



**AMBIT INVESTMENT MANAGERS PRIVATE LIMITED
POLICY ON STEWARDSHIP RESPONSIBILITIES**

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Document Control

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I. Introduction and Applicability:

Ambit Investment Managers Trust (“Fund”) is registered with SEBI as a Category III Open ended Fund with effect from February 16, 2023. “Ambit 365” is the (“scheme”) of the Trust.

Investment Manager: Ambit Investment Managers Private Limited (“Investment Manager”) will act as investment manager to the Trust and all its Schemes, including the Fund. The Investment Manager has entered into an Investment Management Agreement with the Trustee in terms of which it will manage and administer the investment activity of the Trust and the Fund in accordance with the powers delegated by the Trustee and in accordance with the Applicable Laws. The Investment Manager will be responsible for the investment program of the Fund.

Trustees: Orbis Trusteeship Services Private Limited acts as a Trustee to the Fund.

This Policy shall be applicable to all the schemes of the fund which may be launched in the future and further funds and its schemes.

The policy framed hereunder and any amendments made by SEBI to the above Circular/s from time to time shall be applicable to the Directors, Employees or temporary staff or voluntary workers or such other person/s as may be specified from time to time (hereinafter collectively referred as “person”) associated with the Fund and employees of the Investment Manager.

I. Purpose:

- Securities and Exchange Board of India (SEBI) vide its circular CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019 has issued Guidelines on Stewardship Code for all Mutual Funds and all categories of Alternative Investment Funds (AIFs), in relation to their investment in listed equities.
- As per the aforesaid SEBI circular, institutional investors like Mutual Funds, AIFs etc. should have a comprehensive policy on the discharge of their stewardship responsibilities. This Policy documents the guiding principles to be adopted and followed by the Investment Manager.
- The Policy is prepared on the basis of principles enumerated in the said SEBI circular.
- The Policy shall act as guidance to the Investment team for discharging the stewardship responsibility, however, this Policy is not intended to curtail / restrict the fund management activities of the Investment Manager.
- The Investment team shall always be at liberty to decide their dealing strategies, keeping in mind the investment objectives of the scheme, though the same may conflict with the principles specified in the Policy.

• Responsibility

The roles and responsibilities are defined as below:

- **Investment team**
 - The respective Investment team shall be responsible for ongoing monitoring of the



investee companies, for engaging with the management of the investee companies and for identifying situations which require intervention in the investee companies and manner of this intervention.

- The Investment team shall also be responsible for identifying situations which may give rise to a conflict of interest.
- **Compliance Team**
 - The Compliance Team shall be responsible for disclosures pertaining to stewardship activities including voting reports at a frequency stated under various SEBI circulars.
 - The AIF Operations under compliance supervision shall be responsible for maintaining the records pertaining to the voting activities and maintaining a list of investee companies in which conflict of interest, as defined below, has been identified.

Implementation / Process as laid down in the Regulation

- The term ‘investee companies’ used in this Policy herein shall mean investee companies in which equity investments as may be defined in Private Placement Memorandum (PPM)
- **Principle 1:** *Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.*
- The primary stewardship responsibilities of the Investment Manager shall be:
 - i. To take into consideration, in the investment process, the investee companies’ policies and practices on corporate governance matters;
 - ii. To seek productive engagement with the investee companies;
 - iii. To exercise voting rights in the investee companies in a manner consistent with the best interests of its Investor, and;
 - iv. To maintain transparency in reporting its voting decisions and other forms of engagement with investee companies.
- The Investment Manager shall fulfil its stewardship responsibilities in the following manner:
 - i. The Investment Manager shall frame procedures on voting to deal with the exercise of the Fund’s voting rights in investee companies.
 - ii. The Investment Manager shall appropriately engage and intervene on any issue/matter which may, potentially, affect an investee Trust’s ability to deliver long-term sustainable performance and value. The matter may include performance (operational, financial, etc.), strategy, corporate governance (including board structure, remuneration, etc.), material environmental, social and governance (ESG) opportunities or risks, capital structure, etc. Such engagement may be through detailed discussions with management, interaction with investee Trust, voting in board or shareholders meetings, etc.
 - iii. The Investment Manager shall endeavor to work collectively with other institutional investors and support collaborative

engagements organized by representative bodies and others

- The Policy will be reviewed and updated by Board of the Investment Manager as and when there are regulatory requirement or business need.
- However, the Policy will be reviewed by the Board of the Investment Manager at least annually.
- The updated Policy will be publicly disclosed on the fund's website.
- The Investment team will be provided necessary training explaining the responsibility under the Code along with amendments, if any. This may be done through external agency or internal team presentations. The training will be conducted at least once in two years.

- 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.*
- The Investment Manager should handle the matters carefully when the interests of clients or beneficiaries diverge from each other. The Investment Manager will ensure that the interest of the client/beneficiary is placed before the interest of the entity.
- The Investment Manager has detailed out below the process of identifying and managing conflict of interest.
- i. Avoiding conflict of interest: The Investment Manager 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 situation, the Investment team will take suitable steps to avoid such conflict of interest.
- ii. Identifying conflict of interest: While dealing with investee companies, the Trust Investment Manager may be faced with various conflict of interest situations as defined in the Conflict of Interest policy and PPM (Private Placement Memorandum)

- Principle 3: *Institutional investors should monitor their investee companies*
- The Investment Manager while monitoring of the investee companies will consider the following:
- i. The Investment team will monitor following areas which shall, *inter-alia*, include:
 - a. Investee company strategy and performance - operational, financial etc.
 - b. Industry-level monitoring and possible impact on the investee companies.
 - c. Quality of investee company management, board, leadership etc.
 - d. Corporate governance including remuneration, structure of the board (including board diversity, independent directors etc.) related party transactions, etc.
 - e. Risks, including Environmental, Social and Governance (ESG) risks
 - f. Shareholder rights, their grievances etc.
 - g. Succession planning

- Principle 4: *Institutional investors should have a 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 interests of the ultimate investors, which should be disclosed.*
- The Investment Manager shall intervene if, in its opinion, any act/omission of the investee company is considered material on a case to case basis, including but not limited to poor financial performance of the investee company, corporate governance related practices, remuneration, strategy, ESG risks, leadership issues, litigation, insufficient disclosures, inequitable treatment of shareholders, non-compliance with regulations, performance parameters, related party transactions etc.
- The Investment team may consider intervening in matters below the thresholds as given in Principle 3, if in the reasonable opinion of the Investment team/Management of the Fund, the issue involved may adversely impact the overall corporate governance or the Fund's investment.
- In case the investment is already earmarked for divestment or post planned divestment holding will be below threshold level, intervention may not be considered, unless if in the reasonable opinion of the Investment team/Management of the Fund and there are other factors which warrants intervention.
- The matrix that should be followed by the Investment Manager for intervention is as follows:
 - i. Communication: The Investment team shall communicate to the investee company's management about any concerns including steps to be taken to mitigate such concerns.
 - ii. Engagement: In the event the management of the investee company fails to undertake constructive steps to resolve the concerns raised by the Investment Manager within a reasonable timeframe, the Investment Manager shall take all reasonable steps to engage with the management of the investee company for constructive resolution of the Investment Manager's concerns.
 - iii. Collaboration: The Investment Manager shall also consider collaboration with other institutional investors, professional/industry associations (eg. AMFI), regulators, and any other entities where it deems necessary and in particular, when it believes a collective engagement will lead to a higher quality and/or a better response from the investee company. The Investment Manager may approach, or may be approached by, other institutional shareholders to provide a joint representation to the investee companies to address specific concerns. The act of collaboration with other institutional investors shall not be deemed to be an act of collusion or persons acting in concert. The Investment Manager shall determine individually its position on any issue requiring collaborative engagement
 - iv. Escalation: In case there is no progress despite the first three steps, the Investment team shall escalate the matter to the Management. If the Management decide to escalate, the Investment Manager shall engage with the Board of Directors of the investee company (through a formal written communication) and elaborate on the concerns. The Investment Manager may also consider discussing the issues at the General Body meeting of the investee company. The Fund may vote against decisions at appropriate forum.
- Principle 5 : *Institutional investors should have a clear policy on voting and disclosure of voting activity.*



- To protect and enhance wealth of the clients/ beneficiaries and to improve governance of the investee companies, it is critical that the institutional investors take their own voting decisions in the investee company after in-depth analysis rather than blindly supporting the management decisions.
- As an Investment Manager, it has a fiduciary responsibility of the Investment Manager to act in the best interest of the investor of the Fund.
- This responsibility also includes exercising voting rights towards the securities in which the Fund have invested (“Investee Company”), either at the general meetings of the Investee Company(ies) or through postal ballots, in the best interest of the investor.
- The Fund will manage voting rights with the same level of care and skill as it manages the funds. In general, the Fund does not have the intention to participate directly or indirectly in the management of the companies but it will use its influence as the representative of the shareholders amongst others by exercising its voting rights in accordance with the best interests of its investor.
- **Matters generally coming up for voting**
- Following are some of the general matters that come up for voting either at the general meetings of the Investee Company(ies) or through postal ballots:
- Corporate governance matters, including changes in the state of incorporation, merger and other corporate restructuring, and anti-takeover provisions;
- Changes to capital structure, including increases and decreases of capital and preferred stock issuances;
- Appointment, remuneration, retirement and removal of Directors;
- Stock option plans and other management compensation issues;
- Changes to the Memorandum and Article of Association of the Investee Company;
- Social and corporate responsibility issues;
- Appointment and remuneration of Statutory Auditors;
- Transactions with Related Party(ies);
- Other Corporate governance matters; and
- Other issues affecting the interest of the shareholders and investor of fund in particular.
- **Philosophy of Voting Policy:**
- *Voting Right* means, the right of a Shareholder to vote on matters of corporate policy and other resolutions. The exercise of voting rights will require regular monitoring of financial performance, corporate governance matters, industry performance and subsequent consideration of the potential impact of a vote on the value of the securities of the issuer held by the schemes of Fund.
- In order to discharge its obligations under this policy, the Investment Manager will access and utilize research on management performance and corporate governance issues of the investee company(ies), drawn either from its in-house Fund Management team or from an independent consultants/firms amongst others.
- The Schemes are entitled to exercise the voting rights attached to the shares of the investee company(ies). The

shareholders do not necessarily need to be physically present at the site of the Investee Company's annual general meeting / extra-ordinary general meeting in order to exercise their right to vote. It is common for shareholders to voice their vote through an E-Voting system provided by entities such as NSDL, CSDL, etc. or by appointing a Proxy.

- In connection herewith, the Investment Manager will exercise adequate safeguards to address any conflicts of interest with regard to any individual investments made by the schemes. This may imply that the Fund may decide to refrain from exercising its voting rights if considered appropriate.
- The Investment Manager is an affiliate of a large, diverse financial services organization with many associate companies, which may lead to situation creating conflicts of interest. Conflicts of interest may arise in certain situations, where:
 - i. The Investee Company is a client of its affiliates;
 - a. In certain cases, wherein any affiliates of the Investment Manager are lender to the Investee Company;
 - b. The Investee Company is a seller whose products or services are important to the business of Investment Manager and/or its affiliates;
 - c. The Investee Company is an entity participating in the distribution of investment products advised or administered by the Investment Manager and/or any of its affiliates.
 - ii. However, the Investment Manager will make its best efforts to avoid such conflicts and ensure that any conflicts of interest are resolved in the best interests of unit holders of the schemes.
 - iii. In cases where investments are in group companies of the Investment Manager or where the Investee Companies have substantial investments in the Schemes of Fund, the Investment Manager shall specifically review all voting proposals, routine as well as non-routine and take decisions with respect to voting on such proposals in the best interest of the unit holders.
 - iv. The Investment Manager may also decide to abstain from such voting, if it deems fit to do so in the best interest of the unit holders or if there is a conflict of interest.
 - The Fund supports resolutions that promote the functioning of boards in the best interests of the shareholders, resolutions that change the state of incorporation, merger etc. which are in the shareholders interest.
 - Issues, including those business issues specific to the issuer or those raised by shareholders of the issuer, would be addressed on a case-by-case basis with a focus on the potential impact of the vote on shareholder value.
 - The Fund reserves the right to vote against any resolution that goes against the interest of its investor.
 - The Fund in such other matters may decide to abstain from voting if it has insufficient information or there is conflict of interest or the Trust does not have a clear stance on the proposal.
 - Voting Procedure:
 - The decision of the Investment Manager on voting for shareholders resolution(s) to be passed at the general meeting or through postal ballot of the investee company, shall be executed by the Investment Manager by casting votes through the e-voting facility provided by NSDL/CDSL, by physically attending the meeting or voting through proxy.
 - The Investment Manager may deviate from the guidelines which it determines that the deviation is necessary to protect the interests of the Unit holders.

- The ultimate decision as to the manner in which the Investment Manager's representatives / proxies will vote rests with the Investment Manager.
- The Fund will make following disclosure to investor in respect of voting exercised by it:
 - Details of actual voting for every proposed resolution in investee companies i.e. *For, Against or Abstain*
 - Rationale for voting
 - Manner of disclosure: Alternative Investment Fund (AIF)
 - Disclosed in the Annual Report of the Schemes
 - Quarterly disclosure on the Investment Manager's website or any other electronic medium

- Principle 6: *Institutional investors should report periodically on their stewardship activities.*
- The Fund will report to their investors/ beneficiaries periodically on how it has fulfilled its stewardship responsibilities in an easy-to-understand format.
- The compliance with the aforesaid principles does not constitute an invitation to manage the affairs of a Investment Manager or preclude a decision of the Investment Manager to sell a holding when it is in the best interest of the investors/beneficiaries.
- Fund shall report periodically on their stewardship activities in the following manner:
 - i. The Investment Manager will disclose on its website or any other electronic medium the implementation of the principles enlisted in the Policy.
 - ii. Disclosures on the votes cast by the Investment Manager for all the resolutions put forth by the investee companies for shareholders' approval will be published on quarterly basis, as required by prevailing SEBI guidelines.
 - iii. This Policy, as amended from time to time, will be disclosed on the website or any other electronic medium of the Investment Manager along with other public disclosures. Any change or modification to the Policy will also be disclosed at the time of updating it on the website.
 - iv. The Fund in addition to the disclosure on its website or any other electronic medium as specified above shall also circulate to unitholders a status report for every financial year, as part of annual intimation to the investors. The report shall inter alia include details indicating the compliance/ any variances with the principles laid down in this Policy.

I. REVIEW AND UPDATE TO THE POLICY

The Investment Manager may carry out such changes/review to this policy as and when required or as deemed by Compliance officer or his designate.