



VICTORY ASSET MANAGEMENT S.A.

**VOTING RIGHTS  
POLICY**

Manual of Procedures – Chapter XXI	
<b>Voting Rights Policy</b>	
Drafted by: Robin Vandekerkove	Date: October 30 <sup>th</sup> , 2018
Recipients: Victory AM’s staff members	Entry into force:

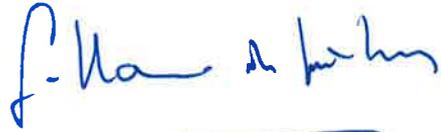
The members of the Board of Directors of the Company, by unanimous consent, agree on the content of the Voting Rights Policy in its version of October 30<sup>th</sup>, 2018, and confirm its enforcement as of the date of signature.

Luxembourg, November 14<sup>th</sup>, 2018

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M Eric Sauzedde  
(Président)



S.A.R. Prince Guillaume de Luxembourg  
(Administrateur)

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M Philippe Cerf  
(Administrateur)



M Jean-Philippe Hottinger  
(Administrateur)

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M Jean-Conrad Hottinger  
(Administrateur)

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## **1. Introduction**

Victory Asset Management is a public limited company incorporated from October 5<sup>th</sup>, 2006 and governed by the laws of the Grand Duchy of Luxembourg.

Victory Asset Management S.A. is supervised by the *Commission de Surveillance du Secteur Financier* (“CSSF”) as a management company governed by chapter 15 of the law of 17 December 2010 relating to Undertakings for Collective Investments, and of the law of 12 July 2013 on Alternative Investment Fund Managers.

Two undertakings for collective investment are under the management of Victory Asset Management S.A.: BOLUX S.A. which is a SICAV « part I » has a European passport, and ELEUSIS which is a SICAV « part II ». Since September 2018, Victory Asset Management S.A. also manages a restricted alternative investment funds which is “Lucelen AIF”.

Moreover, in accordance with the article 101 of the Law of December 17<sup>th</sup>, 2010, Victory Asset Management S.A. provides individual and discretionary portfolio management services, as well as investment advisory services to private customers (relating to one or several investment products listed in section B of the Annex II of the amended Law of April 5<sup>th</sup>, 1993). As a consequence, Victory Asset Management S.A. is also considered as an investment firm under the law of April 5<sup>th</sup>, 1993 relating to the financial sector (Art. 24 and Art. 24-3).

Victory Asset Management S.A. is referred in this policy as the “Company”.

This Policy is designed with a view to comply with the requirements set out in:

- (i) the CSSF Circular 18/698 of August 23<sup>rd</sup>, 2018 relating to the authorization and organization of the Investment Fund Managers (“IFM”) of the Luxembourg Law and to the specific arrangements regarding the fight against ML/FT applicable to the IFM and entities exercising the Registrar Agent function (the “CSSF Circular 18/698”);
- (ii) the CSSF Regulation Nr 10-4 of December 20<sup>th</sup>, 2010, transposing Commission Directive 2010/43/EU of July 1<sup>st</sup>, 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council, as regards organizational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a Depositary and a Management Company (the “CSSF Regulation Nr 10-4”);
- (iii) the European Commission Delegated Regulation (EU) Nr 231/2013 of December 19<sup>th</sup>, 2012, supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (the “European Commission Delegated Regulation”).

## **2. Scope**

In the exercise of its activities, the Company does not delegate the management of the Funds' portfolio management to any external Investment Manager. As a consequence, this Policy only applies to all the funds managed by the Company, under the December 17<sup>th</sup>, 2010 Law and the July 12<sup>th</sup>, 2013 Law.

This Policy is designed to communicate with clients the methods and rationale whereby the Company exercises voting rights.

## **3. Fundamental Principles**

As a matter of principle, the Company shall always vote in a manner which is in line with a particular Fund's investment strategy, policy and objectives, and in the exclusive interest of its investors. For this purpose, the Company shall develop adequate and effective strategies for determining when and how voting rights attached to the financial instruments held in the managed portfolios are exercised to the exclusive benefit of the Funds concerned and their investors.

The strategy of the Company consists of:

- Ensuring the monitoring of relevant corporate events;
- Guarantying that voting rights are exercised in accordance with the objectives and investment policy of the managed Funds;
- Preventing or managing any conflict of interest ("COI") arising from the exercise of voting rights.

The Company shall only exercise the voting rights associated with an investment if it is deemed to be in the best interest of the clients, i.e. the Funds and their investors.

Accordingly, the overarching objective of the Company is to create long-term superior risk-adjusted investment return in the Funds managed.

## **4. Exercising Voting Rights**

When the exercise of the voting rights has not been duly and accurately delegated to the Company, the Fund shall remain responsible and shall implement its own strategy for the exercise of the voting rights relating to the financial instruments held in its portfolio. In that case, the Company shall systematically refrain from exercising the voting rights linked to shares which are also held by the funds under the management of the Company.

The following guidelines shall be applied by the Company, but they may be adapted to the specificities of the Funds:

- As a matter of principle, and especially for equity-related investments, the voting rights should be exercised only for material positions (i.e. investments representing more than 1% of the shares listed on a regulated market or of the share capital of a company), and no recall from a securities lending program, if applicable, ought to be required.
- For standard items of a shareholders' meeting agenda (i.e. those which in normal circumstances have no long-term material impact on the investments), the Company shall vote in accordance with the proposals of its Investment Committee and Board of Directors, in compliance with the investment strategy of the Funds.
- For other matters which may have an impact on the investors' interests, some in-depth analysis of the items on the meeting agenda shall be done. These items are, among others: (i) mergers and acquisitions, (ii) takeovers, (iii) reorganisations and (iv) changes in the structure of capital and voting rights. The analysis shall be conducted based on available information, such as press releases, annual reports of the company and/or analysts' recommendations.

Finally, the Company shall draft a report at least annually, including all the proxies received and the decisions which were taken for each proxy, communications received, decision's support documentation, etc. This report shall be transmitted to the Board of Directors of the Company and included in the annual Compliance Report to be transmitted to the CSSF.

## **5. Conflicts of Interests**

COI may arise when the Company, or one of its employees, has an interest in a company that is distinct from the interests of the clients and investors in the Funds.

In order to prevent, detect and avoid the occurrence of COI, the Company duly applies the principles held in its COI Policy and which are compliant with the legal and regulatory framework applicable to the Company. The employees shall in particular be attentive to actual or potential COI that may arise when exercising voting rights. When encountering situations that might represent such COI, employees shall inform the Authorized Management as well as the Compliance Officer of the Company.

***All situations representing COI in respect of voting rights shall be handled in accordance with this Policy, the Conflicts of Interests Policy and any other internal Policy or instruction related to the handling of such conflicts, including restrictions set out in the Personal Transactions and Market Abuse Policy.***

For the avoidance of COI, the interests of the investors are aligned and the voting rights are exercised in a coordinated manner with the Funds. Any exception shall be justified only by the interests of the funds and their shareholders.

#### **6. Ongoing monitoring and distribution**

The proxy voting process shall be periodically reviewed by the Authorized Management and the Compliance Officer of the Company in order to ascertain that voting rights are exercised in the best interests of the clients, i.e. the Funds and the investors.

The Company shall make available appropriate information on this Policy and on any material changes to it to the Funds and their investors, free of charge and on their request. Details of steps taken based on this Policy shall be freely available to investors at their request or on the website of the Company.