement policy (the "**Policy**") which describes how the Firm engages with Investee Companies (as defined below) in which applicable funds under the management of the Firm invest (each a "**Fund**" and together the "**Funds"**). A list of the Funds falling within the scope of this Policy is set out at Schedule 1.

While there may be other funds under the management of the Firm that may have exposure to certain Investee Companies, such exposure is generated through investment in other funds or through derivatives meaning that there is limited or no possibility for the Firm to take an active role in the ownership of the underlying investments. As a result, this Policy only applies to the Funds identified in Schedule 1.

This Policy should be read in conjunction with the Voting Rights Policy and Conflicts of Interest Policy of the Firm.

2. Roles and Responsibilities

The Board of Directors of the Firm ("**the Board**") has ultimate responsibility for overseeing the management of the Firm's compliance with applicable laws and regulations.

The Designated Person responsible for Investment Management is responsible for overseeing and monitoring the implementation of and adherence of the Firm to this Policy (the "**Designated Person**").

In order to do so, each Delegate (as defined below) is required to report on engagement with Investee Companies in its quarterly report to the Designated Person. Where they deem it necessary to do so, the Designated Person may report directly to the Board on any matter giving rise for concern.

Shareholder engagement will also be included in the quarterly report of the Delegate to the Board.

3. Organisational Structure

The Firm has delegated all or part of its portfolio management activities to one or more investment managers (each a "**Delegate**"). The Firm requires each Delegate to comply with a shareholder engagement policy or practice which enables the Firm to comply with this Policy on an ongoing basis.

Therefore where the context so requires, reference to "Firm" should be construed as also referring to any delegate investment manager appointed by the Firm.

4. Scope of this Policy

This policy sets out how the Firm on behalf of Funds under management engages with Investee Companies.

What is an Investee Company

The Firm falls within the definition of "relevant asset manager" under Section 1110F of the Companies Act which is as follows:

"relevant asset manager" means an asset manager-

(a) that invests in shares traded on a regulated market on behalf of investors, and
(b) in respect of which the competent Member State, within the meaning of Article 1(2)(a) of the Shareholders' Rights Directive, is the State."

The term "regulated market" is given the same meaning as that set down in the MiFID II Directive which defines it as being:

"*multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with Title III of this Directive."*

Accordingly this Policy relates to the engagement of the Firm with any company in which a Fund is invested whose shares are traded on an EEA regulated market. As a result it extends to shares of a non-EU company which are traded on an EEA regulated market.

Given the lack of clarity under the Irish Regulations, the Firm has extended the scope of the Policy to include investment by a Fund in the shares of any underlying fund established as an investment company which are traded on an EEA regulated market.

5. Engagement with Investee Companies

Under Regulation 24(1)(a) of the UCITS Regulations, the Firm is required to act with due skill, care and diligence in the best interests of the UCITS it manages and the integrity of the market.

In order to protect the best interests of shareholders of the relevant Fund(s), the Firm believes that it should be an active and responsible shareholder of the Investee Companies in which it invests.
As the Funds are "owners" of the Investee Companies, the Firm evaluates how each Investee Company and its management team are performing on an ongoing basis. The Firm recognises that if correctly implemented, engagement with Investee Companies can help to improve the financial and non-financial performance of those companies, particularly over the longer term. Effective monitoring of and engagement with Investee Companies can not only positively influence the business and strategy of such companies but may, depending on the form of engagement, provide the Firm with a greater understanding of the strengths and weaknesses of a particular Investee Company. This in turn helps the Firm to have a better longer-term view of the relevant Investee Company.

(i) How shareholder engagement is integrated into the investment strategy[1]

In respect of the Funds outlined in Schedule 1 hereto, the Firm pursues an active investment strategy which focuses on protecting and enhancing the long-term value of assets under management consistent with the investment objective, policies and guidelines and liquidity requirements applicable to each Fund and the investment horizon of the investors of such Funds.

Therefore in assessing potential investments, the Firm focuses on investing over the longer term rather than focusing solely on the performance of the Investee Company over the immediate short term.

Engagement with investee companies is an integral component of the investment process of the Funds under management as a means of preserving and enhancing the value of the Investee Companies in which the Funds invest. The Firm recognises that many decisions that could have a material impact on the long-term value of a shareholding can be made without a shareholder vote being required and as a result considers careful monitoring and effective engagement critical.

Therefore as part of the due diligence carried out on any proposed investment, the Firm considers not only the strategy, performance, board composition and quality of management of the proposed Investee Company, it will also consider the ability of a shareholder to engage meaningfully with the Investee Company and whether there is a coherent and transparent approach to shareholder engagement implemented by the proposed Investee Company.

The engagement approach adopted by the Firm will depend on the investment strategy of the relevant Fund, the specific circumstances of the Investee Company and the size of investment by

1 Section 1110H (3)(a) of the Companies Act 2014.

the relevant Fund etc. Therefore engagement with Investee Companies is prioritised on the basis of scale of investment and overall exposure to the Investee Company on the basis that a small shareholding does not necessarily merit the resources spent on actively engaging with an Investee Company as the Firm is unlikely to have a material influence.

However generally the Firm will engage with investee companies through the various means described in this Policy.

(ii) Monitoring investee companies

Ongoing monitoring of Investee Companies form a critical part of the risk management framework of the Firm.

As part of its ongoing monitoring of Investee Companies, the Firm considers and reviews both financial and non-financial performance and risk, their strategy, their capital structure and corporate governance, the consideration of social and environmental impacts of business and strategy. Financial performance will be assessed by analysing revenues and considering the overall level of assets and liabilities. The Firm considers the rights attaching to the Fund's shareholding, in particular whether pre-emptive rights exist to protect against the dilution of the Fund's interest in an Investee Company. The Firm will also analyse the reinvestment of cash generated, financial leverage and shareholder return and will assess any proposed mergers or other asset sales to determine whether the proposed transaction is in the long-term economic interests of investors.

The Firm also assesses material environmental and social issues relevant to the business of the Investee Company to understand whether there are any material ESG factors which could influence future growth or the value of the investment, both prior to investing in the Investee Company and on an ongoing basis during the life of the investment. Governance practices at Investee Companies are also monitored, with particular attention paid to board composition, election and re-election of independent directors, executive remuneration and management of conflicts of interests.

The extent of the monitoring of individual Investee Companies will depend on the nature and size of the Fund's exposure to the Investee Company, with a large holding being monitored more frequently and in more depth than smaller percentage holdings.

This monitoring helps the Firm better understand the challenges and opportunities faced by the Investee Company and may result in the Firm engaging more directly with the Investee Company in the manner described in this Policy.

The Firm monitors Investee Companies by reviewing information contained in audited accounts, interim financial statements and public announcements released on the relevant exchange. However the Firm does not rely solely on the information provided by the Investee Company itself and will use research from sell side analysts, proxy research reports as well as developing knowledge through industry experts or other shareholders in the relevant sector. Where relevant, the Firm will also monitor developments reported in the media/financial platforms such as

Bloomberg. Attendance at "Investor Relations" days run by Investee Companies can also be a useful source of information on business strategy.

(iii) Engaging in dialogue with investee companies

In addition to monitoring Investee Companies, the Firm attends investor calls and meetings/roadshows arranged by Investee Companies which can provide a useful forum for the Firm to better understand the strategy being pursued by the Investee Company, provide the opportunity to ask questions of senior management/raise any specific concerns about strategic, operational or other management issues. Where practicable and taking into account the extent to which a Fund invests in a particular Investee Company, the Firm also conducts on-site visits.

The Firm may look to engage directly with the management team of an Investee Company where its monitoring of the Investee Company or a proposed action by the Investee Company leads the Firm to question whether the company is being run in the best interests of its shareholders or where certain "trigger" events occur such as under-performance or poor performance, the election/re-election of directors or external auditors, proposed merger or acquisition etc. In such circumstances, the Firm may request a meeting with the management team of the Investee Company, preferably with a non-executive director of the Investee Company in attendance to outline specific concerns and seek further information on certain matters in private rather than raising same at the AGM or any EGM. Where relevant, this may be followed up with a letter to the board of directors of the Investee Company outlining key concerns and rationale for same. In the event that the response from the Investee Company is inadequate, the Firm may consider divestment.

(iv) Exercise of voting rights and other rights attached to shares

The Firm's policy on the exercise of voting rights is set out in its "Voting Policy", a copy of which is available at www.novainvestment.ie. The Firm recognises voting rights as an important tool in exercising influence over Investee Companies and uses the voting power of Funds to put pressure on Investee Companies to address take specific action or to express its disagreement with a proposed course of action. Voting rights must always be exercised in the best interests of investors in the relevant Fund.

While the general policy of the Firm is to vote all resolutions to the extent possible, the decision whether or not to vote on a specific matter rests with the relevant portfolio manager who will determine the importance of exercising the Fund's voting rights on a particular topic. Relevant considerations may include the percentage shareholding in the Investee Company, the size of the position in the portfolio, whether a "buy and hold" or a "short-term trading" strategy applies to the particular investment etc.

There can be situations where the Firm may be unable to vote a proxy, or may choose not to vote a proxy, for example, where (a) there are legal encumbrances to voting, including blocking restrictions in certain markets that preclude the ability to dispose of a security if the Firm votes a proxy (which may impact on the relevant Fund's liquidity requirement) or where the Firm is prohibited from voting by applicable law or other regulatory or market requirements; (b) proxies

are not delivered to the Firm by the Fund's depositary (or not delivered in good time); or (c) the Fund held the securities on the record date but has disposed of them prior to the voting date;

Proxy Voting Advisors

The Firm recognises that the use of proxy voting advisors may have an important influence on its voting behaviour.

In the general, while the Firm can rely on research conducted by the proxy advisor as a means of identifying potential issues and to inform final voting positions, final voting decisions are taken "in-house" and are not based solely on the recommendations of the proxy advisor.

Securities Lending Arrangements

The Firm may enter into securities lending arrangements on behalf of Funds under management which will involve the transfer of voting rights to borrowers. Where the matter to be voted upon is deemed to be significantly material or important or the outcome of the vote may be influenced by whether the Firm votes on the relevant resolution on behalf of the relevant Fund, the Firm may recall the securities loaned out in order to be able to vote on the relevant matter.

(v) Co-operation with other shareholders[2]

In circumstances where the Firm has raised an issue individually with an Investee Company and believes that insufficient action has been taken since such engagement, or where the Firm considers it better to work with other shareholders to effect positive change, it may consider, where appropriate, engaging with other shareholders of the Investee Company. When deciding whether or not to do so, the Firm will take into account a number of factors including the identity of other large investors in the Investee Company, the relative size of their shareholding and whether collective engagement will achieve the desired outcome. This may involve engaging with other shareholders to encourage them to make similar representations with the Investee Company.

(vi) Communication with relevant stakeholders of the investee companies[3]

It is not currently the intention of the Firm to communicate with other stakeholders of investee companies such as employees of Investee Companies in implementing this Policy.

(vii) Management of conflicts of interest in relation to the Firm's engagement[4]

In certain circumstances, actual or potential conflicts of interest may arise that could be viewed as influencing the outcome of the Firm's voting decision, particularly where the Firm or its affiliates have significant business relationships with Investee Companies. Examples of such conflicts

2 Section 1110H(f) of the Companies Act

3 Section 1110H(g) of the Companies Act 2014

4 See Regulation 24(1)(d) and paragraphs 65-73 of the UCITS Regulations

include where large investors in the Funds under management may be issuers of securities held in the Fund, where clients of the Firm are the issuer of securities or are proposing a shareholder resolution for consideration or where the Firm is required to vote at a meeting of an Investee Company with which the Firm has other business relationships.

Depending on the circumstances, the existence of such conflicts may prevent the Firm from voting or engaging at all with the Investee Company.

Any action taken by the Firm must be taken with the intention of being in the best interests of the relevant Fund and taken independently from the interests of the Firm, any Delegate or any employees or board members of such entities.

Actual and potential conflicts of interest will be managed in accordance with the Firm's Conflicts of Interest Policy and in accordance with applicable regulatory requirements.

6. Annual Review of Implementation of this Policy

On an annual basis, the Designated Person responsible for Investment Management shall, in conjunction with the relevant portfolio manager(s) conduct a review of how the Policy has been implemented over the previous twelve months and publicly disclose this on its website. This will include:

(i) An analysis of voting behaviour
(ii) Consideration and explanation of the most significant votes;
(iii) The use of services of proxy advisors;
(iv) Information on how it has cast votes in the general meetings of the Investee Companies in which it holds shares (with the exception of insignificant votes).

This review will also identify any appropriate measures which need to be taken to address any deficiencies identified in its review.

In the event that the Firm does not, in a given year, publicly disclose how this Policy has been implemented in accordance with Section 1110H of the Companies Act 2014, the Firm must publicly disclose a clear and reasoned explanation for its failure to do so.

The Firm will endeavour to ensure that the policy remains current and applicable to any new business as well as the existing business of the Firm. The Policy will also be reviewed and revised as necessary whenever needed due to regulatory or operational changes.