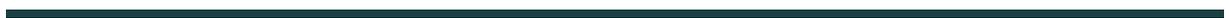




# **Voting Policy (incorporating UK Stewardship Code)**

Architas Multi-Manager Limited



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## 2. PURPOSE

### 2.1. Document Purpose

This Policy details the approach Architas takes to ensuring adequate and effective voting strategies are in place for determining when and how voting rights are exercised. In particular:

- a) monitoring relevant corporate events;
- b) ensuring that the exercise of voting rights is in accordance with the objectives and policies of the mandate; and
- c) preventing or managing any conflicts of interest, either between the Manager and the Fund or between the Fund and any other client of the Manager, arising from the exercise of voting rights.

This Policy also outlines the approach Architas takes to ensure compliance with the requirements of the UK Stewardship Code.

### 2.2. Scope

This Policy applies to Architas Multi-Manager Limited ("AMML") and Architas Advisory Services Limited ("AASL").

### **2.3. Regulatory Requirements**

Architas Multi-Manager Limited is authorised by the FCA to act as the operator of regulated collective investment schemes in the UK. In addition, Architas is permitted to manage investment mandates for third party collective investment scheme operators in European Economic Area (EEA) jurisdictions. Many of these schemes are subject to Article 21 of the UCITS implementing Directive and Article 37 of the AIFM implementing Directive, which require Architas to ensure adequate and effective voting strategies are in place for determining when and how voting rights are exercised (see appendix 1 and appendix 2 for further detail).

In its role as Authorised Corporate Director of four UK authorised Open-Ended Investment Companies (OEICs), Architas is acting as an "asset owner" under the UK Stewardship Code. As an investment manager, both of its own OEICs and for other third party institutional clients, Architas acts as an "asset manager" under the Stewardship Code. Architas also provides advice to professional clients on investments in collective investment schemes. Whilst this activity lies outside the scope of 'asset management' under the Stewardship Code, Architas is nevertheless mindful of the principles of stewardship when carrying out research to support its advisory recommendations.

Under the Principles of the UK Stewardship Code asset owners and asset managers such as Architas should:

- i. publicly disclose their policy on how they will discharge their stewardship responsibilities;
- ii. have a robust policy on managing conflicts of interest in relation to stewardship policy, which should be publicly disclosed;
- iii. monitor their investee companies;
- iv. establish clear guidelines on when and how they will escalate their stewardship activities;
- v. be willing to act collectively with other investors where appropriate;
- vi. have a clear policy on voting and disclosure of voting activity;
- vii. report periodically on their stewardship and voting activities.

## **3. VOTING POLICY (incorporating UK Stewardship Code)**

### **3.1. Key Processes and Controls**

#### **4.2.1 Externally Managed Assets**

Where discretionary management of assets is delegated to an external party, Architas requires that party to provide it with details of the voting strategies and processes in place. Architas will then take reasonable steps to satisfy itself on an ongoing basis that those strategies fulfil regulatory requirements. This includes requesting sight of the delegated manager's voting policy before the commencement of the contract and including the voting policy in the scope of periodic due diligence reviews of the delegation.

Where assets are managed externally Architas applies the principle of proportionality under the **UK Stewardship Code** in respect of our monitoring of delegates, actively reviewing the stewardship policies and other stewardship disclosure of our major delegates, where a major delegate is defined as any asset manager who meets either of the following criteria:

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1. we have granted them an investment mandate to manage specific client portfolios on our behalf;
2. when we amalgamate the value of our holdings with all asset managers, this manager ranks in the top ten as measured by total value of our investment.

We refer to these major delegates hereinafter as the “Delegates”.

We review stewardship in the context of our Delegates' investment strategies within the framework of our oversight processes. Our monitoring approach does not set any particular threshold in terms of what we deem acceptable, but we highlight what we deem to be good practice, areas in which improvements might be considered, and improvements and enhancements that we have seen since the previous review.

On an annual basis, for each Delegate, we aim to review the publicly disclosed policies and activity reports on stewardship and produce a report on our findings. We share this report with the Delegate. When reviewing Delegates' policies and disclosures we bear in mind the following principles of good practice (outlined in appendix 3).

#### 4.2.2 Internally Managed Assets

Where Architas does not delegate management to an external party, it has its own measures and procedures in place to meet directive requirements as follows:

Directive Requirement	Architas Measures and Processes
Monitoring relevant corporate events	The Custodian of the Architas funds will receive notifications of all corporate events and will pass on these notifications to Investment Operations using the messaging functionality with their “Captain” system. These notices are monitored and forwarded onto the Architas Investment Team for review and decision.
Ensuring that the exercise of voting rights is in accordance with the objectives and policies of the fund	<p>Responsibility for voting decisions lies with the Architas CIO.</p> <p>We endeavour to vote in each instance in the best interests of our clients. Where we abstain from voting this will be in the clear interests of our clients and a rationale will be documented for this action.</p> <p>We do not currently follow any specific agenda in terms of ESG (Environmental, Social and Governance) Investment or SRI (Socially Responsible Investment). However, AXA Group (UK) – of which Architas is a part – is a signatory to the United Nations Principles for Responsible Investment (UNPRI).</p>

Directive Requirement	Architas Measures and Processes
Preventing or managing any conflicts of interest, between Architas and the Fund or between the Fund and any other client of Architas, arising from the exercise of voting rights	<p>The CIO will refer any conflicts to the Architas Investment Committee.</p> <p>From time to time, Architas may hold voting rights in regulated collective investment schemes or Investment Trusts managed by other AXA group entities for example, AXA Investment Managers ('AXA IM').</p> <p>Under FCA COLL regulations and Irish UCITS Notices, Architas cannot vote on the changes within any authorised fund managed by AXA IM by virtue of being an associate of the firm. Architas will, however, be able to vote on any rights arising from holdings in exchange listed transferable securities which are managed by other AXA group entities.</p> <p>Currently, Architas does not have any direct investments in any transferable securities managed by other AXA group entities. Where Architas becomes aware of a conflict of interest e.g. The AXA group prefers a particular outcome with votes cast, this will be raised with the Architas Investment Committee by the Chief Investment Officer. Where we vote, it will always be in the best interests of our clients.</p>

As well as granting mandates to asset managers and investing in open-ended funds, Architas also invests from time to time in Investment Trust Companies ("ITCs"), which are closed-ended investment funds constituted as corporations. Architas' stewardship of ITC shares involves certain steps in addition to those applied to open-ended funds. For example we:

- a. investigate the background and expertise of the members of the ITC board and their degree of involvement in investment decision-making;
- b. analyse the independence of the board from the delegated investment manager and the structure of their financial incentives;
- c. investigate specific investor protection mechanisms, including discount controls and continuation voting procedures;
- d. analyse controls over potential conflicts of interests for the directors.

Voting decisions are recorded on State Street's voting agent's (Broadridge Financial Solutions Inc.) system ProxyEdge and corporate actions are recorded on the custodian's 'Captain' system.

**For each of the Stewardship Code principles we have detailed how they apply to Architas and how we demonstrate adherence.**

- i. Publicly disclose their policy on how they will discharge their stewardship responsibilities;

*We will review this policy annually and update as appropriate.*

- ii. Have a robust policy on managing conflicts of interest in relation to stewardship policy, which should be publicly disclosed;

*We maintain a Conflicts of Interest Policy that includes in its scope potential conflicts relating to stewardship. We also expect our delegates to operate conflicts management in line with MiFID or equivalent local requirements. As we do not direct investment into particular companies, we do not typically encounter specific conflicts relating to stewardship.*

- iii. Monitor their investee companies;

*As we do not invest directly, we do not monitor investee companies, but we encourage our major delegates to do so. We monitor the stewardship policies and disclosures of these delegates on an annual basis. Further details are included under 'Monitoring', below.*

- iv. Establish clear guidelines on when and how they will escalate their stewardship activities;

*We regard the responsibility for escalation as lying in the first instance with the delegate asset manager.*

- v. Be willing to act collectively with other investors where appropriate;

*We regard engagement with investee companies as a responsibility of the delegate asset manager.*

- vi. Have a clear policy on voting and disclosure of voting activity;

*We delegate voting strategy and the operation of this to our delegate asset managers. We are developing a voting policy with regard to unitholder/shareholder votes in funds that we own.*

- vii. Report periodically on their stewardship and voting activities

*Records of our voting activity are available on request.*

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#### **4. DISCLOSURES AND REPORTING TO CLIENTS**

Details of any voting actions taken on behalf of the Funds are available free of charge, on request, from Architas

Architas will, upon request, provide unitholders with delegated managers' voting strategies.

#### **5. ROLES AND RESPONSIBILITIES**

This Policy is owned by the Investment COO. It is reviewed at least annually and approved by the Architas Investment Committee.



## **6. BREACH OF POLICY**

In accordance with our internal breach and error policies, any actual or suspected breach of the Voting Policy is reported to the Architas Compliance Team, which is tasked with overseeing its investigation, remedial action, rectification and related record keeping.

In particular, breaches with a material impact on a client (including a fund) are investigated and rectified as soon as reasonably practicable taking into account the clients' best interest.

Where the breach was caused by an internal or external error, the Architas Operational Risk Team will ensure related controls are reviewed and enhanced where deemed appropriate.

In certain circumstances, a breach may be reportable to the Architas Human Resources Team, the FCA and/or the depositary/trustee and may result in disciplinary action. The Architas Compliance Team will oversee any such notification.

## **7. APPENDICES**

### **APPENDIX I: ARTICLE 21 OF THE UCITS IMPLEMENTING DIRECTIVE (COMMISSION DIRECTIVE 2010/43/EU of 1 July 2010)**

#### **Strategies for the exercise of voting rights**

1. Member States shall require management companies to develop adequate and effective strategies for determining when and how voting rights attached to instruments held in the managed portfolios are to be exercised, to the exclusive benefit of the UCITS concerned.
2. The strategy referred to in paragraph 1 shall determine measures and procedures for:
  - a. monitoring relevant corporate events;
  - b. ensuring that the exercise of voting rights is in accordance with the investment objectives and policy of the relevant UCITS;
  - c. preventing or managing any conflicts of interest arising from the exercise of voting rights
3. A summary description of the strategies referred to in paragraph 1 shall be made available to investors.

Details of the actions taken on the basis of those strategies shall be made available to the unit-holders free of charge and on their request.

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32010L0043&rid=1>

### **APPENDIX II: Article 37 OF THE REGULATION (EU) No 231/2013 SUPPLEMENTING DIRECTIVE 2011/61/EU (AIFMD)**

#### **Strategies for the exercise of voting rights**

1. An AIFM shall develop adequate and effective strategies for determining when and how any voting rights held in the AIF portfolios it manages are to be exercised, to the exclusive benefit of the AIF concerned and its investors.
  2. The strategy referred to in paragraph 1 shall determine measures and procedures for:
    - a. monitoring relevant corporate actions;
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- b. ensuring that the exercise of voting rights is in accordance with the investment objectives and policy of the relevant AIF;
  - c. preventing or managing any conflicts of interest arising from the exercise of voting rights.
3. A summary description of the strategies and details of the actions taken on the basis of those strategies shall be made available to investors on their request

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:083:0001:0095:en:PDF>

### **APPENDIX III: UK Stewardship Code principles of best practise.**

1. Principle 1: General Standard of Disclosure
    - a. Whether the disclosure indicates that the Delegate has in place substantive structures and resources dedicated to promoting stewardship policies and practices in the firm;
    - b. How comprehensively the disclosure addresses the applicable range of the FRC's 7 Principles;
    - c. The degree to which the disclosure appears to be substantively amended from year to year;
    - d. The level of specificity in the disclosures in each area. We look for disclosure of actual instances of engagement, conflict management, policy development and voting activity, as well as for more general statements of intent, as indicators of a healthy stewardship culture.
  2. Principle 2: Conflicts of Interest Management
    - a. Their approach to voting shares in affiliated entities;
    - b. Their approach to circumstances in which the interests of clients diverge, or where a client relationship raises a potential conflict;
    - c. How they put in place, maintain and publicly disclose a conflicts of interest policy;
    - d. their ability to describe various possible types of conflicts in respect of stewardship even if the policy is ultimately housed in a separate document.
  3. Principle 3: Monitoring
    - a. Their approach to monitoring their investee companies – including the issues they consider most important to monitor, the tools they use to do so and how they monitor effectiveness;
    - b. Their approach to explanations for departure from the Corporate Governance Code, identifying issues and engaging with the board or management as appropriate.
    - c. Their approach to being made an insider, with an indication of the mechanism to do so, including providing a named contact.
  4. Principle 4: Escalation
    - a. The circumstances in which they would intervene and how they assess the outcomes and effectiveness of intervention.
    - b. The way in which issues are escalated in an informative manner.
    - c. The principles underlying their approach, even if ultimately issues will be escalated on a case-by-case basis.
  5. Principle 5: Collective Engagement
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- a. Their policy on collective engagement, including the circumstances in which they may consider engaging collectively.
- b. Any formal or informal groups to which they may associate themselves, and providing the circumstances in which they might engage, even if their final approach is to be considered on a case-by-case basis.
- c. How other investors might contact them for the purposes of collective engagement.

6. Principle 6: Voting and disclosure of voting activity

- a. Their approach to voting and supporting the board, bearing in mind that the Stewardship Code recommends that signatories do not automatically support the board, that they register abstentions or votes against where appropriate and disclose their approach to informing the company in advance in these circumstances. Divergence from these recommendations should be explained appropriately.
- b. Their voting records. The more effective statements provide links to comprehensive disclosures and state the coverage of the disclosures and their timeliness.
- c. Their use of advisory services, including the scope, provider and the extent to which they follow the advice they receive.

7. Principle 7: Periodic Reporting

- a. How they account to their clients, with what frequency and what is covered, even if generally the reports are provided according to clients' wishes.
  - b. Their approach to independent assurance, including whether it is done and available to clients. Signatories that do not seek independent assurance should explain why not and describe their alternative arrangements.
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