

## Information on the Exercise of Voting Rights and Creditor Rights



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### Information on the Exercise of Voting Rights and Creditor Rights

for clients of LGT Capital Partners (FL) AG, Vaduz

Pursuant to statutory and regulatory provisions, LGT Capital Partners (FL) AG, Vaduz, (LGT CPFL), acting in its capacity as management company/alternative investment management company, is under an obligation to act in the best interests of its clients, the investment fund(s) and market integrity when performing its services and activities and to identify, minimise or avoid, if possible, the risk related to non-compliance with statutory and regulatory requirements using suitable and adequate procedures and effective organisational and personnel measures, respectively. In this context, it is necessary to provide that membership and creditor rights attributable to investment funds managed by LGT CPFL are asserted independently and exclusively in the investors' interests and further to provide for any related disclosure of information to investors.

This guideline serves to implement statutory and regulatory requirements and defines policies, suitable and effective strategies and transparent procedures of LGT CPFL relating to the exercise of, and disclosure of information about, membership and creditor rights relating to investments in national and international equity instruments made by investment funds managed by LGT CPFL.

#### 1. Basic principles associated with the voting rights policy

LGT CPFL shall exercise any membership and creditor rights attributable to the investment funds managed by LGT CPFL independently and exclusively in the interests of the investors. LGT CPFL shall also inform investors about the exercise of its membership and creditor rights.

In relation to all agenda items having a long-term impact on investors' interests LGT CPFL shall itself exercise all membership and creditor rights to which it is entitled as a shareholder or creditor or issue explicit instructions to a commissioned third party, such as the depositary, the portfolio manager or the proxyholder. Such instructions may, for example be issued as:

- specific instructions detailing how a certain membership or creditor right is to be exercised by the commissioned third party (e.g. at the annual general meeting or at the creditors' meeting); or
- a general directive which may, for example, be contained in this guideline, and which specifies the policies and procedures governing the exercise of membership and creditor rights in such detail that these can be readily implemented by the commissioned third party in each specific situation without the need for further instructions from LGT CPFL

In lieu of expressly instructing commissioned third parties as described above, LGT CPFL shall, however, always be entitled to decide itself on the exercise of membership and creditor rights, or to exercise such rights itself.

LGT CPFL's general voting right policy is set out in clause 5. A distinction is made between the following transactions:

- Agenda items, which have a long-term impact on investors' interests; and

- agenda items, which do not have a long-term impact on investors' interests, so called routine transactions.

A delegation to a commissioned third party may only be made, both in the case of transactions having a long-term impact and routine transactions, if this does not result in a relevant conflict of interest with regard to the investors' interests. A general determination of conflicts of interest is possible.

LGT CPFL may exercise membership and creditor rights for its individual funds differently where this is justified by objective reasons which are in the investors' interest.

## **2. Voting rights policy**

The basic principles or strategy underlying the voting rights policy include measures and procedures in the form of criteria on voting conduct which:

- enable the relevant corporate actions to be tracked;
- ensure that the exercise of voting and creditor rights is compatible with the investment objectives and/or the investment policy; and
- prevent or settle any conflicts of interest arising from the exercise of voting and creditor rights.

## **3. Voting rights policy – basic principles and criteria**

The International SRI Proxy Voting Guidelines issued by the Institutional Shareholder Services Inc. (ISS) serve as the basis for the exercise of voting rights by LGT CPFL and/or any third parties commissioned by it.

Membership and creditor rights shall be actively exercised in the case of transactions having a material or long-term impact on investors' interests. Transactions which might have a material and/or long-term impact on investors' interests are, for example:

- Transactions in which a certain minimum threshold is exceeded (e. g. percentage of fund assets or voting rights in a company);
- any particularly contentious transactions and agenda items;
- major mergers, acquisitions, reorganisations, the divestment of businesses and any change in the capital and voting rights structure of companies, or dual mandates of corporate bodies, or
- (impending) partial or total default of a debtor (creditor rights).

These transactions are treated in accordance with the capital thresholds set out in the paragraph below.

The applicable provisions relating to the acquisition of control and the prohibition of control, respectively, pursuant to Art. 58 of the UCITSG must be observed in any event. According to these provisions, LGT CPFL and the UCITSGs under its management may not acquire participation rights conferring, in aggregate, more than 10 % of the voting rights or enabling it to exercise a significant influence over the management of an issuer.

## **4. Implementation of the voting rights policy**

The exercise of voting rights is mandatory if defined thresholds are reached or exceeded, either in terms of capital held (in the sense of a control quota) or in terms of weighting in the fund assets (the threshold being a fund asset quota).

Voting rights must be exercised once 1 per cent or more of the relevant company's voting capital is held by all investment funds under LGT CPFL's management. In this context, the voting capital includes the different voting rights of the individual funds.

In addition, voting rights are exercised depending on the weight of individual shares or similar equity securities in the fund. Votes are cast when the following ratios (NAV thresholds) are reached or exceeded because of different fund structures:

- 2 per cent in the case of single manager funds
- 5 per cent in the case of multi manager funds (LGT Select Funds)

LGT CPFL and/or any third party commissioned by it are entitled to exercise additional voting rights voluntarily at their discretion (falling short of the 2 or 5 per cent threshold).

## **5. Information and disclosure obligations vis-à-vis investors**

LGT CPFL and/or any third party commissioned by it, shall document any decisions taken and the manner in which the voting rights were exercised and shall ensure that LGT CPFL will be able to provide the details thereof to investors and the authorities. This also applies to the manner in which voting rights or creditor rights were exercised by commissioned third parties.

Information on the general principles of its voting rights policy and the procedure for exercising membership and creditor rights (see Appendix A (in German) and Appendix b (in English) to this guideline) is available on LGT CPFL's website.

Further information on voting behaviour and any measures taken, respectively, shall be provided to investors free of charge upon request. Such information will, however, only be provided to investors who can provide proof of their investment in the relevant fund. Furthermore, LGT CPFL will only provide information about its voting behaviour after the relevant general meeting.