

**Avendus Wealth Management Private Limited**  
**(Investment Manager to Avendus Equity Opportunities Fund**  
**- SEBI Registered Category III Alternative Investment Fund )**

**STEWARDSHIP POLICY**

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### *Regulatory Reference:*

- 1) SEBI circular bearing no. CIR/CFD/CMD1/168/2019 dated December 24, 2019

## 1. Content Management

Document Control	
Title	Stewardship Policy
DOC ID/ Number	1.0
Policy Owner	Investment Team*, Operations Team and Compliance Team
Policy Adherence by	Investment Team*, Operations Team and Compliance Team
Effective date	July 1, 2020
Last date of update	NA
Version Number	1.1
Reviewed by	Investment Team*, Operations and Compliance Team
Approved by	Board of Aventus Wealth Management Private Limited

Version	Updates	Reviewed Date	Next Review Date	Department / Team	Approved by
1	NA	NA	NA	Compliance	Board of Aventus Wealth Management Private Limited with delegated rights on June 30, 2020
1.1	Applicable to all the Schemes	November 23, 2021	NA	Compliance	Board of Aventus Wealth Management Private Limited on November 23, 2021

This policy document will be reviewed and revised by the Compliance Team in response to changed circumstances, and in any event, at periodic intervals at least once a year or shorter review periods as may be stipulated by the Compliance Team. Regulatory developments shall deem to automatically form part of this policy document.

This policy shall be effective from November 23, 2021.

\* Investment team as stated in the Private Placement Memorandum of the Scheme.

## 2. Regulatory reference and objective

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 all categories of Alternative Investment Funds.

SEBI has prescribed six key principles of the stewardship code listed below:

1. Formulate a comprehensive policy on discharge of stewardship responsibilities, public disclosure, periodical review and updation;
2. Clear Policy to manage conflicts in fulfilling stewardship responsibilities and public disclosures;
3. Monitoring of investee companies;
4. Policy for intervention in investee companies and collaboration with other institutional investors where required to preserve interests of the ultimate investors;
5. Clear policy on voting and disclosure of voting activity; and
6. Periodical reporting of stewardship activities.

Avendus Wealth Management Private Limited (herein after referred to as "Investment Manager", "IM", "Avendus Wealth") has set up this policy for ensuring compliance with SEBI circular and work towards greater protection of investors of the schemes which are invested in such companies.

Avendus Equity Opportunities Fund (the Fund) is a Category III – Alternative Investment Fund registered with SEBI - Reg No. IN/AIF1/17-18/0360. Avendus Wealth is Investment Manager to the Fund.

This policy shall apply to all the Schemes under the Fund from time to time, unless and until specifically exempted from. This policy is a natural extension of the Funds responsibility to protect and enhance the long-term economic value of the clients' assets.

## 3. Principle 1: Policy on Stewardship responsibilities

We believe in the principles of responsible investment and use a robust framework by analysis of every stock covered by the Scheme. Every investee Companies we intend to invest or contemplate to be a part of the universe of the Fund is supported by a detailed investment rationale including reviewing key Investee companies for various parameters which might affect the Companies operational and financial performance. These engagements could be either through direct interactions or voting mechanisms or tracking developments through publicly available data on a case to case basis.

Our voting exercise has been outsourced to the Custodian of the Fund under an agreement with clear agreement on voting decisions to be strictly in line with the Investment Managers monitoring & instructions. Further, specific voting disclosures as prescribed would be made by the Investment Manager to ensure transparency. Also, we would be accountable to the investors of the Scheme by maintaining professional confidentiality.

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

- Adequate disclosures on the website.
- Periodical trainings (atleast annually) to the relevant personnel of the Fund.
- Review of the Policy periodically but not less than on annual frequency.

## 4. Principle 2: Conflicts of interest

### 4.1 Conflicts of interest

The IM shall at all times be governed by the Group Conflicts of Interest Policy of its holding company – Avendus Capital Private Limited. Definitions and instances of conflict shall be derived and referred from the said group Conflict of interest policy. The basic intent of the said policy is to ensure that the interest of the client is placed before the interest of the entity.

The employees of the IM shall undertake reasonable steps to avoid actual or potential conflicts of interest situations. In the event of any doubt as to whether a particular transaction would create (or have potential to create) a conflict of interest, employees, officers and employees of the IM shall consult with the Compliance Officer.

### 4.2 Identifying instances of conflict

While dealing with investee companies, there may be following instances where:

- (i) Investee company could also be a client of the IM or its group companies or affiliates
- (ii) Any of the group companies or affiliates of IM is a partner or a shareholder holding more than 2% of the paid-up capital of the investee company;
- (iii) A nominee of IM may be appointed as nominee director of the investee company;
- (iv) A Director of IM may have a personal interest in the Investee company (more than 2% of the paid up capital in the investee company);
- (v) IM or its director or employee is likely to make a financial gain, or avoid a loss at the expense of the investors of the scheme.

The above instances are inclusive and instances where interests or benefits of the IM (including its Directors, officers and employees) conflict with the interest or benefit of the Scheme i.e. unitholders of the Scheme.

### 4.3 Dealing with conflict of interest

The IM shall at all times be governed by the Group Conflict of Interest Policy in identifying and dealing with conflicts of interest situation.

Nonetheless, even though potential conflicts of interest may arise, the IM shall exercise its vote (positive or negative)/ abstain, in the best interest of unitholders. Further, where there is a nominee

of Aventus on the Board of directors of an investee company, the IM shall abstain from voting in the shareholder voting proposal.

However, the Investment Team while exercising its voting under conflict of interest situation shall be highlighted to the Compliance Officer and the Chief Executive Officer. It may also be noted that the voting function is segregated from the sales function and is essentially a process managed between the Fund management team, Operations team and the Custodian of the Fund.

Further, the Group Conflict of Interest Policy shall also be reviewed from time to time. It may be noted that a detailed disclosure on potential conflict of interest is also disclosed in the Private Placement Memorandum of the Fund.

## 5. Principle 3: Monitoring of investee companies

Aventus Wealth being an investment manager is responsible for assessing and monitoring the investee companies and take corrective actions to protect the interest of the unitholders of the Scheme.

Some of the ways in which the above objective will be met is listed below:

- (i) The Investment team shall be responsible for supervision and monitoring of investee companies, its business strategy, performance (operational/financial), risk, capital structure, leadership effectiveness, succession planning, remuneration, corporate governance performance (including remuneration etc.), cultural, social and environmental matters.
- (ii) The Investment team shall use publicly available information, sell side research and industry information, engage with the investor companies' investor analyst calls; to monitor the investee companies;
- (iii) The Investment Team while dealing with Investee Companies shall ensure compliance with SEBI (Prohibition of Insider Trading) Regulations;
- (iv) Any investment team member who is in access to 'unpublished price sensitive information' shall inform the Compliance Officer, so as to ensure that such information is dealt upon in manner of Aventus Group policy of Insider Trading and Dealing with such Unpublished Price Sensitive Information.

### 5.1 Levels of Monitoring

Aventus Wealth shall specifically identify investee Companies and categorize them into large or small investments keeping in mind that larger investments would entail higher levels of monitoring vis-à-vis companies where amount invested is insignificant from the point of view of assets under management can have a lower level of monitoring. This monitoring would essentially be exercised and form the basis of voting decisions and involvement in such decisions by the Fund Management Team of the Fund in the Investee Companies.

## 6. Principle 4: Intervention in investee companies

Avendus Wealth shall intervene in the decisions of the investee company if it is considered as material on a case to case basis (essentially depending on the size of the investments in the investee Companies), including but not limited to insufficient disclosures, poor financial performance, inequitable treatment of shareholders, breach of regulations which is in the nature of corporate governance, related party transactions etc., performance parameters, corporate plans / strategy etc. Such interventions may include meetings/discussions either directly or indirectly with the management for constructive resolutions of the issues and collaboration with other investors or industry bodies, proxy advisory firms on a case to case basis. The decisions of intervention/non-intervention would be exercised by the Fund Management Team and records for such interventions shall be adequately maintained. However, if the investment manager deems it not worthwhile to act due to limited impact that it is likely to lead to, in the matters of the investee company or for reasons beyond the control of the Investment Manager for eg. lack of co-operation/willingness by the Investee Companies, the investment manager would take a call to liquidate the holding(s) in the investee company(s) if they find something wrong regarding these aspects based on publicly available data or any other external sources.

Matters which may require collaborative engagement may include appointment / removal of directors, executive remuneration, disinvestment matters, dealing with inequitable treatment of the shareholders and related party transactions.

Avendus Wealth shall where permitted, collaborate with other shareholders or professional associations or regulators to solicit views.

Avendus Wealth shall intervene in the acts of omission and commission of an Investee Company where the fund holds more than 2% of the paid up capital of the investee company.

## 7. Principle 5: Voting Policy

It would be an endeavor of Avendus Wealth to exercise voting in the best interest of unitholders and enhancement of long term and sustainable value creation of investee companies thereby benefiting the overall capital markets as a whole. The voting process in brief is stated as follows:

- i. The Fund manager will inform the equity dealing team for participation in voting for resolution with necessary details for the scrip.
- ii. Equity dealing team will inform the operations team for participation in voting for/against /abstain from voting on the resolution.
- iii. The Operations team will then forward the instructions to the Custodian of the Fund (under an agreement executed between the Custodian and Avendus Wealth).
- iv. The Custodian will vote on behalf of the Fund for each resolution in favour or against or abstain from voting as per instructions given to them & send email confirmation to the Operations team for records.

Avendus Wealth shall record and disclose specific rationale supporting its voting decision with respect to each voting proposal received.

Further, a report on such voting exercised shall be hosted on its website on a half yearly basis with prescribed details. Further on an annual basis a consolidated report shall be sent to the investors or available to the investors on the website of the company.

Avendus Wealth may engage with proxy voting advisors for assistance on exercising of voting decisions if considered necessary. Details of such proxy advisors and scope as and when engaged shall be disclosed on the website.

It may be noted that the final decision to exercise its voting shall be on Avendus Wealth and at all times in the interest of unitholders of the scheme.

Conflict of Interest in Voting decisions should be informed to the Compliance Officer for further guidance.

## **8. Principle 6: Reporting of Stewardship Activities**

Avendus Wealth shall issue report detailing its voting exercised, manner of dealing with conflicts of interest, if any set out under this policy, extent of monitoring of investee companies, any intervention or collaboration undertaken within 60 days from the financial year end on its website.

## **9. Policy Review**

The Policy shall be reviewed periodically but not less than on annual frequency.

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