

## 1. VOTING RIGHTS POLICY

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### REFERENCE & OBJECTIVE

1.1 The following Laws and Regulations are the main legal framework to be respected when exercising Voting Rights at the Company:

- Law of 12 July 2013 on Alternative Investment Fund Managers (AIFM) (-Act)
- Directive 2011/61/EU of the European Parliament and of the council
- Commission Delegated Regulation (EU) No. 231/2013
- Pancura Conflicts of Interest Policy (CoI-Policy)

1.2 The objective of this Policy is to establish guidelines for handling Voting Rights in accordance with applicable Laws and Regulations and shall enable the Company to exercise Voting Rights to the best interest of its clients, as well as and if not infringing the client's, its own interests. The Company intends to manage Voting Rights with the same level of care and skill as the financial investments themselves. The Policy applies to all clients, as defined below, for which the Company acts as AIFM or Chapter 16 Management Company.

### DESCRIPTION

1.3 For the purpose of this policy, client (s) shall mean all alternative investment funds (AIF), specialized investment funds (SIF), reserved alternative investment funds (RAIF) other investment funds (UCI) or all other (forms of) clients of the Company.

1.4 General Voting Rights Procedure

The general strategy for the exercise of Voting Rights at the Company shall comprise the following tasks:

- (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 client, as well as full compliance with the provisions of the AIFM-Act regarding major holdings;
- (c) exercise of Voting Rights, if deemed appropriate, and preventing or managing any conflicts of interest arising from such exercise.

Based on the above, the following provisions apply for the below listed activities or

situations.

## 1.5 Capital Measures

The Company will vote in favor of proposed increases in authorized capital, if these are not harming the interests of its client and its investors (e.g. if there are no unusual circumstances, such as the introduction of special rights to other parties, or other negative influences).

## 1.6 Governing Bodies/ Corporate Governance

- (a) Generally, the Company will vote in favor of the directors proposed by the Board of Directors (of the General Partner) of the client, to the extent that such proposal serve the best interests of AIF's investors.
- (b) Furthermore, the Company will usually vote in favor of the appointment of external or independent directors to ensure the utmost level of impartiality and integrity.
- (c) The appointment of any director, whom the Company considers as unsuitable on the basis of his reputation, experience or qualification, will be disapproved.
- (d) If not covered by a remuneration policy or contractually indented, the Company will take into consideration the economic position of the client and the rationale behind the relevant directors/employees compensation proposals, when deciding how to vote on any such matter.
- (e) In the following cases, the Company considers to vote for a change in the governing bodies:
  - weak or sharp decline of performance;
  - significant doubts about the competences of the governing bodies;
  - legal or compliance failure or other severe misconduct.

## 1.7 Mergers and Acquisitions

If in line with the best interests of the client and its investors, the Company will vote for a merger or a takeover, after having reviewed the situation on a case by case basis by taking into account amongst others the overall profitability and sustainability of the transaction.

## 1.8 Reporting

- (a) If there is an error, lack of validity or other aspect leading to doubt the correctness of the annual reports and/ or annual financial statements, the Company will abstain or vote against the particular report, statement or agenda item.
- (b) As stipulated in 1.4, all reporting and disclosure obligations arising out of the AIFM-Act towards major holdings of non-SMEs<sup>i</sup> shall be taken into account when exercising Voting Rights, especially those towards mergers and acquisitions.

## 1.9 Conflicts of Interest

The Company will identify, prevent, manage and/ or disclose any conflicts of interest, arising from the exercise of Voting Rights, according to its CoI-Policy.

#### 1.10 Non-Exercise of Voting Rights

There may be situations where the Company is unable to exercise the Voting Rights or may choose not to exercise the Voting Rights. The following, non-exhaustive list shall provide some examples for such situations:

- (a) the cost of voting is considered disproportionate to the benefits of the client or its investors (for example due to significant legal requirements or the size of the holding being limited);
- (b) it is required, but practically impossible, to appear in person at the meeting;
- (c) the exercise of the Voting Rights would result in the imposition of trading or other ownership restrictions, which are seen as unbeneficial to the client or its investors.

#### 1.11 Process

Voting Rights decisions are reviewed by the Company's Portfolio Officer and the Conducting Officer responsible for Portfolio Management by examination of all information available. The results will be presented to the Company's Investment Committee, as well as to the Risk Officer and the Conducting Officer responsible for Risk Management. If in-line with this Policy, the outcome of the review including the final decision will be documented in written and afterwards executed.

#### 1.12 Delegation of Voting Rights to delegated Portfolio Managers

As the case may be and depending on the individual set-up of the client, the Company may have delegated the Portfolio Management Function to a qualified third party service provider. In those cases, the exercise of Voting Rights is also generally delegated, provided the Voting Rights Policy of this third party service provider is conforming to the wording and the spirit of this Policy and the general review of this third party service provider is free of any major findings.

#### 1.13 Information to Investors

This policy, including any future updates, is publicly available on the website of the Company and accessible free of charge for investors. The Company will provide investors with details regarding measures taken, being based on these voting strategies and which are related to their investments in clients, free of charge upon request.

### **PERIODIC REVIEW PROCESS**

- 1.14 The Company will regularly review its Voting Rights Policy, at least on an annual basis.

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<sup>i</sup> Small and Medium Enterprises