

Helios Capital Asset Management (India) Private Limited

STEWARDSHIP POLICY

IMPORTANT INFORMATION

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Version History:

Version No	Date of review	Reviewed by	Next Review Date	Checked by	Owner	Description of key changes	Date of approval of the Boards
1	July 04, 2023	Abhinav Khemani	Q2, 2025	COO & Investment team	Investments	Formulation of Policy	July 04, 2024
1.1	July, 2024	Sonali Wagh	Q2, 2026	Compliance Officer / Investments / COO	Investments	Updation of para relating to monitoring of investee company and other minor language modification.	Boards of AMC: July 16, 2024 Trustee Company: July 22, 2024

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1. BACKGROUND:

The importance of institutional investors in capital markets across the world is increasing and they are expected to shoulder greater responsibility towards their clients / beneficiaries by enhancing monitoring and engagement with their investee companies thereby ensuring the protection of interest of investors in such companies. With this objective in mind, SEBI vide its circular dated December 24, 2019 (hereinafter referred to as “SEBI Circular”) has notified a detailed Stewardship Code for Mutual Funds and Alternative Investment Funds.

Stewardship Code is in the form of a set of principles that are being uniformly adopted for institutional investors like Mutual Funds, Insurance Companies, Pension Funds, Foreign Portfolio Investors (FPIs), Alternate Investment Funds (AIFs), etc. The AMC’s commitment to effective corporate governance and adherence to the Stewardship Code is to ensure that its investee companies, the Unitholders and the economy as a whole benefit and minority interest also remains protected. Stewardship includes voting as well as monitoring and engaging with investee companies on matters such as strategy, performance, risk, capital structure and corporate governance and avoidance of conflict of interest. This Code/Policy broadly requires the AMC to follow below principles as regards their conduct at general meetings of the Investee Company and disclosures thereto.

Helios Capital Asset Management (India) Private Limited (“**Helios AMC**”), has set up this policy for ensuring compliance with SEBI circular and work towards greater protection of interest of the investors of the schemes.

This policy shall apply to all the Schemes launched under Helios Mutual Fund and Helios AIF, from time to time, unless and until specifically exempted by SEBI. This policy is a natural extension of the AMC’s responsibility to protect and enhance the long-term economic value of the clients’ assets.

2. Stewardship Principles

Principle 1: Policy on stewardship responsibilities

The AMC believes in the principles of responsible investment and uses a robust framework by analysis of every stock covered by the Scheme. Every investee Company which is considered for investment or contemplated to be a part of investment universe / scope is supported by a detailed investment rationale including reviewing key Investee companies for various parameters which might affect the Companies operational and financial performance.

The Fund Manager of specific scheme will take the initial call on the voting decision and recommend the same to the Voting Committee of the AMC. The AMC will have a board approved Voting Policy that will be available on the website of the MF / AMC. Further, specific voting disclosures as prescribed would be made by AMC to ensure transparency.

The AMC would maintain oversight & control on the stewardship activities periodically by the above measures and including the following:

- Adequate disclosures on the website.
- Review of the Policy periodically at least once in two years, unless warranted earlier.

Principle 2: Conflicts of Interest

Investors' best interests are of utmost priority and AMC has a fiduciary duty to the assets that it is in charge of. There may be a possibility of conflicts of interests between interested parties in the course of carrying out our stewardship responsibilities. In order to ensure strict management of such issues, a separate Policy for Conflicts of Interests has been enacted. As part of the said policy for the prevention of conflicts of interests, *interalia* information exchange barriers (Chinese Wall) have been implemented. Such information exchange barriers serve to prevent undisclosed material information from being accessed by unauthorized employees, departments, or external parties.

Identifying conflict of interest:

While dealing with investee companies, the AMC may be faced with a conflict of interest, in an instance, where the investee company holds a material interest, in the overall business or is a distributor for the AMC. The AMC would look out for any other situations that may potentially lead to a conflict of interest. Individual employees holding stocks of investee companies may also face conflict of interest when dealing with the same companies on behalf of the AMC.

Managing Conflict of Interest:

In order to ensure the protection and primacy of client's interests and to comply with the applicable regulations, the AMC has implemented policy and procedures aimed at preventing situations involving conflicts of interests and resolving such situations should they arise. The AMC manages the potential conflict of interest situations as under:

- a. In the usual course of AMC's business, any services engaged with investee companies including associates, sponsor & group companies shall be selected in the best interests of the AMC/AMC's clients. The services shall be selected on an arms-length basis
- b. The policy will allow for persons to recuse from decision making in case of the person having any actual/potential conflict of interest in the transaction.

Prevention of Conflicts of Interests in Exercising of Voting Rights

Helios AMC recognizes the possibility that independence in exercising voting rights may be hampered or conflicts of interests may arise between interested parties, due to ownership structure, various business activities. The AMC as an investment manager actively exercises its voting rights to fulfill its governance responsibilities. While exercising such rights, the AMC will not compromise its duty of care to its investors and will comply with the principles in a consistent manner which prioritizes the best interests of unitholders.

Principle 3: Institutional investors should monitor their investee companies

The analysts and fund managers of the AMC recognize the importance of monitoring investee companies on a regular basis. In addition to the basic monitoring of financial factors, they also examine the investee companies' status with more proactive measures, for example, by making communication and dialogue with such companies. In the course of monitoring investee companies on a regular basis, the AMC considers both financial and non-financial (environmental, social, governance, etc) factors. In order to raise the investment value from a mid-to long-term perspective, it is necessary to comprehend financial and non-financial factors in a comprehensive manner. If the analysts and fund managers find

concerning issues during the monitoring phase, they discuss with the investment team to determine whether additional shareholder engagement activities are needed. If it is determined that such additional activities are needed, the investment team will take appropriate measures.

Monitoring of Investee Companies

Frequency and process to monitor the activities of Investee Company shall be at such intervals as may be determined by the Head of Equity/CIO of the respective businesses.

The Equity Investment team will be accountable for monitoring all the companies in which the schemes invest in. The mechanism adopted for monitoring purpose will but not limited to:

- Publicly available information
- Management interaction through meetings/ con-call
- Broker research and inputs
- Industry information
- Alerts that may be generated through any system that the AMC may subscribe to

Though most of the companies interact with institutional investors, in some cases, few of our investee companies may not interact as management is not accessible or investment team believes that there is no incremental information which is being provided by the management. In such cases, it is possible that the monitoring shall be undertaken through other sources.

The investment in the company should be above the threshold level as determined by the Head of Equity/CIO in consultation with the CEO for active monitoring of investee companies. Currently, the threshold for monitoring is 5% of the paid up capital of the Investee Company. If the combined holding across all schemes of Mutual Fund or across all schemes of AIF is exceeding 5% of the paid up capital of the Investee Company, active monitoring shall be done by the Equity Investments Team. However, the Chief Executive Officer can decide to intervene in companies where the investment is below threshold level, depending on the criticality of the issue.

Key areas for monitoring include the following:

- Company strategy and performance - operational, financial etc.
- Periodical guidance from the management of investee companies
- Industry-level monitoring and possible impact on the investee companies.
- Quality of company management, board, leadership etc.
- Any adverse news on the company or its management team
- Corporate governance including remuneration, structure of the board (including board diversity, independent directors etc.) related party transactions, etc.
- Risks, including Environmental, Social and Governance (ESG) risks
- Shareholder rights, their grievances etc.

Engagement Strategy

The Equity Investment team shall decide the engagement strategy based on internal research. The final decision should be approved by the Chief Executive Officer.

Receiving of Unpublished Price Sensitive Information

In some circumstances, companies may seek the involvement of fund manager/analysts in corporate transactions, which may lead them to receive sensitive information. They may also receive Unpublished Price Sensitive Information (UPSI) in the course of an engagement. If any personnel of the AMC were nevertheless to become an insider, or to receive USPI, they would follow the relevant process as mentioned in the code for prohibition Insider Trading (Insider Trading Policy) including abstaining from any activity that could constitute a breach of the applicable law or regulation or the Insider Trading Policy.

Principle 4: Intervention in Investee Companies

The AMC may intervene on case-by-case basis if it feels that its intervention is required to protect value of its investment and discharging its stewardship responsibility. Decision for intervention will be decided by the Equity Investment Team with the approval of the Chief Executive Officer.

The circumstances for intervention may, inter alia, include poor financial performance of the company, corporate governance related practices, ESG risks, leadership issues, litigation, Inequitable treatment of shareholders, Poor business strategy, Non-compliance with regulations etc.

Following methods shall be followed for intervention with the companies:

The meeting(s) with investee companies is to be conducted in a confidential manner with a view to resolve the issue constructively. If dissatisfied with the response of the investee company, the AMC will proceed to escalate the matter further.

- i) Engagement: Sending letters to individual investee companies, one-to-one meetings with the management team, engagement with specific teams etc. to resolve any concerns including steps to be taken to mitigate such concerns.
- ii) Collaboration: The AMC shall also consider collaboration with other institutional investors, professional associations like AMFI, regulators, and any other entities it deems necessary for a collective engagement or joint representation with the investee company.
- iii) Escalation: In case there is no progress despite the above three steps, the AMC may engage with the Board of the investee company (through a formal written communication) and elaborate on the concerns. Further, the AMC may take appropriate steps to resolve the concerns including exiting its investments.
- iv) Voting: The AMC will vote against in case the governance practices of the investee company are improper.
- v) Legal Recourse: The AMC may take a legal recourse against a company if deemed necessary instead of exiting its investment.
- vi) Blanket Bans: The AMC may consider extending a blanket ban on a section of companies or create a list of black-listed companies as required if there is no engagement or improvement from the companies' side.

Principle 5: Voting Policy

Through the exercise of voting rights, the AMC intends to enhance the long term investment value for the Unitholders and to fulfill stewardship responsibilities. Voting rights are the fundamental rights of a

shareholder, and as such, the AMC recognizes that such rights are a crucial mean to improve the corporate governance structure of an investee company. The exercise of voting rights is governed by the Proxy Voting Policy of the AMC.

The basic principle regarding voting rights is to exercise rights based on stewardship responsibilities and to vote in favor of an agenda that is in line with the interests of our Unitholders. On the other hand, the AMC would vote against any agenda contrary to such interests. This means that the AMC can oppose to an agenda that could impair shareholders' rights or damage the long-term corporate value of an investee company. A decision to invest in an issuer is based in part on a fund manager's analysis of the performance of management and the corporate governance of the issuer.

Since a decision to invest is generally an endorsement of management of the issuer, the AMC will generally vote with management on routine matters. However, since a fund manager must be focused on shareholder value on an ongoing basis, it is the responsibility of the fund manager to be aware of the potential investment implications of any issue on which security holders are asked to vote.

Use of Outside Advisory Services

The AMC may utilize outside professionals' advisory services to secure expertise and objectivity of voting rights and also to get alerts or signals on any issues relevant from the perspective of AMC discharging its stewardship responsibilities. However, even if such services are used, the obligation to faithfully execute voting rights is with the AMC. Therefore, while the recommendations from the external advisory professionals are utilized for reference purposes only, the final determination and decisions are made by the AMC.

Disclosure of Voting Activities

The AMC discloses the exercise of voting rights in order to ensure transparency. The details of actual voting i.e. whether voted for/against/abstained and the rationale for such voting shall be disclosed on a quarterly basis on the website. Further, on an annual basis, the AMC obtains certification from a scrutinizer on the voting reports being disclosed by them. For Helios Mutual Fund, such scrutinizer's certification is submitted to trustees of Helios Mutual Fund and also disclosed in the annual report and on the website.

Principle 6: Reporting of Stewardship Activities

The AMC will disclose all the activities undertaken by the Equity Investment team, in regard to implementing this stewardship policy and discharging its responsibilities, on its website, as part of public disclosure on an annual basis.

The report shall outline details with respect to the implementation of the above principles. The report shall also form part of the Annual report which is sent to the Unitholders of Helios Mutual Fund. However, it may be noted that the compliance with the aforesaid principles does not constitute an invitation to manage the affairs of a company or preclude a decision of the AMC to sell the holdings in the schemes, when it is in the best interest of investors.

3. Review of this policy

The AMC shall review this policy once every two years or earlier, if required, in light of change in applicable law and/or for business reasons. The same shall be put up to the Boards of AMC and Trustee (for Helios Mutual Fund) for the approval. The changes/developments shall be communicated to the relevant person as and when necessary, in accordance with the Regulations.

In case any further information/clarification is required in this regard, the following person may be contacted:

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