

الاستثمار كابيتال
Alistithmar Capital



PROXY VOTING POLICY FOR ALISTITHMAR CAPITAL FUNDS

PVPACF_V4_2019

DATE & STAMP OF FUND
BOARD APPROVAL

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1. Introduction

This Policy has been authorized and approved by the Fund Board Members (“FB”) of Alistithmar for Financial Securities and Brokerage Company’s Funds (“Alistithmar Capital” or “ICAP” or the “Company”). It represents an enforceable document relating to its Proxy Voting on behalf of the Alistithmar Capital Funds.

1.1 Purpose

Article 53 of CMA’s Investment Funds Regulations requires the following:

ICAP shall exercise or not exercise any rights associated with any assets of any public fund, ICAP shall act in accordance with the best interests of the unitholders of the relevant public fund. (IFR, Art 53, a).

With respect to voting rights (if any) associated with any assets of any public fund which the manager manages, ICAP shall: (IFR, Art 53, b)

- 1) Develop a written policy regarding such voting rights which shall be approved by the fund board; and
- 2) Exercise or not exercise voting rights in accordance with the written policy approved by the fund board and maintain full records documenting the exercise of voting rights (including the reasons for exercising or not exercising voting rights in a particular way).

ICAP must disclose on its website and on the exchange’s website its policies regarding voting rights in the general assembly of listed companies, in relation to each fund the fund manager manages. (IFR, Art 53, c)

ICAP shall strive to attend general assembly (GA) meetings and extraordinary general meetings for most of our holdings in mutual funds and act in the best interest of its clients. In case of major ownership of a listed company in mutual funds or major events, ICAP will take its best efforts to actively attend the meeting and act in the best interest of its clients.

1.2 Scope

The Scope of this Policy is to adopt and implement the following Policies and Guidelines, for proxy voting for Alistithmar Capital Funds and in accordance with its fiduciary duties and local regulations.

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1.3 Definitions

For all definitions, please refer to the CMA Glossary which can be found in the CMA Website and is called "GLOSSARY OF DEFINED TERMS USED IN THE REGULATIONS AND RULES OF THE CAPITAL MARKET AUTHORITY"

2. Reference to Regulations and Other Internal Documents

- ICAP Internal Policies as applicable

3. Policy Statements

The Broad Proxy Voting Guidelines (BPVG) Policy is as follows:

- A. Vote in the best interest of the unit holders of the concerned fund and not affected by Alistithmar Capital conflicts of interest.
- B. Vote in accordance with broad proxy voting guidelines (BPVG) approved by the Fund Board.
- C. Take assistance of the outside experts on complex proxy issues.
- D. Take prior approval of the independent members of the fund board if it is not consistent with the approved policies of the Fund Board.

3.1 Operational Matters:

- A. Generally vote AGAINST proposals that:
 - Provide management with the authority to adjourn an annual or special meeting without compelling reasons to support the proposal.
 - Reduce quorum requirements for shareholder meetings below a majority of the shares outstanding unless there are compelling reasons to support the proposal.
- B. Vote FOR proposals:
 - Those are of a housekeeping nature (updates or corrections).
 - Change the corporate name.
 - Change the date/time/location of the annual meeting unless the proposed change is unreasonable.
 - Ratify auditors, unless:
 1. An auditor has a financial interest in or association with the company, and is therefore not perceived as independent,
 2. Fees for non-audit services are excessive, or
 3. There is reason to believe that the independent auditor has rendered an opinion, which is neither accurate nor indicative of the company's financial position.

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- For audit firm rotation, unless the rotation period is so short (less than five years) that it would be unduly burdensome to the company.

C. Vote CASE-BY-CASE on shareholder proposals asking companies to prohibit or limit their auditors from engaging in non-audit services.

3.2 Board of Directors:

A. Vote AGAINST proposals:

- To eliminate cumulative voting.
- Indemnification proposals that would expand coverage beyond just legal expenses to acts, such as negligence, that are more serious violations of fiduciary obligation than mere carelessness.
- That provides that directors may be removed only for cause.
- That provides that only continuing directors may elect replacements to fill board vacancies.

B. Vote FOR proposals:

- Seeking to fix the board size or a range for the board size.
- For shareholders to remove directors with or without cause.
- For shareholders to elect directors to fill board vacancies.
- Asking that a majority or more of directors is independent.
- Asking that board audit and compensation committees be composed exclusively of independent directors.
- That mandate a minimum amount of stock that directors must own in order to qualify as a director or to remain on the board. The company should determine the appropriate ownership requirement.

C. Vote CASE-BY-CASE on:

- Director nominees should be made on a CASE-BY-CASE basis, examining the factors such as composition of the board and key board committees, attendance at board meetings, corporate governance provisions, long-term company performance relative to a market index and directors' investment in the company.
- Proposals on director and officer indemnification and liability protection.

3.3 Anti-take-over defences and voting related issues:

A. Vote AGAINST proposals:

- Giving the board exclusive authority to amend the bylaws in addition to shareholders.
- To restrict or prohibit shareholder ability to call special meetings.
- To require a supermajority shareholder vote.

B. Vote For proposals:

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- That asks a company to submit its poison pill for shareholder ratification.
 - To allow or make easier shareholder action by written consent.
 - That removes restrictions on the right of shareholders to act independently of management.
 - To lower supermajority vote requirements.
- C. Vote on advance notice proposals on a CASE-BY-CASE basis, giving support to those proposals, which allow shareholders to submit proposals as close to the meeting date as reasonably possible.

3.4 Mergers and corporate restructuring:

A. Vote FOR proposals:

- The conversion of securities if it is expected that the company will be subject to onerous penalties or will be forced to file for bankruptcy if the transaction is not approved.
- The debt restructuring if it is expected that the company will file for bankruptcy if the transaction is not approved.
- The liquidation if the company will file for bankruptcy if the proposal is not approved.
- The private placement if it is expected that the company will file for bankruptcy if the transaction is not approved.

B. Vote CASE-BY-CASE on:

- Asset purchase proposals, considering the following factors:
 - ✓ Purchase price
 - ✓ Fairness opinion
 - ✓ Financial and strategic benefits
 - ✓ How the deal was negotiated
 - ✓ Conflicts of interest
 - ✓ Other alternatives for the business
 - ✓ Non-completion risk.
- Votes on asset sales should be determined on a CASE-BY-CASE basis, considering the following factors:
 - ✓ Impact on the balance sheet/working capital
 - ✓ Potential elimination of diseconomies
 - ✓ Anticipated financial and operating benefits
 - ✓ Anticipated use of funds
 - ✓ Value received for the asset
 - ✓ Fairness opinion
 - ✓ How the deal was negotiated

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- Review on a CASE-BY-CASE basis bundled or "conditioned" proxy proposals. In the case of items that are conditioned upon each other, examine the benefits and costs of the packaged items. In instances when the joint effect of the conditioned items is not in shareholders' best interests, vote against the proposals. If the combined effect is positive, support such proposals.
- Votes on proposals regarding conversion of securities are determined on a CASE-BY-CASE basis. When evaluating these proposals the investor should review the dilution to existing shareholders, the conversion price relative to market value, financial issues, control issues, termination penalties, and conflicts of interest.
- Votes on proposals to increase common and/or preferred shares and to issue shares as part of a debt restructuring plan are determined on a CASE-BY-CASE basis, taking into consideration the following:
 - ✓ Dilution to existing shareholders' position
 - ✓ Terms of the offer
 - ✓ Financial issues
 - ✓ Management's efforts to pursue other alternatives
 - ✓ Control issues
 - ✓ Conflicts of interest
- Vote going private transactions on a CASE-BY-CASE basis, taking into account the following: offer price/premium, fairness opinion, how the deal was negotiated, conflicts of interest, other alternatives/offers considered, and non-completion risk.
- Vote CASE-BY-CASE on proposals to form joint ventures, taking into account the following: percentage of assets/business contributed percentage ownership, financial and strategic benefits, governance structure, conflicts of interest, other alternatives, and non-completion risk.
- Votes on liquidations should be made on a CASE-BY-CASE basis after reviewing management's efforts to pursue other alternatives, appraisal value of assets, and the compensation plan for executives managing the liquidation.
- Votes on mergers and acquisitions should be considered on a CASE-BY-CASE basis, determining whether the transaction enhances shareholder value by giving consideration to the following:
 - ✓ Prospects of the combined company, anticipated financial and operating benefits
 - ✓ Offer price
 - ✓ Fairness opinion
 - ✓ How the deal was negotiated

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- ✓ Changes in corporate governance
 - ✓ Change in the capital structure
 - ✓ Conflicts of interest
- Votes on proposals regarding private placements should be determined on a CASE-BY- CASE basis. When evaluating these proposals the investor should review dilution to existing shareholders' position, terms of the offer, financial issues, and management's efforts to pursue other alternatives, control issues, and conflicts of interest.
 - Votes on spin offs should be considered on a CASE-BY-CASE basis depending on:
 - ✓ Tax and regulatory advantages
 - ✓ Planned use of the sale proceeds
 - ✓ Valuation of spin off
 - ✓ Fairness opinion
 - ✓ Benefits to the parent company
 - ✓ Conflicts of interest
 - ✓ Managerial incentives
 - ✓ Corporate governance changes
 - ✓ Changes in the capital structure.

3.5 Capital Structure

A. Vote AGAINST proposals to:

- At companies with dual-class capital structures to increase the number of authorized shares of the class of stock that has superior voting rights.
- To create a new class of common stock with superior voting rights.
- Authorizing the creation of new classes of preferred stock with unspecified voting, conversion, dividend distribution, and other rights ("blank check" preferred stock).

B. Vote FOR proposals:

- To reduce the par value of common stock.
- To approve increases beyond the allowable increase when a company's shares are in danger of being de-listed or if a company's ability to continue to operate as a going concern is uncertain.
- To create a new class of nonvoting or sub-voting common stock if it is not designed to preserve the voting power of an insider or significant shareholder or is intended for financing purposes with minimal or no dilution to current shareholders.
- To institute open-market share repurchase plans in which all shareholders may participate on equal terms.
- To increase the common share authorization for a stock split or share dividend.

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3.6 Director's and employee's compensation

A. Vote AGAINST retirement plans for non-employee directors.

B. Vote FOR:

- Employee stock purchase plans where all of the following apply:
 - ✓ Purchase price is at least 85 percent of fair market value
 - ✓ Offering period is 24 months or less, and
 - ✓ Potential voting power dilution is ten percent or less.
- Proposals to implement an ESOP or increase authorized shares for existing ESOPs, unless the number of shares allocated to the ESOP is excessive (more than five percent of outstanding shares).

C. Vote on compensation plans for directors on case-to-case basis in accordance with an objective criteria laid down by the Fund Board.

3.7 Social and environmental issues:

A. Generally vote FOR requests for reports disclosing the company's environmental policies unless it already has well-documented environmental management systems that are available to the public.

B. Generally vote FOR reports on the level of greenhouse gas emissions from the company's operations and products, unless the report is duplicative of the company's current environmental disclosure.

C. Most tobacco-related proposals should be evaluated on a CASE-BY-CASE basis, taking into account the following factors:

- ✓ Whether the company complies with all local regulation
- ✓ The degree that voluntary restrictions beyond those mandated by law might hurt the company's competitiveness.
- ✓ The risk of any health-related liabilities.

3.8 Others:

A. Generally abstention from voting FOR requests for approving any related party deals or any deals that might have a conflict of interest the deals reports disclosing if there is any conflicts of interest

B. Conflicts of Interest: The Fund Manager is aware that from time to time, apparent conflicts of interest may arise with respect to the exercise of voting rights of a managed fund. Any actual and/or potential conflicts of interest between the Fund Manager and the Fund's unit holders arising from the proxy voting process will be notified to the Compliance team and the Funds Board.

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The Fund Manager should resolve any actual and/or potential conflict uninfluenced by considerations other than the best interest of the unit holders of the managed fund. The Fund Manager should notify the Chairman of the Fund Board in the event of irreconcilable conflict of interest within the policy guidelines and be advised accordingly.

The Fund Manager believes that oversight by the Chairman of the Fund Board ensures that proxies are voted in the best interest of the unit holders of the fund. In order to avoid any perceived conflict of interests, the following procedures have been established for use when we encounter a potential conflict.

- ✓ The Fund Manager will refer to the Compliance team wherever there is an indication that potential conflict exists. The Compliance team will make the initial determination about whether a material conflict of interest exists on the basis of facts and circumstances of each particular situation.
- ✓ If the proposed vote is consistent with the stated proxy voting policy, no further review is necessary.
- ✓ If the proposed vote is contrary to the stated proxy voting policy and is consistent with management's recommendation, the proposal is escalated to the Chairman of the Fund Board for final review and determination.

4. Responsibilities

Alistithmar Capital will implement the proxy voting policies using its best efforts in accordance with the general principles contained herein, the main responsibilities are as follows:

Asset Management:

- Check the voting announcement in Tadawul.
- Investment Committee to review discuss and finalize its decision on the voting on the basis of required assessments as per the policy guidelines and assessments. Review holdings (number of shares) of the funds to be represented.
- The Fund Manager is also responsible for ensuring that full and adequate records of proxy voting are kept. The Fund Manager shall provide the voting record information at least annually for funds annual report. Such voting record information shall be in an acceptable form and shall be provided at such time(s) as are required for any regulatory filing.

Compliance:

- The role of Compliance Department is to monitor the votes cast quarterly and ensure that these are in accordance with the Fund's fiduciary duties and approved policies.

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- The Compliance Department shall ensure retention of the following records for 8 years:
 - Proxy voting policies and procedures.
 - Records of votes on behalf of the Funds.
 - Any documents prepared by Alistithmar Capital that were material to making a decision on voting.

5. Authority

Authority refers to the Delegation of Authority Policy and Matrix.

6. Amendment to the Policy

This policy will be amended by the Owner on an annual basis and is to be endorsed and approved as per the "Document Control".

7. Annexures

None

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