

Capital**BAY**

Voting Rights Policy

December 2023

CAPITAL BAY FUND MANAGEMENT

(hereafter "Company")

2, rue Jean Monnet

L-2180 Luxembourg

A Company of **CAPITAL BAY GROUP**

Contents

VERSION CONTROL.....	3
DEFINITIONS	4
OBJECTIVES.....	5
SCOPE	5
EXERCISING VOTING RIGHTS	5
PRINCIPLES OF VOTING RIGHTS	6
GENERAL VOTING PROCEDURE AND METHODS	7
Capital measures.....	7
Governing bodies.....	7
Disposals and acquisitions.....	7
Annual Report & Auditor.....	7
Conflicts of interest	8
Process	8
DISCLOSURE OF THE VOTING RIGHTS POLICY TO INVESTORS.....	8
REFERENCES	9

VERSION CONTROL

The Voting Rights Policy shall be reviewed and updated by the Board on a regular basis or at least once a year, or upon:

- Material changes in standard practices and governance;
- Changes in the AIF(s) issuing documents;
- Additional AIF(s) or new compartments of existing AIF(s).

VERSION NO	EFFECTIVE DATE	DETAILS
V 1.0	01/10/2019	Inception
V 1.1	01/12/2020	Annual review and update
V 1.2	01/12/2021	Annual review and update
V 1.3	01/12/2022	Annual review and update
V 1.4	01/12/2023	Annual review and update

DEFINITIONS

AIF(s)	Any alternative investment fund which is managed by the Company
Board	The Board of Managers is composed of: Mr Rolf Engel (chair) Mr Jörg Salden Mr Thomas Bergenroth Mr Thorsten Joerss Mr Thorsten Steffen
CSSF Circular 18/698	CSSF Circular as of 23 August 2018; regarding the authorisation and organisation of Luxembourg investment fund managers
Delegated Regulation	The Commission Delegated Regulation (EU) No 213/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council.
Conducting Officers	The persons who de facto conduct the activity of the Company with the meaning of Article 7 (1) c) of the 2013 Law. The conducting officers are: Mr Rolf Engel Mr Thorsten Joerss Mr Thorsten Steffen Mr Kalin Kirilov

OBJECTIVES

The purpose of the Voting Rights Policy is to fulfil the requirements of Article 37 of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council on alternative investment fund managers with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (the "AIFM Regulation").

The Policy lays down the principles guiding the Company in exercising the voting rights attached to assets held in the AIF's portfolios under its management.

The Policy shall allow the Company to preserve the interests of the AIF(s) and its investors and ensure that the manner in which the assets are voted on is both in the best interest of the value of the investment and adheres to the investment policy of the AIF(s).

Furthermore, the Company safeguards that the standards set out in this Policy should be flexible with the aim to correspond to the amendments in the AIF(s)' Investment Policy and any other developments.

SCOPE

The Policy applies to the full range of alternative investment funds ("AIF") for which the Company acts as an AIFM.

EXERCISING VOTING RIGHTS

The Company shall develop adequate and effective strategies for determining when and how any voting rights held in the AIF(s) portfolios it manages are to be exercised, to the exclusive benefit of the AIF concerned and its investors.

The Company shall establish and periodically review a minimum percentage holding under which it has deemed that it is in the best interest of the Investors not to exercise its voting rights.

The strategy referred to above shall determine measures and procedures for:

- 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 AIF(s),
- c) exercising of the voting rights if deemed appropriate, and
- d) preventing or managing any conflicts of interest arising from the exercise of voting rights.

PRINCIPLES OF VOTING RIGHTS

In every case where voting rights are exercised, the Board shall delegate a representative, giving the latter voting instructions coherent with the following principles:

- **Corporate Governance:** the Company will generally vote in favor of the management's proposed directors in uncontested elections. For contested elections, the Company will vote for candidates that, in his opinion, best serve the interests of the concerned AIF(s). The Company will oppose to the appointment of any director whom the Company or the Company himself considers as unsuitable on the basis of his experience or qualifications.
- **Takeover Defense and Related Actions:** all proposals will be reviewed on a case by case basis, taking into consideration elements such as the profitability and the best interest of the AIF(s).
- **Mergers/Acquisitions:** all proposals will be reviewed on a case by case basis, taking into consideration elements such as the profitability and the best interest of the AIF(s).
- **Directors/Managers compensation:** the Company believes that the directors/managers compensations (*including bonuses and other extraordinary incentive provisions*) are part of the ordinary business and will generally vote in favor of directors/employee compensations at the level of underlying companies. The Company shall take into consideration the economic position of the security issuer and the rationale behind the relevant directors/managers compensation proposals when deciding how to vote on any such matter.
- **Capital Structure:** in the absence of unusual circumstances, the Company will vote in favor of proposed increases in authorized capital. Any proposal which involves the issuance of preferred shares or which gives the directors/managers of the security issuer the authority to assign disproportionate voting rights at the time the securities are issued will be subject to reinforced review prior to approval. When deciding how to vote on any proposed restructuring or recapitalization, the Company shall consider whether the proposed action is the best means of enhancing value for the (sub-)fund holding the securities and will positively affect the security issuer's long-term prospects.
- **Compliance with investment objective / policy of the AIF:** as anticipated, the Company, when exercising voting rights in relation to assets held by the AIF(s), shall always exercise such voting rights in compliance with the investment objective and policy of the relevant (sub-)fund.

The Company mandate systematically to implement the same measures and procedures for the AIF(s) managed by third party investment managers and always retain the right to instruct or advise on how to vote.

GENERAL VOTING PROCEDURE AND METHODS

Investments will be held indirectly through a series of entities themselves held through one or more intermediate holding vehicles established by the AIF. Together with the support of legal and tax counsel, the Company may advise on the appropriate structures to be put in place by the AIF. Thus, the AIF always keeps, directly or indirectly, the control on all the structure. In any case, the Company shall closely monitor that the vote done in the general meetings of the series of entities through which the investment is done follows its own convictions, on a grounded basis and in line with the AIF's investment objectives, always with the investors' interests in mind.

Furthermore, the Company as responsible AIFM will apply the following general principles when practising voting rights.

Capital measures

Capital increases are in the interests of the shareholders if they enhance the long-term success of the portfolio company. The portfolio company's financing strategy must be considered in this context.

The Company generally approves changes in the investments' capital structures if:

- They have no negative consequences for the investors of the AIF.
- It serves to achieve a clear, long-term increase in the portfolio company's earnings potential.
- Clear reasons for it are provided, and the portfolio company's long-term strategy regarding the corporate action is explained and supported.

Governing bodies

The structure of the bodies within a portfolio company should enable there to be a sound corporate policy. The clear defining and separation of responsibilities is considered to be important in this regard.

A vote for changes to the Governing Bodies is only considered in the following cases:

- Decline of performance
- Significant doubts about the competences of the Governing Bodies
- Legal Compliance failure or other severe misconduct

Disposals and acquisitions

The Company will look at disposals and acquisitions on a case-by-case basis. Only if enough information exists and the process is in line with the interests of the investors will the Company vote in favour of a merger or takeover.

Annual Report & Auditor

The portfolio company's financial statements or annual report should be published regularly and be transparent in order to give shareholders an overview of the company's financial situation.

If there is a lack of validity of the reports, the Company will abstain or vote in exceptional cases against the particular agenda items. If the annual financial statements are not compliant with standard accounting rules, the company will vote against their acceptance.

Conflicts of interest

The Company will prevent or manage any conflicts of interest arising from the exercise of voting rights according to its Conflict of Interest Policy.

Process

Voting rights decisions are taken by the Board of the Company and are to be approved by the Board of the AIF. The process must be documented in a written form.

DISCLOSURE OF THE VOTING RIGHTS POLICY TO INVESTORS

A summary description of the Policy and details of the actions taken on the basis of this Policy shall be made available to any person, who can justify a genuine interest in the AIF(s), on their request.

The latest version of the Voting Rights Policy can be found on the Company's website. Alternatively, it can be made freely accessible to shareholders and investors. Requests to that effect should be sent:

By letter to the following address:

Capital Bay Fund Management
2, rue Jean Monnet
L-2180 Luxembourg
Grand Duchy of Luxembourg

By Email to the following Email address:

corporate@capitalbay.lu

REFERENCES

- Luxembourg Law of 12 July 2013, Art. 13
- Commission Delegated Regulation (EU) No 231/2013, Art. 37
- CSSF Circular 18/698, Section 5.5.10. - Exercise of voting rights