



## SHAREHOLDER ENGAGEMENT POLICY

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## **INTRODUCTION**

Pursuant to the Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (“SRD II”), Asset Managers shall develop and publicly disclose a policy which describes how they integrate shareholder engagement in their investment strategy.

As per Chapter 1b. Transparency of Institutional Investors, Asset Managers and proxy advisors, Article 3g. Engagement policy, points 1(a) and 1(b), the engagement policy shall consist of a description as to how the Asset Managers monitor investee companies on relevant matters and in specific,

- Strategy
- Financial and non-financial performance
- Risk
- Capital structure
- Social and environmental impact
- Corporate governance

Moreover information should cover matters as to how the Asset Managers

- Conduct dialogues with investee companies
- Exercise voting rights and other rights attached to shares
- Cooperate with other shareholders
- Communicate with relevant stakeholders of the investee companies and
- Manage actual and potential conflicts of interests in relation to their engagement

In addition to the above and as per the regulatory requirements of point 1(b), Asset Managers shall, on an annual basis, publicly disclose how their engagement policy has been implemented, including,

- A general description of voting behavior
- An explanation of the most significant votes
- The use of the services of proxy advisors
- How they have cast votes in the general meetings of Companies in which they hold shares (except for the cases where votes are insignificant due to the subject matter of the vote or the size of the holding in the Company)

The SRD II was transposed into national Law (Law 111(I)/2021) by the Cyprus Parliament on 12/05/2021.



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## ***OVERVIEW OF AUDE FM LTD***

AUDE FM Ltd (“AUDE FM” or “Company”) is a Cyprus based Company regulated by the Cyprus Securities and Exchange Commission (“CySEC”) as an Alternative Investment Fund Manager (“AIFM”) with license number 30/56/2013. AUDE FM is a wholly owned subsidiary of Numisma Capital Ltd which is also regulated by CySEC as an Investment Firm (with license number 122/10) and whose license has been extended to provide sub-threshold AIFM services.

The Company’s main service line is Fund Management. Under Fund Management, the following can be offered:

- Portfolio Fund Management services
- Risk Management services
- Fund Administration services
- Other (Distribution Services as per AIFMD, Provision of Directorships for the Funds under management)

We may also assist in the provision of Fund Structuring services such as:

- Assistance with initial fund structuring decisions
- Sourcing of counterparties and service providers (i.e. Depositary, Brokers, Legal, etc.)
- Sourcing of Function holders where necessary
- Assistance with drafting the Prospectus and other fund documents
- Preparation and Promotion of Application with Regulator
- Activation and Launch of Fund

## ***INVESTMENT APPROACH AND MONITORING OF INVESTEE COMPANIES***

Investment opportunities are thoroughly assessed during an extensive research and analysis which can be done in-house or using external advisors.

AUDE FM assesses, where possible, the Company’s structure, financial and non-financial performance, capital requirements, Company’s main activities, strategy and risks, environmental, social and corporate governance, market share, news on the Company and its key persons as well as industry’s news, market/industry statistics, etc. The above list is non-exhaustive.

The assessment aims to gain a solid understanding of the Companies in examination.

The monitoring of the investee Companies is an ongoing process. AUDE FM monitors the investee Companies’ news, publications/periodic reports, uses external databases and conducts quantitative and qualitative assessments.



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### ***SHAREHOLDER ENGAGEMENT WITH INVESTEE COMPANIES***

The nature of our Fund management service is that, in any given Fund, we may hold a number of different positions in a variety of different assets classes resulting in investing in shares across a significant number of Companies including shares of companies with a registered office in Cyprus and whose shares are admitted to be traded on regulated markets in the EEA or comparable markets outside the EEA (“investee companies”). Therefore, the extent of our shareholder engagement with the investee Companies is by default constrained not only by our own internal resources, but also by the need to ensure our activities provide value to the Funds and their Investors.

As such AUDE FM, in its function as Fund Manager, does not exercise any voting rights in the Companies to which the Funds invest, in the cases where the holding is considered as not significant.

### ***EXERCISE OF VOTING RIGHTS AND OTHER RIGHTS ATTACHED TO SHARES***

We believe that exercising voting rights in companies that we invest on behalf of the clients can be an effective means of engaging with those investee companies. The nature and size of our client base, meaning the total voting control that we may exercise in any one investee company is very small.

Accordingly, AUDE FM does not exercise voting rights on behalf of its clients.

### ***REPORTING ON OUR VOTING BEHAVIOUR***

The Company’s policy in general is that we do not exercise any voting rights in any one investee company where the holding is considered to be small.

If at any time the Board of Directors decides otherwise then the voting rights will be exercised either by physical participation in the shareholder meetings or via the appointment of a proxy.

When exercising voting and other rights attached to shares of the investee Companies, AUDE FM ensures that:

- Is always acting in the best interests of the Fund and of the investors;
- The interests of any group of investors are not placed above the interests of any other group of investors;
- It remains independent from third-party interests and is free from influences
- It takes all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of Investors;



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- The decisions taken do not contradict in any way with the Fund's policies, objectives and risk profile;

#### ***COOPERATION AND COMMUNICATION WITH OTHER SHAREHOLDERS/STAKEHOLDERS***

At the current time, we do not collaborate with other shareholders in investee Companies.

#### ***MANAGEMENT OF ACTUAL AND POTENTIAL CONFLICTS OF INTEREST***

A summary of our policy on conflicts of interest is available to all on our web site and can be found by clicking [here](#).

This policy is reviewed regularly to ensure it remains up-to date and serves its purpose. The policy aims to manage all actual and potential conflicts of interest so that they will not give rise to any material risk of damage to the interests of our clients.

Where the interests of a client conflict with our interests or those of other members of the Group, we will seek to ensure that the client is informed accordingly and that the interests of the client are protected.

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