

VOTING RIGHTS POLICY

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Effective since 1 January 2018
Binding for: Investment Management
Available for : VÚB AM - all, clients, investors and shareholders of VÚB AM mutual funds

Owner: Investment Management
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Approved by : Management Board

Objective:

Pursuant to legal requirements, this internal regulation represents a strategy regulating terms and methods for exercising the voting rights associated with financial instruments recorded in assets of the VÚB AM mutual funds in so far as to ensure there is acting in favour of the mutual funds and their shareholders.

Main amendments :

Only formal changes in the last paragraph, cover page and wording of the English version.

I. General principles of the Policy:

VÚB Asset Management, správ. spol., a.s., registered office: Mlynské Nivy 1, 820 04 Bratislava, Slovak Republic, CRN: 35 786 272, incorporated in the Commercial Register of the District Court Bratislava I, section: Sa, file: 2416/B (hereinafter referred to as the “**VÚB AM**”), exercises the voting rights, which are linked to the financial instruments in the mutual funds managed by VÚB AM, in particular to stocks, excluding securities and shareholdings of collective investment undertakings. VÚB AM exercises the voting rights (i) in line with generally binding legal regulations, namely Act 203/2011 Coll. on Collective Investment (hereinafter referred to as the “CIA”), (ii) in the best interest of the mutual funds and their shareholders, (iii) while taking into account economic efficiency in exercising the voting rights, as follows:

- a) VÚB AM **does not exercise** the voting rights, if a share on voting rights of a single issuer, in relation to whom VÚB AM on behalf of the relevant mutual fund may enforce the voting rights by effect of investment in the financial instruments of the issuer, **is lower than or equal to 3.00 %**,
- b) VÚB AM **shall consider exercising** the voting rights, if a share on voting rights of a single issuer in relation to whom VÚB AM on behalf of the relevant mutual fund may enforce the voting rights by effect of investment in the financial instruments of the issuer, is **higher than 3.00 % and at the same time lower than or equal to 5.00 %**,
- c) VÚB AM **shall in principle exercise** the voting rights, if a share on voting rights of a single issuer, in relation to whom VÚB AM on behalf of the relevant mutual fund may enforce the voting rights by effect of investment in the financial instruments of the issuer, is **higher than 5.00 %**.

II. Internal procedures of VÚB AM

The Investment Management department shall be responsible that the exercise of voting rights in line with the general principles of the Policy, as follows:

- a) The employee of the Investment Management department in charge of the relevant mutual fund (hereinafter referred to as the “Portfolio Manager”) shall monitor, together with the employees of the Risk Management department who update data in the IT system, whether or not the share on voting rights of a single issuer in relation to whom VÚB AM on behalf of the relevant mutual fund may exercise the voting rights by effect of investing in the financial instruments of the issuer, has exceeded 3%. If so, the Portfolio Manager shall take actions as specified in Item b) to e) of this article.
- b) The Portfolio Manager, based on the information from its custodian (Depository & Custody department, VÚB, a.s.), shall monitor data, at least as regards the venue, time and agenda of each general meeting of the relevant issuer.
- c) In case of Art. I Item b) (voting considered) or in case of Art. I Item c) (voting exercised), the Portfolio Manager shall inform in due time the Head of Investment Management department as well as the member of the VÚB AM Management Board responsible for the activity of the department, about the general meeting to be held and other relevant matters associated therewith.
- d) The Head of the Investment Management department, based on the opinion of the Portfolio Manager and possible instructions of the responsible member of the Management Board, shall take a decision, whether or not, in case of Art. I Item b), to exercise the voting rights, while taking into account costs associated with exercise of the voting rights and benefits for the mutual fund and its shareholders.
- e) The Head of the Investment Management department, based on opinion of the Portfolio Manager and possible instructions of the member of the Management Board, shall take a decision about the manner of exercising the voting rights under Art. I, Item c) or, as the case may be, Item b). The voting rights are exercised in cooperation with the Legal and Corporate Affairs department forthwith and directly or by effect of representation based on a power of attorney; the action is taken in a way to ensure that there is unbiased exercise of the voting rights on part of VÚB AM in line with the investment policy and objectives of the relevant mutual fund, in compliance with the best interests of the mutual fund and its shareholders and also with the aim to prevent even potential conflicts of interests arising from the exercise of the voting rights or in order to manage such conflicts of interest.

III. Final provisions

To ensure transparency of information, VÚB AM makes the full text of this Policy available to clients, investors and shareholders. VÚB AM will assess all their requests for more detailed information in line with CIA. This version 4 of the Policy shall be effective from 1 January 2018. As of the same day, the version 3 of the Policy, effective as of 1 January 2017, shall be repealed.