



Gamax Management AG
Strategy for the exercise of voting
rights

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1 Introduction

In accordance with the provisions of the following laws and regulations, GAMAX Management AG ('GMAG') has developed an adequate, efficient and effective strategy for determining when and how voting rights attached to instruments held in its funds under management are to be exercised, to the exclusive benefit of the fund concerned.

- Law of 17 December on undertakings for collective investment;
- Article 23 of the CSSF Regulation 10-4 (transposing Commission Directive 2010/43/EU of 1 July 2010 implementing Directive 2009/65/EC as regards organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company);
- Section 5.2.6.2 of Circular 12 546 (re: authorisation and organisation of Luxembourg management companies subject to Chapter 15 of the Law of 17 December 2010 on undertakings for collective investment as well as investment companies which have not designated a management company within the meaning of article 27 of the Law of 17 December 2010 on undertakings for collective investment);
- Law of 12 July 2013 on alternative investment fund managers;
- Article 37 of Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision;

This policy for the exercise of voting rights (the "Policy") describes the strategies that GMAG has adopted to ensure that it acts in the best interests of the investors of the funds under its management. GMAG is the manager of both UCITS funds and alternative investment funds (AIFs). A summary of this policy is available on the website of GMAG ('the company') and details of any actions taken on the basis of the strategies outlined in this policy shall be made available to investors, free of charge and upon their request.

2 Framework

The Company, being part of the Mediolanum Banking Group, has delegated the investment management activities of its funds to Mediolanum Asset Management Ltd ('MAML'). GMAG has entered into an arrangement so that MAML follows its own voting strategy (which was approved by GMAG) to decide when and how the exercise of voting rights is in the best interests of the relevant fund, with due regard to its investment policy and objectives. MAML in turn precludes any sub-delegate investment managers from exercising voting rights attached to securities so that it can be closer to the process and ensure that decisions are made in the best interests of the unit-holders in line with a policy which reflects the views of GMAG.

GMAG exercises oversight over voting (if any) proposed by MAML, by reviewing periodic reports in relation to voting activities. This may include explanations as to why voting was or was not pursued, following the review of a voting proposal by the MAML Investment Committee.

GMAG shall review its voting policy on an annual basis, and more frequently where required, to ensure that the arrangements it has in place for exercising voting rights continue to be in the

best interests of investors.

3 Process for deciding if / when / how to vote

Members of the Investment Committee of MAML formally consider a voting proposal where holdings in any funds for which GMAG is the management company exceed the following thresholds.

- ❖ 0.5% of the market capitalization of a ‘large cap’* company
- ❖ 2.0% of the market capitalization of a ‘small cap’ company

*A company is considered to be ‘large cap’ if it has a market capitalisation of in excess of €5 billion

The MAML Investment Committee makes each decision on its own merits, with the best interests of the fund in mind, and may decide to exercise voting rights notwithstanding the fact that the above thresholds have not been met. Conversely, MAML may decide not to vote despite the fact that the thresholds were exceeded.

The decision to exercise voting rights is essentially reached by taking into account the long term interests of the relevant fund. MAML follows the investment policy and objective of the fund in this regard, and voting rights should not in general be exercised unless the fund seeks to achieve a long term increase in capital.

In order to reach its decision, MAML may assess the performance of the issuer's management, its business objectives, its future prospects, the potential impact of the vote on the future value of the securities, proposals made by the Board of Directors and the shareholders of the issuer, and the historic integrity and effectiveness of the members of the Board of Directors.

Many issues submitted to a vote tend to be routine in nature and are unlikely to have an impact on the future value of the fund. In such cases, any potential benefit to be gained from exercising voting rights is likely to be outweighed by the costs of doing so. MAML will generally refrain from exercising rights in such instances. Examples include, but are not limited to, the following circumstances:

- in certain markets, shareholders are required to stop trading securities for a specified time before or after a shareholder meeting (“blocking period”). MAML may refrain from voting or cancel a vote when MAML concludes that it is more beneficial to clients to be free to trade the securities than to maintain a long position for the purposes of voting;
- securities to which the voting rights are attached have been loaned out pursuant to GMAG’s securities lending program, and it is decided that they should not be recalled (on a case-by-case basis) since in this particular instance the revenue generated for the fund from securities lending is likely to be greater than any potential benefit arising from the exercise of the vote;

MAML shall exercise diligence to ensure that it reaches a decision in the best interest of the fund, taking into account all the relevant circumstances.

MAML has a policy in place describing its decision making process. MAML records its reasons for deciding to exercise / not to exercise voting rights attaching to applicable securities. MAML's policy contains **voting guidelines** outlining indicative voting strategies (for/against) on various themes. MAML will adhere in general to these guidelines although it may decide to vote in a contrary direction on a case-by-case basis. A copy of MAML's guidelines is found in **Appendix 1**.

4 Managing potential conflicts of interest

Occasions may arise where either MAML or GMAG has a material conflict of interest with the fund in respect of a matter to be voted on. A conflict of interest may exist, for example, if MAML or GMAG has a significant business relationship with an issuer, and it also proposes to exercise voting rights attached to securities held in this issuer. Alternatively, employees, officers or directors of MAML or GMAG may have a material interest in the outcome of a vote in which a relevant fund has participated.

The MAML Investment Committee assesses any potential conflict of interest with the Compliance function before exercising a decision to vote. Where a conflict is deemed to exist, the Compliance function must ensure that it is adequately managed by mitigating measures and that there is no risk of prejudice to the fund. Where it is unclear whether a conflict has been adequately addressed, the Compliance function shall submit a risk assessment to the Board of Directors of GMAG which shall instruct on a course of action to be taken.

Identified potential conflicts of interest (non-exhaustive) and means of address:

1. [A GMAG or MAML Board member is on the Board \(or is a nominee for election to the Board\) of a listed company, and MAML is considering to exercise voting rights attached to securities held in this issuer](#)

A list is maintained of all listed companies where a MAML or GMAG Board Member serves on the Board of directors, or has indicated to Compliance that he/she is a nominee for election to the board of directors. This list shall be consulted by the Compliance function when a vote is proposed. If a conflict is observed, the Director concerned must disclose the full nature of the conflict to the Board of Directors. The Director who has raised the conflict must abstain from voting in relation to the course of action that the Board must decide upon to manage the conflict in an adequate manner.

2. [GMAG or MAML has a significant business relationship with the Issuer](#)

MAML and GMAG have compiled a list of service providers with which they have a significant business relationship. Any proposal to exercise voting rights attached to securities issued by these firms will be assessed to ensure that there is no potential for prejudice to the fund. The Compliance function shall check the investment rationale for the selection of the security, the materiality of the issue to be voted and the potential impact to the value of the fund.

3. [MAML may decide to exercise voting rights attached to the same securities held on behalf of different clients](#)

MAML must verify that it has not voted in a contrary manner in respect of rights attaching to the same securities held on behalf of different clients (so as to dilute the vote of GMAG funds), unless it can demonstrate that there are clear reasons in the investment policies and objectives of the respective funds (or clear instructions from the client) that would justify the departure.

4. Directors of MAML or GMAG, and members of the MAML Investment Committee, may have personal positions in the securities to which the voting rights are attached

The Compliance function checks the personal transactions registers in order to verify if positions in the same securities were recorded by relevant individuals that exceed the materiality thresholds outlined in the Personal Transactions Policy. If this proves to be the case, the Compliance function shall investigate the issue further in order to manage the conflict.

Where a conflict of interest is identified in general, MAML or GMAG, as appropriate, shall consider implementing mitigating measures which may include:

- (1) exercising voting rights in accordance with the general rule stated in its Guidelines, provided that the guidelines specify how votes will generally be cast (for or against) in respect of the matter at hand;
- (2) seeking voting instructions or a waiver of the conflict from investors;
- (3) casting the votes for its clients in the same proportion as the vote of all other holders of such security, or “mirror vote,” if information about the votes cast by other holders is available to MAML;
- (4) refraining from voting, other than to vote “present” for the purposes of a quorum;
- (5) taking other action deemed to be appropriate under the circumstances.

MAML sets its Voting Guidelines and recommends each voting decision in an independent manner, in the best interests of the relevant fund and without regard to the interests of MAML, GMAG, their parent company or any other affiliates.

Both MAML and GMAG shall abstain from voting shares of Mediolanum S.p.A., unless otherwise directed by a non-affiliated client.

As for all potential conflicts of interest, both MAML and GMAG must ensure that they are managed in line with their respective conflicts of interest policies, and the policies for managing conflicts at Board level where appropriate.

5 Operational activities involved in the exercise of voting rights

Where the MAML Investment Committee makes a decision to vote, GMAG is responsible for making the necessary operational arrangements to adhere to the formalities of the voting process, such as; the submission of a ballot, and monitoring corporate action announcements from the issuers of applicable securities, so that the Investment Committee may be informed of a potential voting decision to be made.

GMAG arranges for the performance of appropriate monitoring activities on relevant issuers. Should the MAML Investment Committee communicate its decision to vote, GMAG shall engage third party support in order to fulfil the legal and administrative requirements in relation to proxy voting.

GMAG has implemented operational arrangements that are proportionate to the investment policies and objectives of the funds for which it has been appointed manager. As previously stated, GMAG reviews its arrangements on an annual basis, and more frequently where required, to ensure that they remain effective and in the best interests of the relevant fund.

Appendix 1: Guidelines of MAML in relation to the exercise of voting rights



MAML Proxy Voting
Guidelines