



EXERCISE OF VOTING RIGHTS POLICY. UPDATED AS OF OCTOBER 2017

I. Introduction

MDO Management Company S.A. (hereafter “**MDO**”) is a management company (hereafter “**ManCo**”) pursuant to Chapter 15 of the Law dated 17 December 2010 relating to undertakings for collective investments and is also an alternative investment fund manager (hereafter “**AIFM**”) pursuant to Chapter 2 of the Law dated 12 July 2013 relating to AIFMs.

This exercise of voting rights policy applies to MDO and to the appointed investment managers and advisors, as applicable, in the context of managing undertakings for collective investment in transferable securities (“**UCITS**”) and alternative investment funds (“**AIFs**”) located either in Luxembourg or Ireland (jointly hereafter referred to as collective investment schemes or “**CIS**”), and defines the minimum measures and procedures required by MDO, when it is responsible to develop a strategy for the exercise of voting rights, to ensure that the voting rights attached to instruments held by the CIS are exercised if and when their exercise aims to maintain or improve the value of the instruments they are attached to.

It shall also apply, to the extent necessary and on basis of the proportionality principle, to other entities belonging to the same group as MDO, including any branches or representative offices located elsewhere than Luxembourg, and consequently cover relevant local requirements pertaining to CIS located in such jurisdictions and cross-border management company and alternative investment fund manager activities performed by MDO on behalf of such CIS.

II. MDO’s strategy for CIS managed by third party investment managers

When delegating the investment management function on behalf of a given UCITS or the portfolio management function on behalf of a given AIF, MDO mandates systematically the appointed investment manager of the UCITS or portfolio manager of the AIF to implement the following measures and procedures:

- Monitoring of the corporate actions linked to the instruments held in the respective CIS (in conjunction with the central administrative agent/domiciliary agent of the CIS as the case may be);
- Ensuring that the exercise of voting rights is in accordance with the investment objectives and policy of the relevant CIS;
- Exercising voting rights if deemed appropriate;
- Preventing and managing any potential or actual conflicts of interest arising from the exercise of voting rights. The conflicts of interest policy of the delegated investment manager or portfolio manager shall in particular:
 - Identify, with reference to the activities of collective portfolio management carried out by or on behalf of a given CIS, the circumstances which constitute or may give



rise to a conflict of interest entailing a material risk of damage to the interest of such CIS and its investors;

- Define procedures to be followed and measures to be adopted in order to manage such conflicts.

When appointing delegated investment managers or portfolio managers, MDO always retains the right to instruct these on how to exercise voting rights.

III. MDO's strategy when acting as investment manager for UCITS or portfolio manager for AIFs

MDO may act as investment manager for UCITS and portfolio manager for AIFs.

With respect to UCITS for which MDO acts as investment manager, the voting right strategies to be developed will not only depend on the nature of underlying investments but also on objective criteria relating to the effectiveness and relevance of the potential exercise of voting rights attached to such investments. By way of principle, MDO when acting as investment manager for UCITS does not intend to participate directly or indirectly in the management of companies the shares of which are held in the portfolio of the relevant UCITS. MDO shall instead consider the exercise of voting rights in accordance with the best interest of the relevant UCITS. In practice, each decision subject to a vote as shareholder depending on a unique set of facts, these should be taken into account when determining whether the vote is in the best interests of the relevant UCITS and its investors.

It may be the case that MDO decides to abstain from voting or to decline to vote when, on basis of a factual analysis, the cost of the exercise of a voting right exceeds the expected economic value of the effect of the vote on the underlying investment. For example, such a situation may happen when the shareholding held by the relevant UCITS in a given underlying investment is insignificant. Should an investment advisor be appointed in respect of the relevant UCITS, specific discussions may take place with such service provider in order to enable MDO to determine and adopt the most efficient strategy.

From a process perspective, once it has decided how to exercise a voting right, MDO may instruct external parties (e.g. the central administration agent of the relevant UCITS) to perform the necessary diligences and actions to formalise the decision taken.

With respect to AIFs for which MDO acts as portfolio manager, given the heterogenic nature of the corporate governance arrangements at AIF level and/or the underlying investments, MDO develops appropriate voting right strategies on a case-by-case basis.

IV. UCITS specific rules

MDO or, as the case may be, the investment manager, shall ensure that no significant influence is exercised through the voting rights attached to instruments held across different portfolios under control by the investment manager. Significant influence is determined based on the numeric limits applicable with the laws under which the instrument is issued. In some situations, the investment manager may be deemed to exercise significant influence even if the aggregated voting rights are less than a numeric limit.

If a significant influence may be exercised, MDO or, as the case may be, the investment manager, may abstain from voting on behalf of the UCITS or transfer the voting rights to an independent third party, including MDO, which would act in the best interest of the UCITS and its investors.

The policies of the relevant investment manager, portfolio manager or advisor as well as MDO's policy to exercise voting rights are available upon request.