Voting Policy

Angel One Asset Management Company Limited

Version 2.0

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Introduction

Angel One Asset Management Company Limited ("AO AMC" or "AMC"), acts as an asset management company ("Investment Manager") to the schemes of Angel One Mutual Fund ("Mutual Fund'). Securities Exchange & Board of India ("SEBI") vide SEBI Master circular no. SEBI/HO/IMD/IMD-PoD-1 / P / CIR / 2023/74 dated May 19, 2023 (earlier circular No. SEBI / IMD / CIR No.18/198647/2010 dated March 15, 2010, CIR/IMD/DF/05/2014 dated March 24, 2014, SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016, CIR/CFD/CMD1/168/2019 dated December 24, 2019,SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021) and other guidelines issued from time to time prescribed the guidelines for votes cast by mutual funds. SEBI has mandated that mutual funds should actively and diligently exercise their voting rights in a transparent manner in the best interest of the unitholders.

In terms of the above guidelines, we have formulated the general voting policy and procedures for exercising the voting rights (''Voting Policy'') in respect of securities of the companies (investee companies) in which schemes of the Mutual Fund invests (including passive schemes viz., exchange traded funds, index funds, etc.) in the best interest of the unitholders.

Voting Guidelines

This Voting Policy covers the framework and principles that need to be followed for exercising voting rights. The proxy voting guidelines set out in this Voting Policy are designed with an intent to promote accountability of a company's management and board of directors to its shareholders; to align the interest of management with those of shareholders; and; to encourage companies to adopt best practices in terms of their corporate governance. The Investment Manager may rely on company's disclosures, its Board's recommendations, a company track record, specific best practices codes, in-house analysis, recommendations of external proxy advisory services, etc.

The vote shall be cast at Mutual Fund Level. However, in case Fund Manager(s) of any specific scheme has a strong view against the views of Fund Manager(s) of the other schemes, the voting at scheme level shall be allowed subject to recording of detailed rationale for the same. The voting will be exercised in respect of investments held by the schemes of the Mutual Fund.

The investment manager shall compulsorily cast votes in respect of securities held by the schemes of mutual fund including passive schemes viz., index funds, exchange traded funds, etc., in respect of the resolutions, includes but not limited to the following:

- **<u>Corporate governance matters (including changes in the state of incorporation, merger and other corporate restructuring, and anti-takeover provisions):</u>** Proposals shall be appropriately reviewed on a case-to-case basis to determine whether they are in the best interest of the unitholders of the mutual fund. Investment manager supports resolutions like change in state of incorporation, merger and other corporate structuring, which are in the interest of the unitholders of the Fund. Investment Manager will analyze various economic and strategic factors in making the final decision on merger, acquisition or any other corporate restructuring proposals. However, Investment Manager will vote against the resolutions pertaining to takeover by an acquirer etc., which are against interest of unit holders.

- **Changes to capital structure (including increases and decreases of capital and preferred stock issuances):** Proposals for change in capital structure will be generally supported where a reasonable need for the change is demonstrated. Investment manager will review on a case-to-case basis, proposals by companies to increase authorized share capital and purpose for the increase. Investment manager believes that a company's decisions pertaining to financing have a material impact on its shareholders, in particular when they involve the issuance of additional shares or the assumption of additional debt. However, changes resulting in excessive dilution of existing shareholder value will not be generally supported. The investment manager shall vote against the resolutions which are against the interest of the unitholders.
- **Stock option plans and other management compensation issues:** Investment manager shall generally support the proposals for employee stock option plans and other management compensation plans which are tied to achieve long term performance and enhancement of shareholders value but shall oppose those proposals which are excessively generous or dilute other shareholders' value or not in the best interest of the unitholders.
- **Social and corporate responsibility issues:** Investment Manager shall generally support proposals related to social and corporate responsibilities that have demonstrable socio-economic benefits and are in the interest of the unitholders.
- **Appointment and Removal of Directors:** The foundation of good corporate governance is in the selection of responsible and qualified independent directors who shall diligently represent the interest of the shareholders and oversee management of the company in the manner that will seek to maximize the shareholder value. Therefore, the investment manager shall evaluate each proposal on a case-to-case basis and generally support the proposals that strengthen the independence of the board but shall also oppose those proposals which are not in the interest of the unitholders.
- Any other issue that may affect the interest of the shareholders in general and interest of the unitholders in particular.
- **Related party transactions of the investee companies (excluding own group companies):** Investment manager would evaluate proposal of Related Party Transactions of Investee Companies (excluding own group companies) after considering inter-alia compliance with the provisions Companies Act, 2013, SEBI Listing Regulations, 2015, disclosure made in this regard by Investee Companies, etc. However, the Investment Manager would not support related party transactions which are not in the best interest of unitholders.

Votes will not be cast in case the schemes of the mutual fund do not have any economic interest on the day of voting or holdings are in the group companies.

A report on votes exercised by the AO AMC and the rationale recorded for each voting decision will be placed before the Board of Director of the AO AMC and Trustees from time to time to review that the AO AMC has voted on important decisions that may affect the interest of investors and the rationale recorded for vote decision is prudent and adequate. Although the AO AMC will generally vote in accordance with this policy, there may be circumstances where the AO AMC may deviate from this policy (which it determines that the deviation is necessary) to protect the interests of the unit holders.

Voting Procedure

Following procedure shall generally be followed for voting:

- The Investment Manager shall arrange for the custodian, or such other agency appointed for the purpose, to notify the Investment Manager, in advance, of forthcoming shareholder meetings and postal ballots or court convened meetings to be held by investee companies and the proposals coming up for voting at the meetings or for ballot.
- On being so notified, the proposals shall be reviewed by the fund manager of the respective scheme in terms of the guidelines contained in this policy.
- Fund manager of the respective scheme shall provide the voting decision (For or Against) along with reason supporting the voting decision for each proposal.
- Fund manager may also seek the analysis and recommendations of a research firm or other competent agency or individual to aid such decisions.
- Fund managers shall ensure that their decision to exercise vote on proposals of the investee companies shall be made taking into account the possible implications of the voting on the interests of the unitholders represented by the Investment Manager.
- Fund manager shall ensure that the voting would help protect, preserve, or enhance the unitholders' value in the investee company, or would not prejudice their interests.
- With the introduction of voting through electronic means, AO AMC through its service provider may cast its vote on the voting platforms offered by NSDL/CDSL and other service providers. Where e-voting is not mandated or not possible, investment manager shall endeavor to vote in person, by itself or through service providers.
- The vote shall be cast at Mutual Fund Level. However, in case fund manager(s) of any specific scheme has strong view against the views of fund manager(s) of the other schemes, the voting at scheme level shall be allowed subject to recording of detailed rationale for the same.
- Votes will not be cast in case the schemes of the mutual fund do not have any economic interest on the day of voting or holdings are in the group companies.

Proxy Advisory Services

The AO AMC will be taking services of the proxy advisory service providers as felt appropriate from time to time. The scope of proxy advisory service providers is limited to only assisting the AO AMC with research and recommendations pertaining to the proposed resolution of the investee companies.

The Fund Managers of the AO AMC will consider the recommendations of the proxy advisory services as supplementary information which will help them to decide on the various resolutions of the investee companies. The final decision to vote (For / Against) will be taken by the Fund Managers of AO AMC in the best interest of the unitholders.

Conflicts of Interest

The conflicts of interest may arise in certain situations, where:

- AO AMC / Fund Managers have a material business relationship with a proponent of a proxy proposal, participants in a proxy contest, or directors or director candidates of an investee company and
- An employee of the AO AMC has a personal interest in the outcome of a particular proxy proposal (which might be the case if, for example, a member of an employee's immediate family was a director or executive officer of the relevant company).

However, AO AMC / Fund Manager will make its best efforts to avoid such conflicts and ensure that votes are casted in the best interests of unitholders. The Fund Manager / Decision maker shall intimate the Chief Risk Officer and Chief Compliance Officer in case of any conflicts of interest situation and shall not participate in the decision-making process / recommendations of voting proposals of the underlying companies.

Disclosure of Voting Policy and Voting Records

This Voting Policy will be accessible on the AO AMC website and would also be available in annual report distributed to the unit holders.

The following periodical disclosures shall be made available on the AO AMC website and/or in the abridged annual report for the year distributed to the unitholders:

- Voting exercised (voted For or Against) and abstain, if any along with the rationale on a quarterly basis within 10 (ten) working days from the end of the quarter in the format prescribed by SEBI, as amended from time to time.
- Additionally, a summary of the voting exercised across all the investee companies and its break-up in terms of total number of votes cast in favour or against and abstained from, if any shall also be updated.
- Voting exercised (voted For or Against) and abstain, if any along with the rationale on an annual basis in the format prescribed by SEBI, as amended from time to time.

Further, on an annual basis, the AMC shall obtain scrutinizer's certification on the voting reports disclosed by the AMC. Such certification shall be obtained from a "scrutinizer" in terms of Rule 20 (3) (ix) of Companies (Management and Administration) Rules, 2014 and any future amendment/s to the said Rules thereof. The scrutinizer's certification shall be submitted to the Trustee and shall be disclosed in the relevant portion of the Mutual Funds' annual report and websites of the Mutual Fund.

Review of Policy

This Policy shall be reviewed at annual intervals or as and when needed. This Policy shall only be amended with the prior approval of the Board of Directors of the Trustee Company.