



**Valu-Trac Investment Management Limited**

# Valu-Trac Investment Management Limited

## Shareholder Rights Directive

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## Introduction

Valu-Trac Investment Management Limited (“Valu-Trac”) complies with the requirements of the Shareholder Rights Directive (“SRD II”). It has developed an engagement policy, attached as Appendix 1, and disclosed it publicly on the Firm’s website. Valu-Trac will make annual disclosures on how the engagement policy has been implemented.

## Procedure

### Engagement Policy Disclosure

Valu-Trac has developed a policy describing in detail the role of shareholder engagement in its investment strategy.

The Firm has publicly disclosed on its website its engagement policy which covers the following areas:

- The role of shareholder engagement in the Firm’s investment strategy
- The Firm’s procedure for monitoring investee companies on relevant matters, including: (a) strategy; (b) financial and non-financial performance and risk; (c) capital structure; and (d) social and environmental impact and corporate governance;
- Procedure for conducting dialogue with investee companies;
- Procedure for exercising voting rights and other rights attached to shares;
- Guidelines for working with other shareholders;
- Guidelines for communicating with relevant stakeholders of the investee companies; and
- Procedure for managing actual and potential conflicts of interests in relation to the Firm’s engagement.

### Annual Update and Disclosure

This policy and the related disclosure are reviewed on at least an annual basis and presented to the Board. As part of this review, Valu-Trac will update its annual disclosure to include consideration of the following:

- A general description of voting behaviour;
- An explanation of how it has cast significant votes, including how it has cast votes in the general meetings of companies in which it holds shares; and
- Reporting on the use of the services of proxy advisors.

The annual disclosure will be made on a calendar basis, effective June 2020 and / or at the one-year anniversary of the on-boarding of the relevant client to whom disclosure is owed.

### Shareholder Engagement and Proxy Voting

The Firm monitors and records the way in which it has engaged with investee companies, including with regard to, and in accordance with, proxy voting policy and procedure as outlined in Appendix 1.

Valu-Trac maintains a record of votes exercised periodically, and on at least an annual basis:

- Review the Firm’s voting record and confirm that a random sample of proxy questions were voted according to the approved policy; and
- Review any material conflicts that have been documented and determine independently whether the conflict was resolved in favour of the client’s interests.

Valu-Trac is not required to disclose votes that are insignificant due to the subject matter of the vote or the size of the holding in the company. The Firm will consider the significance of each vote on an ongoing basis and in accordance with its proxy voting policy (as outlined below).

**SRD Institutional Investors**

Valu-Trac complies with the disclosure requirements of SRD II with respect to separately managed accounts of SRD institutional investors on a bilateral, client by client basis, as requested. Such disclosures will be provided and updated on at least an annual basis.

The Firm will also provide this information as requested by other (non-client) SRD investors.

While Valu-Trac have adopted a transparent approach in all aspects of its engagement policy activities we will refrain from making public disclosures where the availability of such information is considered not to be in clients' best interests.

## Appendix 1: Engagement Policy

Under obligations arising from the revised Shareholder Rights Directive (EU 2017/828) (“SRD II”), a firm which trades shares on regulated and comparable markets, is required to either develop and publicly disclose an engagement policy as prescribed in COBS 2.2B.6R or disclose a clear and reasoned explanation of why it has chosen not to do so.

Valu-Trac has elected to disclose its engagement policy as set out below. Further, we are also required to further disclose on an annual basis how the engagement policy has been implemented in a way that meets the requirements in COBS 2.2B.7R. Valu-Trac will make its annual disclosure, alongside this engagement policy, on its website.

<p>The role of shareholder engagement in Valu-Trac’s Investment Strategy</p> <p>COBS 2.2B.6 R (1)</p>	<p>At Valu-Trac we believe that effective stewardship and engagement benefit companies, investors, the economy and society as a whole. This document comprises our Shareholder Rights Directive II (SRD II) Engagement policy, which complies with the principles of the SRD II.</p>
<p>Approach to ongoing monitoring of investee companies</p> <p>COBS 2.2B.6 R (2)</p>	<p>Valu-Trac constantly reviews investments in companies against the following criteria:</p> <ul style="list-style-type: none"><li>• Strategy</li><li>• Financial and non-financial performance and risk</li><li>• Capital structure</li><li>• Social and environmental impact and corporate governance</li></ul>
<p>Approach to conducting dialogue with investee companies</p> <p>COBS 2.2B.6 R (3)</p>	<p>All dialogue with the investee companies will be conducted by an Investment Manager at Valu-Trac or an advisor to a specific Fund via the investee company’s investor relations department wherever possible and the outcome of such dialogue will be recorded in a file note on each occasion. Any material proposals or suggestions will be discussed and agreed with portfolio managers within the Firm before they are put to investee companies.</p>
<p>Procedure for exercising voting rights and other rights attached to shares</p> <p>COBS 2.2B.6 R (4)</p>	<p>To the extent that a client has delegated to the Firm the authority to vote proxies relating to equities, the Firm expects to fulfil its fiduciary obligation to the client by monitoring events concerning the issuer of the security and then voting the proxies in a manner that is consistent with the best interests of that client and that does not subordinate the client’s interests to its own.</p>

	<p>We carefully consider all aspects of the issues presented by a proxy matter, and depending upon the particular client requirements, we may vote differently for different clients on the same proxy issue. For example, one client may have specific policies on a particular proxy issue that may lead the Firm to cast a “no” vote, while the policies of another client on that same issue may lead the Firm to cast a “yes” vote.</p> <p>All corporate actions, where shareholders have a vote, are monitored and duly considered. While all corporate actions are considered, Valu-Trac does not typically vote on ‘ordinary’ resolutions but will more broadly consider ‘extraordinary’ resolutions by engaging the views of relevant Investment Managers and Advisors or other interested internal parties before a decision on whether to vote is taken.</p> <p>The over-arching aim is to act in the “best interests of the client”. Valu-Trac recognise that actual and potential conflicts of interest may arise in our engagement and voting. We have established policies, procedures and protocols to identify, escalate and manage such conflicts. Proportionality is considered based on client exposure and influence.</p>
<p>Approach to cooperating with other shares holders</p> <p>COBS 2.2B.6 R (5)</p>	<p>We do not generally communicate with other shares holders as we generally would not wish to put Valu-Trac in a position where we are deemed to be acting in concert.</p>
<p>Approach to communicating with other non-equity stakeholders</p> <p>COBS 2.2B.6 R (6)</p>	<p>We do not generally communicate with other non-equity stakeholders.</p>
<p>Procedure for managing actual and potential conflicts of interests in relation to the firm’s engagement.</p> <p>COBS 2.2B.6 R (7)</p>	<p>Valu-Trac maintains a register of potential and actual conflicts of interest which are supplemented by a register of the outside business interests of staff members. Where the Firm faces a material conflict that it is unable to manage or prevent, it is the Firm’s policy to disclose this to the client(s) concerned prior to taking any action.</p> <p>To ensure that proxy votes are voted in a client’s best interest and unaffected by any conflict of interest that may exist, the Firm will vote on a proxy question that presents a material conflict of interest between the interests of a client and the interests of the Firm as follows:</p> <ul style="list-style-type: none"> <li>• If one of the Firm’s general proxy voting policies described above applies to the proxy issue in question, the Firm will vote the proxy in accordance with that policy. This assumes, of course, that the</li> </ul>

	<p>policy in question furthers the interests of the client and not of the Firm.</p>
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- However, if the general proxy voting policy does not further the interests of the client, the Firm will then seek specific instructions from the client.