

<p>Concerned Activities / Department</p> <p><u>Collective Investment(s) :</u> All Funds</p> <p><u>Investment Manager(s) :</u> Rcube AM</p>	<p>Concerned People(s)</p> <p>All Members - All</p>	<p>Regulator's law(s)</p> <p>RGAMF Comofi French Civil Code</p>	<p>Associated Risk Level</p> <p>High</p>
<p>Updates & Distribution</p> <p>This procedure has been written by Morgan Rossi on October 17, 2013</p> <p>It has been validated and distributed by mail by Cyril Castelli on _____ against acknowledgment of receipt for any (new) employee.</p> <p>This procedure is intended to be updated on a Annual basis</p>			

Introduction



- ① As a responsible investor, Rcube Asset Management (RAM) pays particular attention to the corporate governance policies, structures and practices of the companies in which it invests on behalf of its customers and the UCITS under management. RAM is convinced that sound corporate governance practices deliver long-term shareholder value.
- ① "Corporate Governance" can be defined as "the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the Board, managers, shareholders and other stakeholders and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company's objectives are set and the means of attaining those objectives and monitoring performance".
- ① This policy outlines the high standards of corporate governance set for investee companies. RAM recognizes that there are no "one-size-fits-all" arrangements and that the policy is meant to be flexible due to different accounts, inter alia, country specificities, market capitalization and ownership structure, legal systems, local corporate governance codes, etc. The policy's ultimate goal is to safeguard the interests of all RAM clients and UCITS under management and foster shareholder value.
- ① The General Assembly of an issuer of securities is a highlight of life shareholder and it is important for the unitholders or shares of the UCITS management company to participate in the decisions that are taken and which can influence the evolution of these companies, and as a result, upgrading long-term investments of UCITS.
- ① The vote must therefore always be exercised in the exclusive interest of the holders of units or shares of the UCITS in a long term growth value.

Glossary - Definitions



- ① RG AMF: General Regulations from the "Autorité des Marchés Financiers"
- ① Comofi: French Financial and Monetary Code

Appendices



- Appendix 1: Voting rules

Regulations



- ① **Background regulation: Article 1844 paragraph 1 of the French Civil Code**
- ① **Article L.533-22 of the Comofi**
Portfolio management companies shall exercise the rights attached to the securities held by the undertakings for collective investment in transferable securities (UCITS) which they manage in the sole interest of the shareholders or unitholders of these UCITS and account for their exercise of voting rights practices under conditions laid down by the regulations of the financial markets authority. In particular, when they do not have such voting rights, they explain their reasons to the unit-holders or shareholders of the UCITS.
- ① **Article 314-100 of the RG AMF (French)**
La société de gestion de portefeuille élabore un document intitulé « politique de vote », mis à jour en tant que de besoin, qui présente les conditions dans lesquelles elle entend exercer les droits de vote attachés aux titres détenus par les OPCVM dont elle assure la gestion.
Ce document décrit notamment :
1° L'organisation de la société de gestion de portefeuille lui permettant d'exercer ces droits de vote. Il précise les organes de la société de gestion de portefeuille chargés d'instruire et d'analyser les résolutions soumises et les organes chargés de décider des votes qui seront émis ;
2° Les principes auxquels la société de gestion de portefeuille entend se référer pour déterminer les cas dans lesquels elle exerce les droits de vote. Ces principes peuvent porter notamment sur les seuils de détention des titres que la société de gestion de portefeuille s'est fixée pour participer aux votes des résolutions soumises aux assemblées générales. Dans ce cas, la société de gestion de portefeuille motive le choix de ce seuil. Ces principes peuvent également porter sur la nationalité des sociétés émettrices dans lesquelles les OPCVM gérés par la société de gestion de portefeuille détiennent des titres, la nature de la gestion des OPCVM et le recours à la cession temporaire de titres par la société de gestion de portefeuille ;
3° Les principes auxquels la société de gestion de portefeuille entend se référer à l'occasion de l'exercice des droits de vote ; le document de la société de gestion de portefeuille présente la politique de vote de celle-ci par rubrique correspondant aux différents types de résolutions soumises aux assemblées générales. Les rubriques portent notamment sur :
a) Les décisions entraînant une modification des statuts ;
b) L'approbation des comptes et l'affectation du résultat ;
c) La nomination et la révocation des organes sociaux ;
d) Les conventions dites réglementées ;
e) Les programmes d'émission et de rachat de titres de capital ;
f) La désignation des contrôleurs légaux des comptes ;
g) Tout autre type de résolution spécifique que la société de gestion de portefeuille souhaite identifier ;
4° La description des procédures destinées à déceler, prévenir et gérer les situations de conflits d'intérêts susceptibles d'affecter le libre exercice, par la société de gestion de portefeuille, des droits de vote ;
5° L'indication du mode courant d'exercice des droits de vote tel que la participation effective aux assemblées, le recours aux procurations sans indication du mandataire ou le recours aux votes par correspondance.
Ce document est tenu à la disposition de l'AMF. Il peut être consulté sur le site de la société de gestion de portefeuille ou au siège de celle-ci selon les modalités précisées dans le prospectus. Il est mis gratuitement à la disposition des porteurs de parts ou actionnaires de l'OPCVM qui le demandent.
- ① **Article 314-101 of the RG AMF (French)**
(Arrêté du 3 octobre 2011)
Dans un rapport établi dans les quatre mois de la clôture de son exercice, annexé le cas échéant au rapport de gestion du conseil d'administration ou du directoire, la société de gestion de portefeuille rend compte des conditions dans lesquelles elle a exercé les droits de vote.
Ce rapport précise notamment :

- 1° Le nombre de sociétés dans lesquelles la société de gestion de portefeuille a exercé ses droits de vote par rapport au nombre total de sociétés dans lesquelles elle disposait de droits de vote ;
- 2° Les cas dans lesquels la société de gestion de portefeuille a estimé ne pas pouvoir respecter les principes fixés dans son document « politique de vote » ;
- 3° Les situations de conflits d'intérêts que la société de gestion de portefeuille a été conduite à traiter lors de l'exercice des droits de vote attachés aux titres détenus par les OPCVM qu'elle gère.

Le rapport est tenu à la disposition de l'AMF. Il doit pouvoir être consulté sur le site de la société de gestion de portefeuille ou au siège de celle-ci selon les modalités précisées sur le prospectus. Lorsque, en conformité avec sa politique de vote élaborée en application de l'article 314-100, la société de gestion de portefeuille n'a exercé aucun droit de vote pendant l'exercice social, elle n'établit pas le rapport mentionné au présent article, mais s'assure que sa politique de vote est accessible aux porteurs et clients sur son site.

① **Article 314-102 of the RG AMF (French)**

(Arrêté du 3 octobre 2011)

La société de gestion de portefeuille communique à l'AMF, à la demande de celle-ci, les abstentions ou les votes exprimés sur chaque résolution ainsi que les raisons de ces votes ou abstentions. La société de gestion de portefeuille tient à disposition de tout porteur de parts ou d'actions d'OPCVM qui en fait la demande l'information relative à l'exercice, par la société de gestion de portefeuille, des droits de vote sur chaque résolution présentée à l'assemblée générale d'un émetteur dès lors que la quotité des titres détenus par les OPCVM dont la société de gestion de portefeuille assure la gestion atteint le seuil de détention fixé dans le document « politique de vote » mentionné à l'article 314-100. Ces informations doivent pouvoir être consultées au siège social de la société de gestion de portefeuille et sur son site.

① **Code of Ethics of AFG-ASFFI**

↳ Please refer to this specific procedure in the compliance book

Rcube internal organisation on voting rights



All

▪ **General Principles**

- ① This voting policy is applicable to the whole of the funds managed by RAM.
- ① This voting policy allows to analyze the resolutions submitted to the General Assemblies of the companies in which the funds of RAM have titles. This policy defines the principles applied by RAM on the exercise of voting rights and refers to best market practices.
- ⇒ Voting decisions are made in accordance with the voting policy adopted by RAM that delegates then to fund managers the analysis of resolutions submitted during the General Assemblies of the companies in which they hold securities and the final decision of vote.
- ⇒ The voting rights are exercised in the following cases, subject to that participation in the Assembly is not related to the blocking of the securities:

▪ **Limitation of the voting rights**

- ① The real exercise of the vote can lead to prohibitive administrative costs. Indeed, the vote requires an analysis of each of the resolutions of the General meetings, resolutions that are becoming increasingly complex. Vote also requires extensive preparatory work in order to understand the rules of corporate governance, both in France and abroad, and causes a significant additional workload during the general assemblies. Indeed, RAM directly analyzes resolutions of general meetings without call services from external providers.
- ① On an international standpoint, the practical exercise of the vote calls for respect of a heterogeneous set of laws and national regulations that are widely different depending on the country. Indeed, the rules are not yet harmonized to reflect, for example, the different forms of voting (paper form, internet voting, etc.) or of its terms (blocking the stocks, powers and delegations, etc...).
- ⇒ They are the custodians and sub-custodians, that are intended to ensure the administrative management of the vote according to local practices.
- ⇒ The custodians of the funds managed by RAM are Bank of New York. For obvious practical reasons, RAM will exercise its right to vote at general meetings for companies for which it will receive from its custodian information and the means to exercise its vote in a timely manner. However, if it considers it appropriate, RAM reserves the right to exercise its right to vote even in the absence of information provided by its custodians.
- ① In this context and in order to minimize the costs inherent to the vote, in the interest of the unitholders, RAM decided to limit the scope for the exercise of its right to vote at the positions in shares representing a significant value in its funds.
- ⇒ The Criteria are:
 - Shares that represents more than 5% of the funds' NAV,
 - Company where the funds' hold more than 2.5% stake.
- ⇒ However, each fund manager is free to exercise its vote for companies that do not meet these criteria when it considers it appropriate.
- ⇒ In the event where RAM would have recourse to the temporary loan of securities, it may decide to request the recall of the Securities lent on the exercise of the right to vote.
- ⇒ Due to the heaviness of the technical constraints, RAM decided to participate, in exceptional circumstances, to vote for issuers of foreign law.

▪ **Voting principles**

- ① The general philosophy of our voting policy is characterized by our desire to support the social organs of the companies in which we invest. Our wish is to be able to give power to the President of the Assembly to vote in favour of all the resolutions proposed by the Board of directors or the Executive Board and those rejected by the latter.
- ⇒ However, we reserve the right to deviate from this practice and to abstain or vote against the resolutions proposed by the Board of directors or the Executive Board if these seem contrary to the interests of the unitholders.
- ① Prior to the exercise of our voting rights, we analyze the resolutions submitted to the vote of shareholders according to principles developed in our voting policy. It was developed from the General principles of corporate governance and incorporated the principles developed in Bouton and Viennot reports and recommendations on corporate governance issued by the AFG.
- ⇒ These principles, set out in annex 1, apply to the various resolutions submitted to the general assemblies.
- ⇒ However, we reserve the right to waive the voting policy developed in this document to avoid voting in a way that we feel contrary to the interests of the unitholders, in particular if a resolution has been the subject of specific voting recommendations on the part of the AFG.

▪ **Voting instructions**

- ⇒ In the majority of cases, RAM exercises its right to vote using absentee ballots.
- ⇒ Concerning more particularly the shares of French companies, in the majority of cases, RAM exercises its right to vote by completing a single standardized form of vote on paper.
- ① In the majority of cases, the funds managed by RAM hold their securities in bearer form. Thus, in accordance with French regulations and practices, RAM Gets the form with its custodians and/or depositories.
- ⇒ In the case where securities are held in registered form, this form will be sent directly by the issuing company.
- ⇒ RAM is implementing the means necessary to analyze the resolutions of general meetings and transmit the duly completed form to the depository before the deadline for receipt of the documents.

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Appendix 1

All

■ **Rcube Asset Management Voting rules**

TYPE	VOTING RULES
RESOLUTIONS RESULTING IN A MODIFICATION OF THE STATUTES	
Modification of the Art. of Association	Voting for articles of incorporation if: (i) the rights of the shareholders are protected (ii) there is a negligible impact or positive on the value of the shares (iii) management provides satisfactory reasons for the modification of the statutes (iv) French law requires the amendment of the articles of the company.
Expand the company's activities	Vote for proposals to extend the areas of activity of the company.
Restructuring operations	Vote on case-by-case basis of the restructuring proposals: (i) mergers and acquisitions, (ii) output of minority shareholders, (iii) LBO, (iv) divisions, (v) winding-up and (vi) sales of asset operations.
Change of name	Vote for proposals for change of the corporate name of the company.
Change of country of registration	Vote for proposals for change of the country of registration of the company.
APPROVAL OF THE ACCOUNTS AND APPROPRIATION OF PROFIT	
Approval of accounts and discharge of the directors	As a general rule, vote for (i) the approval of the financial accounts, (ii) the report of the directors, and (iii) the discharge given to the management and members of the Board of Directors unless (i) if there are questions about the work done by the external auditors, the Board of directors or the management or (ii) if legal action is taken against the company.
Report of the Auditors	In General, vote for the approval of the report of the Auditors of the company unless (i) there has been issues in the past concerning the work performed or the procedures used by the Auditors of the accounts, or (ii) if the report of the Auditors is qualified, contains reserves or mentioned facts to submit to the attention of the shareholders.
Distribution of income and dividends	Generally vote for proposals for payment of the dividend unless the distributed amount is too large compared to the financial situation of the company.
NOMINATION ET REVOCATION DES ORGANES SOCIAUX	
Election / renewal of an administrator (or a member of the Supervisory Board)	As a general rule, voting for every candidate except in special cases related to (i) the quality of the candidate, (ii) to the past of the candidate and/or (iii) to the number of seats held by the candidate in other boards of directors or supervisory boards.
REGULATED AGREEMENTS	
Regulated Agreements	As a general rule, vote for the approval of the special report of the Auditors on the regulated agreements. Vote case-by-case basis if the regulated agreements are put in question by a shareholder with a significant stake and which intends to take legal action.
RESOLUTIONS CONCERNING THE CAPITAL STRUCTURE	
Applications for capital increase	Vote case-by-case of capital increases with retention of the preferential subscription rights. Vote case-by-case of capital increases without continuation of preferential subscription rights.
Capital reduction	Vote for proposals to reduce capital for purely accounting reasons. Vote against if the terms of the proposal are unfavourable to shareholders. Vote case-by-case of the proposals to reduce the capital in connection with restructuring operations.
Stock Buyback programs	Vote for proposals, except (i) share buyback if there was abuse in the past by the management or (ii) if the program contains no limits on selective buybacks.
Annulation d'actions	Vote for the proposals of the management setting up a programme of cancellation of shares.
Existence of different classes of shares	Vote for proposals to maintain or convert the capital structure to "one share = one vote". Vote case-by-case of the proposals (i) create or increase certain categories of shares, or (ii) create shares with multiple voting rights.
Use of the authorization granted to the Board to issue shares in a bid	Voting against the proposals of the management to issue shares in the event of public purchase or exchange offer.
"Stock option" plans	Vote case-by-case of the proposals to grant "stock option" plans to directors and executives.
APPOINTMENT OF THE AUDITORS	
Appointment of the Auditors	Vote for the proposals for the appointment of the external auditors unless a Board of Auditors (i) is not independent or (ii) has delivered an opinion, which is not sincere or that does not reflect the financial position of the company.
Renewal of the mandate of the external audit	As a general rule, vote for the proposals for the renewal of the mandate of the external auditors unless there are any questions about the audited accounts or procedures used.