Angel One
Mutual Fund

Stewardship Policy

Angel One Asset Management Company Limited

Version 2.0

Contents

Introduction

Angel One Asset Management Company Limited ("AO AMC" or "AMC") acts as the investment manager to the schemes of Angel One Mutual Fund ("Mutual Fund").

Securities and Exchange Board of India (SEBI) vide circular number CIR/CFD/CMD1/168/2019 dated December 24, 2019, prescribed Stewardship Principles to be adopted and implemented by the Mutual Funds in relation to their investment in listed equities. The Stewardship Principle aims to promote the long-term success of investee companies in such a way that the ultimate providers of capital also prosper. Effective stewardship benefits investee companies, AMC, investors and enhances the quality of capital markets.

Accordingly, AO AMC has adopted this Stewardship Policy based on the principles prescribed in the said SEBI circular. This policy shall act as guidance to the Investment Team for discharging the stewardship responsibility. However, AO AMC may not be actively involved / engaged with the investee companies for the passive schemes. The stewardship responsibilities / activities as mentioned in this policy shall be discharged on a best effort basis and to the extent possible for the passive schemes.

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Stewardship Principles

Principle 1: Institutional investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.

Primary Stewardship Responsibilities

AO AMC shall:

- Take into consideration, in the investment process, investee companies' policies and practices on performance (operational, financial, etc.).
- Take into consideration, in the investment process, investee companies' policies and practices on material environmental, social and governance matters, opportunities or risks, capital structure, etc.
- Take into consideration the strategy, corporate governance practices (including board structure, remuneration, etc.) of investee companies, when undertaking buy and sell decisions.
- Enhance shareholder/investor value through productive engagement with investee companies.
- Vote and engage with investee companies in a manner consistent with the best interests of its shareholders/investors.
- Influence the development of corporate governance standards and corporate responsibility.
- Be accountable to shareholders/investors within the parameters of professional confidentiality and regulatory regime.

- Maintain transparency in reporting its voting decisions and other forms of engagement with investee companies.

Discharge of Stewardship Responsibilities

The AMC shall discharge its stewardship responsibilities through:

- Voting on shareholders' resolutions, with a view to enhance value creation for the shareholders/investors and the investee companies.
- Advocating for responsible corporate governance practices, as a driver of value creation.
- Intervening on material environmental, social and governance opportunities or risks in the investee companies.
- Having detailed discussions with management, interaction with investee company boards.
- A training program shall be formulated for training of the Investment team and stewardship committee members explaining the responsibility under the stewardship policy along with amendments, if any. This may be done through external agency or internal team presentation or meetings/calls.

Oversight of Stewardship Responsibilities

The Stewardship Committee shall ensure implementation of stewardship policy and exercise oversight. Minutes of the meeting of the Stewardship Committee shall be placed before the Board of AO AMC and Trustees. The AO AMC may avail the services of external agencies in discharging its stewardship responsibilities, if required.

Disclosure, Review and Update

This Stewardship Policy shall be reviewed at annual intervals or as and when needed. This policy and amendment thereto, shall be disclosed on the website of the AO AMC. In addition to disclosure of this policy on the website, a status report on stewardship principles shall also be disclosed annually on the website. The report shall inter alia include details indicating the compliance / any variances with the stewardship principles laid down in this policy. The format and content of the status report will be decided by the AO AMC.

Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.

The term "conflict of interest" refers to instances where personal or financial considerations may compromise or have the potential to compromise the judgment of professional activities. A conflict of interest exists where the interests or benefits of the AO AMC (including its employee, officers or directors) conflict with the interests or benefits of its unitholders or the investee companies.

Avoid conflict of interest

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

Identifying conflict of interest

While dealing with investee companies, the AO AMC may face situations where conflict of interest may arise, inter alia, in the following instances, where:

- The AO AMC and the investee company are part of same group.
- The Investee Company is also the institutional client of AO AMC.
- The AO AMC is a lender to the investee company.
- The investee company is partner or holds an interest, in the overall business or is a distributor for the AO AMC's group.
- Any of the group companies or affiliates of the AO AMC is a supplier or partner of the investee company.
- A nominee of the AO AMC has been appointed as a director or a key managerial person of the investee company.
- A director or a key managerial person of the AO AMC has a personal interest in the investee company.
- The AO AMC (including its employee, officer or director) is likely to make a financial gain, or avoid a loss, at the expense of a unitholder or the investee company.

Above list is inclusive but not exhaustive list of situations where conflicts of interest may arise. For any other situation where conflicts of interest may arise, all stakeholders will strictly follow the procedure of managing conflicts of interest as per this policy.

Managing conflict of interest

The mechanism to eliminate the influence of conflicts of interest in the above situations include following:

- Board approved personal securities trading policy covering access / designated employees / persons.
- Voting will be done only as per the procedure mentioned in the Board approved voting policy.
- AO AMC always seek to ensure that it acts in the best interest of all unitholders.
- Where a potential / actual conflict is identified, the matter will be referred to the Chief Compliance Officer and Chief Risk Officer who, if appropriate, will convene the stewardship committee meeting.
- The recording of the decision taken and supporting rationale will be documented in the form of minutes of the meeting.
- AO AMC will manage conflicts of interest by requiring access employees / persons, stewardship committee members and other personnel involved in implementing this policy to:
    - Avoid conflicts of interest where possible.
    - Identify and disclose any conflicts of interest.
    - Carefully manage any conflicts of interest.
    - Follow this policy and respond to any breaches.
- Once the conflict of interest has been appropriately disclosed, the Stewardship Committee (excluding the member disclosing conflict of interest) will take the required decisions.
- Conflicts shall be resolved on a case-to-case basis by the Stewardship Committee, after factoring the relevant considerations.

- As a rule, in all cases of conflicts of interests the voting decisions of AO AMC will be based on the best interests of the unitholders.

Principle 3: Institutional investors should monitor their investee companies.

The investment team shall be responsible for monitoring of the investee companies' business strategy, performance, risk, capital structure, remuneration, corporate governance performance, cultural, social and environmental matters.

The AO AMC may use publicly available information, sell side research and industry information and wherever possible shall engage with the investee companies through investor analyst calls or analyst meet at least once in a year, to monitor the investee companies.

Wherever necessary the AMC shall meet the management teams / key managerial personnel of the investee company on a yearly basis and actively participate in investor meetings and general meetings held by the investee company, through webcast, conference call or other mechanism, when possible, which will provide for higher participant/engagement.

Different levels of monitoring in different investee companies, e.g. companies where larger investments are made may involve higher levels of monitoring vis-à-vis companies where the amount invested is insignificant from the point of view of its assets under management.

Areas of monitoring which shall, inter-alia, include:

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

While dealing with the investee company, the investment team shall ensure compliance with the code of conduct and shall strictly adhere regulations and internal policies on prohibition of insider trading while seeking information from investee companies (and any other source) for the purpose of monitoring.

The AMC may nominate its representative on the Board of an investee company, wherever it deems necessary.

The Stewardship Committee shall review the monitoring and engagement activities being carried out by the Investment team on an annual basis.

Principle 4: Institutional investors should have clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interest of the ultimate investors, which should be disclosed.

Concerns may arise with respect to the investee companies from time to time mainly on account of insufficient disclosures, non-compliance to regulations, performance parameters, governance issues, corporate plans / strategy, corporate social responsibility, environment and social matters.

Following are the guidelines regarding intervention and escalation by AO AMC in investee companies:

Applicability

AO AMC shall intervene in the acts / omissions of the investee company, where, in the opinion of AO AMC any act / omission of the investee company is considered material on a case-to-case basis, including but not limited to insufficient disclosures, inequitable treatment of shareholders, non-compliance with regulations, performance parameters, governance issues, related party transactions, corporate plans / strategy, CSR and environment, or any other related matters.

Intervention

The decision for intervention shall be decided by the Stewardship Committee on a case-to-case basis, based on all available facts of investee company at that point of time. AO AMC may consider intervening in matters, if in the reasonable opinion of the Stewardship Committee, the issue involved may adversely impact the overall corporate governance atmosphere or the interest of the unitholders.

Intervention and Escalation

Engagement: Investment team shall take all reasonable steps to engage with the investee company's management to resolve any concerns including steps to be taken to mitigate such concerns.

Re-engagement: In the event the management of the investee company fails to undertake constructive steps to resolve the concerns raised by investment team within a reasonable timeframe, investment team shall take all reasonable steps to re-engage with the management to resolve concerns.

Escalation: In case there is no progress despite the first two steps, investment team shall escalate the matter to the stewardship committee. If the stewardship committee decides to escalate, research team shall engage with the board of the investee company (through a formal written communication) and elaborate on the concerns. Investment team may also consider discussing the issues at the general meeting of the investee company (either called by the investee company or requisitioned by AO AMC).

Reporting to the Regulators: If there is no response or action taken by the investee company despite the first three steps, AO AMC may approach the relevant authorities (e.g., AMFI, SEBI).

In all cases of engagement with the management and / or the Board of Directors of an investee company, all communications and discussions are to be conducted in private and confidential manner. The objective of the interactions is to play a constructive role in enhancing the value of the investment in the equity of the investee companies to benefit the unitholders.

In case AO AMC's intervention is not successful (either fully or partially), it will not automatically result in AO AMC being required to exit its investment in the investee company. The investment team, under the direction of the stewardship committee will take a decision based on then existing environment and expectations.

Collaboration with other Institutional Investors

In circumstances where AO AMC's approach to engaging management of investee companies is not achieving the required level of discussion or success, or when shareholder value is at risk to a sufficient degree, AO AMC may undertake collective action, subject to it being in the best interest of our unitholders and there being no legal or regulatory obligation prohibiting us from so acting.

- AO AMC shall consider collective engagement with other institutional investors on a general basis and in particular, when it believes, a collective engagement will lead to a higher quality and / or a better response from the investee company.
- AO AMC may approach, or may be approached by, other Asset Managers, including insurers, mutual funds, or other type of shareholders to provide a joint representation to the investee companies to address specific concerns.
- AO AMC shall also, where permitted, collaborate with other shareholders, professional associations and / or regulators such as AMFI, SEBI, IRDA, Pension Fund Regulatory and Development Authority and other policy makers to solicit views.
- An illustrative list of matters which require collaborative engagement may include appointment or removal of directors, executive remuneration, change in the nature of business, mergers and acquisitions, divestment, matters dealing with inequitable treatment of the shareholders, and related party transactions.
- AO AMC shall determine individually its position on any issue requiring collaborative engagement and shall not act or be construed as acting as a 'person acting in concert' with other shareholders.
- In taking collaborative action AO AMC would be cognizant of legal and regulatory requirements, including on market abuse, insider trading and other related regulations and / or internal policies.

Principle 5: Institutional investors should have clear policy on voting and disclosure of voting activity.

The Investment team shall follow the guidelines for voting on the resolutions of the investee company as specified in the Voting Policy. In connection herewith, the AO AMC will exercise adequate safeguards to address any conflicts of interest with regard to any individual investments made by the schemes of the Fund. This may imply that the AO AMC may decide to refrain from exercising its voting rights if considered appropriate.

Principle 6: Institutional investors should report periodically on their stewardship activities.

Angel One AMC is committed to providing transparency on their stewardship and voting activities. AO AMC will report their stewardship activities annually on their website, as per the stewardship code prescribed by SEBI vide circular number CIR/CFD/CMD1/168/2019 dated December 24, 2019.

Stewardship Committee

The Board of Directors has constituted the Stewardship Committee of Executives of Angel One Asset Management Company Limited. Chief Executive Officer, Chief Investment Officer, Chief Operating Officer, Chief Risk Officer and Chief Compliance Officer are members of the Stewardship Committee. The Stewardship Committee will meet at least once in a quarter or more frequently, as circumstances may warrant. The quorum for the meeting shall be minimum 2/3rd of the total number of members of the committee.

Roles and responsibilities of the Stewardship Committee includes, but not limited to:

- Ensure strict adherence and effective implementation of stewardship policy, proxy voting policy and relevant regulations.
- Monitor engagement of investment team with the investee companies.
- Ensure that all votes are exercised as per the proxy voting policy, stewardship policy and relevant regulations.
- Monitor the services of external agencies in discharging stewardship responsibilities including the proxy voting advisory services.
- Ensure adequate training for personnel engaged in implementation of stewardship principles.
- Ensure adequate and timely disclosures (including proxy voting) as per the stewardship policy.
- Make decisions pertaining to actual / potential conflicts of interest situations and ensure that AO AMC will always act in the best interest of the unitholders.
- Ensure that AO AMC will actively engage and intervene in a timely manner, wherever required, as per the stewardship policy.
- Make decisions for escalations, reporting to regulators, collaboration with other institutional investors, etc., as per Principle 4 of this stewardship policy.
- Review and recommend this stewardship policy for further approval from the Board.
- Ensure proper records are maintained as per regulation and internal policies.

Review of Policy

This Stewardship Policy shall be reviewed and updated at least annually or earlier, if required and the updated policy shall be disclosed on the website of AO AMC.