



**EASTERNMED
ASSET
MANAGEMENT
SERVICES LTD**

ENGAGEMENT POLICY

December 2023

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INTRODUCTION

On 17 May 2017, the European Union (EU) adopted the second edition of what is known as the Shareholder's Rights Directive (SRD II). SRD II is one of a series of actions launched by the European Commission to promote long term investment strategies by asset managers, better shareholder engagement in investee companies and enhanced information flows across the investment community. To achieve these aims, SRD II requires asset managers to make disclosures about their engagement with the companies they invest in. The Directive was transposed into Cyprus National legislation with the Law 111(I)/2021, implementing the engagement policy element of SRD II, effective 12th May 2021. The rules contribute to their objectives of market integrity, consumer protection and effective competition.

In line with the requirements of Law 111(I)/2021 this Engagement Policy outlines how the Company as portfolio manager engages with and oversees companies invested in on behalf of its discretionary portfolio management clients and investment funds under management. This policy applies to equity investments and covers all equities in Easternmed Asset Management Services Ltd (the "Company") discretionary managed portfolios and managed investment fund portfolios.

1. INTEGRATION OF SHAREHOLDER ENGAGEMENT INTO THE INVESTMENT STRATEGY

The engagement policy contemplated in SRD II is geared towards asset managers' own engagement as shareholders. However, in the Company's discretionary portfolio management arrangement as well as the portfolio management of investment funds, the Company acts on behalf of its clients and/or funds' investors when investing, and does not hold the assets as custodian. The client and/or investor remains the ultimate owner of the shares invested in the discretionary managed portfolio and/or managed investment fund portfolios and therefore, this arrangement does not provide the mandate for the Company to exert influence as a shareholder, as further described below.

2. EXERCISE OF SHAREHOLDER RIGHTS

2.1. RIGHTS TO VOTE

Shares invested in the Company's discretionary managed portfolios and/or managed investment fund portfolios are held for the benefit of clients/ investors. They are client/ investor assets rather than the Company's proprietary assets. As a consequence, clients/ investors are considered the ultimate owners.

Therefore, the Company is not obliged to and does not exercise the right to vote at shareholder meetings, derived from shares invested in discretionary managed portfolios and managed investment fund portfolios. This means, the Company will not, for example, vote at investee companies' annual general meetings.

However, where discretionary portfolio managers and/ or investment fund managers invest in shares subject to SRD II, shareholding clients are offered the ability to vote themselves at the company's general meeting. Clients/ investors who do not wish to exercise voting rights attached to their shares in scope of SRD II, may provide a written confirmation to the Company (see Annex?). Shares in scope of SRD II, therefore, provide the opportunity for clients/ investors to influence a company as a voting shareholder.

For all other shares outside of the scope of SRD II, the Company does not have the opportunity to exert influence over companies as a voting shareholder, as the Company does not exercise the right to vote at shareholder meetings. The Company can however exert influence through its engagement with investee companies during the investment decision making processes, as further described below.

2.2. OTHER RIGHTS ASSOCIATED WITH SHARES

The client's agreement and/or investor's subscription to a fund managed by the Company authorizes the Company as discretionary portfolio managers and investment fund manager to enter into arrangements on clients' behalf without recourse to the client/ investor. In line with this authority, the Company exercises at its own discretion other rights associated with shares in connection with corporate actions, for example, dividends, subscription rights and other capital measures.

When exercising such rights, the Company will consider which choice is the most advantageous from an investment point of view, for example by analyzing the value of taking up the rights offered or electing other courses of action.

3. SELECTION CRITERIA AND MONITORING OF INVESTEE COMPANIES HELD IN THE DISCRETIONARY PORTFOLIOS OR MANAGED INVESTMENT FUND PORTFOLIOS

The Company selects target companies for investment in discretionary managed portfolios and managed investment fund portfolios based on quantitative and qualitative factors, including liquidity and risk factors, attractive valuations, positive momentum and sound company structure. As part of this due diligence, the Company as discretionary portfolio manager and investment fund manager consults public disclosures made by the company, interviews with company management and investor relations communications.

Once invested, the Company as discretionary portfolio manager and investment fund manager continues to monitor companies on important matters such as company strategy and business model, financial and non-financial performance and risk, market positioning, capital structure, and corporate governance. These factors are considered for each discretionary investment and investment fund strategy.

4. COLLABORATION WITH OTHER SHAREHOLDERS

For the reasons set out above under sections 1. and 2., namely that the client remains the ultimate owner of shares invested in the Company's discretionary managed portfolios and managed investment fund portfolios, that the Company does not exercise voting rights at shareholder meetings, the Company does not collaborate with other shareholders to exert influence over investee companies.