

ALPHA ALTERNATIVES

Stewardship Policy

March 2022

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I. Background

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 AIF Funds in relation to their investment in listed equities. Accordingly, this Stewardship Policy, shall be effective from March 01, 2022.

II. Objective and Applicability

We, Alpha Alternatives Fund Advisors LLP (Alpha Alternatives), the investment manager for AIF schemes, believe in engaging in discussions with investee companies to help them develop, retain and enhance their corporate governance. As a responsible asset manager, we will continue to enhance our capabilities necessary for carrying the stewardship responsibilities.

This Stewardship Policy applies to investment for all AIF fund schemes in listed equities.

III. 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.*

a) Primary Stewardship Responsibilities

Our primary stewardship responsibilities include:

- Monitor and constructively engage with investee companies on various matters including performance, corporate governance, material environmental, social and governance (ESG) opportunities or risks, capital structure, etc.
- Vote in the Board and Shareholders meetings and engage with investee companies with a view to enhance value creation for unitholders and investee companies.
- Accountable to unitholders within the parameters of professional confidentiality and regulatory regime.

b) Discharge of Stewardship Responsibilities

We fulfil our stewardship responsibilities in the following manner:

- Focus on “dialogue with investee companies” wherever required and possible in the investment process, voting in board or shareholders meetings
- Regular monitoring and active engagement with investee companies on various matters including performance (operational, financial, etc.), strategy, corporate governance (including board structure, remuneration, etc.), material environmental, social and governance (ESG) matters, capital structure, etc.
- Consider the corporate governance practice of investee companies, when undertaking buy and sell decisions.
- We ensure adequate training to personnel engaged in implementation of these principles.

c) *Oversight of Stewardship Responsibilities*

The Stewardship Committee, comprising of the Chief Financial Officer and the Chief Operating Officer, shall ensure implementation of stewardship principles and training to the respective team members on an ongoing basis. Minutes of the meeting of the Stewardship Committee shall be placed before the Board. The stewardship committee may decide to avail the services of external agencies and mechanism for discharging stewardship responsibilities would be updated in the policy.

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.*

d) *Managing Conflicts of Interest*

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 Alpha Alternatives (including its employee, officer or director/partner) conflict with the interests or benefits of its unitholders or the investee companies.

We have formulated the following policy from our AIF conflict of Interest policy regarding conflicts of interest in fulfilling our stewardship responsibilities:

- **Avoiding Conflict of Interest:** The employees / persons of the Company 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 / persons shall consult with the Compliance Officer.
- **Identifying Conflict of Interest:** While dealing with investee companies, Alpha Alternatives may face situations where conflict of interest may arise, inter alia, in the following instances, where:
 - Alpha Alternatives and the investee company are part of the same group.
 - Investee company being a group or associate company.
 - Investee company is a client (unitholder) of Alpha alternatives.
 - Investee company has substantial / material business relationship with Alpha Alternatives.
 - The investee company is partner or holds an interest, in the overall business or is a distributor for Alpha Alternatives
 - Any of the group companies or affiliates of Alpha Alternatives is a supplier or partner of the investee company.
 - A nominee of Alpha Alternatives has been appointed as a director or a key managerial person of the investee company.
 - A director or a key managerial person of Alpha Alternatives has a personal interest in the investee company.
 - Alpha Alternatives (including its employee, officer or director) is likely to make a financial gain, or avoid a loss, at the expense of 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.

e) *Manner of Managing Conflict of Interest:*

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

- Approved personal securities trading policy covering employees / persons.
- Approved voting policy with clear segregation of voting function and client relations / sales functions.
- Alpha Alternatives will not invest in any manner in group or associate companies from the AIFs it manages
- Where a potential / actual conflict is identified, the matter will be referred to the Compliance Officer, who, if appropriate, will convene the stewardship committee meeting. Record of the decision taken and supporting rationale will be documented in the form of minutes of the meeting.
- Alpha Alternatives will manage conflicts of interest by requiring 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.
- As a rule, in all cases of conflicts of interests the voting decisions of Alpha Alternatives will be based on the best interests of the unitholders.
- All Conflict of Interest situation and decision on them by stewardship committee will be uploaded on the website of the AIF.

Principle 3: *Institutional investors should monitor their investee companies*

Monitoring of Investee Companies

Fund Manager will be responsible for monitoring all the investee companies Alpha Alternatives invests in. The monitoring will be based on publicly available information, management meetings, post results and investor calls, sell side research and industry information. Monitoring will include but need not be restricted to strategy and business outlook, financial performance, management evaluation and corporate governance issues, capital structure and key risk areas. Monitoring in areas like succession planning, remuneration, environmental issues will be on a best effort basis.

• **Manner of Monitoring:**

We have formulated the following policies regarding monitoring of investee companies in fulfilling our stewardship responsibilities:

- Research team 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.
- As a result of the monitoring activities, if the Research team deems it necessary and feasible, it shall meet the management teams / key managerial personnel of the investee company. It will actively participate in investor meetings and general meetings held by the investee company (to which it is invited), through webcast, conference call or other mechanism, when possible, which will provide for higher participant / engagement.

- Research team 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.

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.

IV. Active Intervention in Investee Companies

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.

We have formulated the following policies regarding intervention and escalation by Alpha Alternatives in investee companies in fulfilling our stewardship responsibilities:

- **Applicability:** Alpha Alternatives India shall intervene, on assessment, in the acts / omissions of the investee company 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. Alpha Alternatives 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 Alpha Alternatives in the interest of the unitholders.
- **Intervention and Escalation:** Alpha Alternatives intervention and escalation policy is as follows:
 - **Engagement:** Research 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, research 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, research 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. Research team may also consider discussing the issues at the general meeting of the investee company (either called by the investee company or requisitioned by Alpha Alternatives).
 - **Reporting to AMFI/AMFI Committee (if any):** If there is no response or action taken by the investee company despite the first three steps. Alpha Alternatives may approach the relevant authorities such as AMFI.

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

V. Collaboration with other Institutional Investors

In circumstances where Alpha Alternatives 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, Alpha Alternatives 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.

Alpha Alternatives may consult with other institutional investors or with other formal or informal groups as appropriate. The decision to collaborate with other institutional investors on specific matters will be judged on a case by case basis by the research team in consultation with the stewardship committee.

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

VI. Voting and Disclosure of Voting Activity

To protect and enhance wealth of our unitholders and to improve governance of the investee companies, we take our own voting decisions in the investee companies after in-depth analysis. We consider the exercise of proxy voting rights as one form of “dialogue with investee companies” to fulfil our stewardship responsibilities.

We make decisions regarding exercising proxy voting rights in accordance with our Board approved Proxy Voting Policy, following consultation with the proxy voting committee.

We have formulated the following policies regarding voting and disclosure of voting activity in fulfilling our stewardship responsibilities:

- We will exercise our voting rights and vote on all shareholder resolutions of investee companies, as may be deemed necessary in the interest of unitholders.
- We will vote against resolutions which are not in the interest of unitholders and / or not consistent with our voting policy.
- While voting we will also consider several factors, including recommendations made by our empaneled proxy advisor.
- All voting decisions will be made in accordance with our Board approved Proxy Voting Policy, which is available on our website.
- We will disclose on a quarterly basis all voting decisions for every proposed resolution in investee companies, i.e., For, Against or Abstain with rationale for voting decision on the website of Alpha Alternatives.

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

Periodic Reporting on Stewardship Activities

We are committed to providing transparency on our stewardship and voting activities. We will report our stewardship activities annually via our website, as per the stewardship code prescribed by SEBI vide circular number CIR/CFD/CMD1/168/2019 dated December 24, 2019.

VII. Stewardship Committee

The Partners of Alpha Alternatives have constituted the Stewardship Committee of Executives of Alpha Alternatives Fund Advisors LLP. Chief Operating Officer and Chief Financial Officer are members of the Stewardship Committee.

The Stewardship Committee will meet at least once in a quarter or more frequently, as circumstances dictate. 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 equity research team with the investee companies.
- Ensure that all voting's 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 to 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 Alpha Alternatives will always act in the best interest of the unitholders.
- Ensure that Alpha Alternatives will actively engage and intervene in a timely manner, whereverrequired, as per the stewardship policy.
- Make decision for escalations, reporting to regulators, collaboration with other institutional investors, etc., as per clause IV of this stewardship policy.
- Review and recommend this stewardship policy for further approval to the Board.
- Ensure proper records are maintained as per regulation and internal policies.

VIII. Annual Review of Stewardship 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 Alpha Alternatives.