

STRATEGY FOR THE EXERCISE OF PARTICIPATION AND VOTING RIGHTS ATTACHED TO THE FINANCIAL INSTRUMENTS HELD IN THE MANAGED UCITS

As set forth in Directive 2010/43/EU (which describes the methods for implementing Directive 2009/65/EC, as regards organizational requirements, conflicts of interests, conduct of business, risk management and content of agreements entered into between a depositary and a management company) and related implementing regulations (CSSF Regulation 10-4 of December 22nd, 2010), Eurizon Capital S.A. (hereinafter “ECSA” or “Company”) has adopted a set of procedures and measures aimed at:

- monitoring the corporate events pertaining to the financial instruments held in the portfolio of the managed UCITS, when this is required by the characteristics of the financial instruments that incorporate rights to be exercised
- determine when and how participation and voting rights may be exercised based on a cost-benefit analysis that also take into account objectives and investment policy of each managed UCITS.

Within this scope, ECSA monitors consistently the company’s relevant activities and undertakes to adopt and apply the following strategy for the participation and voting rights attached to the financial instruments held in the managed UCITS in order to ensure that these rights are exercised to the exclusive benefit of the UCITS’s investors.

The Company normally participates, on behalf of the managed portfolios, in the shareholders’ meetings of selected companies with listed shares, according to the advantage that this participation would bring to the managed portfolios, as well as for the opportunity to affect decisions regarding the shares with voting rights held by the Company.

As for the reasons that drive the decision to exercise participation and voting rights, ECSA has identified the following quantitative and qualitative criteria:

- participation in all shareholders’ meetings of those companies where the Company holds a significant share capital, also interacting with the Board of Directors
- participation in the shareholders’ meeting that are deemed relevant to the managed assets benefit in order to identify situations of particular interest for the purpose of protecting and supporting the interests of minority shareholders
- contribution to the election of members of the Boards of statutory auditors or Board of Directors through the list voting mechanism, representing minority shareholders
- participation in those shareholders’ meeting where extraordinary operations are decided upon if, as regards the interests of the managed portfolios, such participation is needed to support or tackle the proposed operation.

In no case is the company bound to any shareholders’ voting or blocking agreements.

The participation in a shareholders’ meeting and the exercise of voting rights is authorized by the Conducting Officers of the Company on a reasoned proposal of the Investment Department, who relies on the recommendations made by an *advisor* specialized in the research to support decisions of *corporate governance* and voting recommendations. Based on this proposal, the Conducting Persons

define the vote to be cast as well as the specific issues to be presented in the interest of the investors, independently from any influence exercised within or from outside the Company, and appoint the delegate to attend the assembly on behalf of the Company.

In this respect, ECSA has defined some internal procedures that prevent the circulation of information among the different companies of the Group and the parent company, Intesa Sanpaolo, as regards the exercise of voting rights attached to the managed holdings, or internally to each company among the divisions that are subject to segregation within the so-called "Chinese Wall".

The Company defines as a conflict of interest the exercise of the voting right attached to the financial instruments held in the managed portfolios, issued by the companies of the Group or by companies with which ECSA, its relevant shareholders or the companies of the group, maintain strategic relationships, or with respect to which other companies belonging to the same group of ECSA appoint or designate one or more members of the governing bodies. Therefore, the Company has adopted the *Protocol of autonomy for the management of conflicts of interests* issued by Assogestioni for the purpose of safeguarding the Company's autonomy of decision pertaining to the provision of management services. Within this scope ECSA, as a preventive measure, does not exercise the voting right attached to the shares held in the managed portfolios issued by directly or indirectly controlling companies, or with respect to which other companies belonging to the same group of ECSA appoint or designate one or more members of the governing bodies. The Management Company might still aggregate assets under management attributable to shares issued by such companies, in order to achieve the minimum number of shares required by applicable rules in force from time to time for the submission of lists of candidates for the renewal of the Board of the companies concerned.

As regards the methods to exercise participation and voting rights, it must be noted that ECSA may delegate this function, in reference to certain shareholders' meeting, to specialized third parties giving them precise instructions for the exercise of the voting rights. In any case, the Company does not delegate to companies of the group or to their representatives the exercise of voting rights attached to shares held in the managed portfolios except in the case of another management company where it is ensured that the voting exercise performed by the delegated subject will be performed in compliance with the interest of the UCITS investors and of their clients. The Company reserves to use the proxy voting (or electronic voting), if it's considered most efficient way, in the best interest of the managed assets, where contemplated by issuers.

In exercising corporate rights referring to the selection and appointment of candidates for election to the Board of Directors or Statutory Auditors of companies listed on the Italian Stock Exchange, within the minority lists representing institutional investors, the Company shall comply with the principles and criteria identified by the Committee for the Corporate Governance of Assogestioni which sets forth the requirement for professionalism, honour and independence of the candidates as well as the conditions for non-eligibility and incompatibilities. At this regard, the Company makes also reference to international best practice principles.

Based on their relevance, the Company gives transparency in the cast vote and in the behaviour held in exercising the rights to participate and to vote on the annual reports of the UCITS. The Company is responsible for formalizing and storing the relevant documentation related to the decision process adopted for the exercise of the voting rights as well as the reasons for the decisions made.

The above principles apply to the exercise of voting rights attached to financial instruments or other investments held in the portfolio of the managed SIF. In particular, when the Company exercises the

voting right in relation to situations of conflict of interest, the general principles for the management of conflict of interests apply, in the best interest of the SIF's investor.

The independent members of the Board of Directors of Eurizon Capital S.A. ensure the correct application of principles and procedures as regards the exercise of voting rights attached to the financial instruments held in the managed portfolios.

The Company monitors the efficacy of the measures applied to the exercise of participation and voting rights and, in any case, reviews the strategy adopted at least once a year.

The Company has made this Strategy, and any future updates, available to the UCITS investors at its Web site www.eurizoncapital.lu.