



# Stewardship Policy

*Bowhead Focussed Fund*

## 1. Introduction

- 1.1. This document on Stewardship Code ('Code') sets out the framework and guidelines on discharge of the stewardship responsibilities as an Investment Manager to the Bowhead Focussed fund, first scheme of Bowhead Trust, a SEBI registered Category III Alternative Investment Fund and any other Fund which may be launched in future (Collectively to be called as Fund/Funds) and in relation to their investment in listed equities. The Code has been framed in accordance with Guidelines on Stewardship Code for Alternative Investment Funds issued by SEBI vide circular no CIR/CFD/CMD1/ 168 /2019 on December 24, 2019 and Master circular no SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/39 dated May 07, 2024 and adopted pursuant to the approval of the Designated Directors of the Investment Manager.

## 2. Principle 1: Stewardship Responsibility

***Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically***

- 2.1 AIF, as part of its investment activities, invests in listed equities of various investee companies. This policy aims to define the kind of engagement required to be maintained with the investee companies. Such engagement may be through detailed discussions with management, interaction with investee company representatives, voting in shareholders meetings etc.

An illustrative list of monitoring on various matters is given below.

- Strategy and Performance of the investee companies (operational, financial, etc.)
- Industry-level monitoring and possible impact on the investee companies
- Corporate Governance matters, merger/acquisition, other corporate restructuring, and anti-takeover provisions.
- Changes in capital structure, including increases and decreases of capital, preferred stock issuances, buy- back, dividend etc.,
- Appointment and Removal of Directors, Statutory Auditors etc.
- Any other issue that may affect the interest of Shareholders.

- 2.2 We will endeavour to actively monitor investee companies however we will engage actively with the investee companies where fund hold 5% or more of its outstanding equity shares or if the investment team is of the view that such engagement is necessary in the best interest of the fund's investment.

- 2.3 The Investment Manager shall discharge its stewardship responsibilities through:
- Our emphasis on "publicly available data as primary source and fact based interaction with the investee company as and when needed.
  - Using resources, rights and influence available to regularly monitor and active engagement with investee company, and express opinion as a responsible investor.
  - voting on shareholders' resolutions, with a view to enhance value creation for the shareholders/investors and the investee companies as stated in Principal 5 below in this policy.

- 2.4 The key Investment team of the AIF shall ensure that there is an effective oversight of the stewardship activities. The Compliance officer will conduct training on yearly basis, for the personnel involved in implementing the Stewardship Principles, by holding internal or

attending external sessions/workshops on Stewardship Principles and reviewing the global /national best practices.

2.5 The Stewardship Code shall be reviewed annually (or earlier if there are any material developments) and updated.

2.6 This Stewardship Code and amendment thereto, shall be disclosed on the website of the Investment Manager.

### **3. Principal 2: Managing Conflict of Interest**

***Principal 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.***

3.1 While dealing with investee companies, the Investment Manager may be faced with a conflict of interest. However, our approach will be to always to keep in mind interest of our clients uppermost.

3.2 Several potential examples of conflicts of interest are delineated below. However, it is essential to note that these examples are not exhaustive, and various other types of conflicts of interest may arise in the course of business.

- The investee company or the key managerial person of the investee company holds an interest, in the overall business or is a distributor for the Investment Manager;
- The Investee company is an associate of the Investment Manager;
- A director or a key managerial person of the Investment Manager has a personal interest in the investee company;
- In certain cases, wherein any director or key managerial person of the investee company are relatives of the any member of the key investment team of the fund.

3.3 In accordance with the general principles of dealing with Conflict of Interest, Investment Manager shall;

- at all times maintain high standards of integrity in the conduct of their business;
- ensure fair treatment of their clients and not discriminate amongst them;
- ensure that their personal interest does not, at any time conflict with their duty to their clients and client's interest always takes primacy in their advice, investment decisions and transactions;
- make appropriate disclosure to the clients of possible source or potential areas of conflict of interest which would impair their ability to render fair, objective and unbiased services;
- Document the process of resolving any identified material conflict of interest

3.4 Director and all other employees of the investment manager shall abide by these requirements, which includes compliance with the following controls, policies and procedures, specifically laid down to effectively manage such Conflicts of Interest;

- Personal Trading Policy
- Disclosure and Approval of External Business Interests by Directors and all employees of the investment manager

#### 4. Principal 3 Monitoring of Investee Companies

***Principal 3 Institutional investors should monitor their investee companies.***

- 4.1 The Investment team shall be responsible for the monitoring of the investee companies' performance. The investment team may consider the investee companies' leadership effectiveness, succession planning, corporate governance, reporting and other parameters they consider important while making investment decisions.
- 4.2 The Investment team shall continue to monitor each investee company. As a part of this process, the investment team shall, where feasible, attend meetings/Conference calls conducted by the management of the investee company. Investment team may also use publicly available information, sell side research and industry information.
- 4.3 While dealing with the investee company, the Investment Manager shall ensure compliance with the SEBI (Prohibition on Insider Trading) Regulations, 2015.

#### 5. Principal 4 Active Intervention in the Investee Companies

***Principal 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.***

- 5.1. The Investment Manager will engage actively with the investee companies where fund hold 5% or more of its outstanding equity shares or if the investment manager is of the view that such engagement is necessary in the best interest of the fund's investment.
- 5.2. 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 insufficient disclosures, inequitable treatment of shareholders, non-compliance with regulations, performance parameters, governance issues, related party transactions, corporate plans/strategy, poor financial performance of the investee company, Environmental Social and Governance risk, litigation or any other related matters
- 5.3. The Investment Manager engages with investee companies through both formal and informal channels including private meetings and attendance at company meetings as well as telephone and electronic methods. The mechanism for interaction are:
  - **Communication:** If concerns regarding an investee company's approach or decisions arise, initial discussions would, if appropriate, take place on a confidential basis either through email or telephone with the company representatives and where possible as part of the investment team ongoing discussion.

- **Engagement:** In the event the above fails to undertake constructive steps to resolve the concerns raised by investment team within a reasonable timeframe, the Investment Manager shall take all reasonable steps to engage with the management of the investee company to resolve such concerns.
- **Re-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 re-engage with the management to resolve its concerns.
- **Escalation:** Where the Investment Manager's concerns have not been managed through the usual channels of communication, then the Investment Manager may seek to escalate the concerns. The Investment Manager shall engage with the board 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 meeting of the investee company.
- **Collaboration:** The Investment Manager shall consider collective engagement with other institutional investors, professional associations, regulators, advisors and any other entities where it deems necessary on a general basis and in particular, when it believes a collective engagement will lead to a higher quality and/or a better response from the investee company

5.4. In case the Investment Manager's intervention is not successful (either fully or partially), it will not automatically result in the requirement to exit the Fund's investment in the investee company. The decision to purchase more equity or sell all or part of the Fund's investment in the investee company shall be made by the investment team, which may consider the outcome of the intervention as an input in its decision-making process.

## 6. Principal 5 Voting and Disclosure of Voting Activity

***Principal 5 Institutional investors should have a clear policy on voting and disclosure of voting activity.***

- 6.1. When voting or engaging with investee companies, will keep the best interests of the investors whilst fully realizing that due to very small stakes, we have limited influence if any on their corporate decision making, and hence we will vote on all shareholder resolutions of all investee companies where the fund holds 5% or more of its outstanding equity shares or if the investment manager is of the view that such voting is necessary in the best interest of the fund's investment.
- 6.2. Votes generally will be cast in favour of proposals that maintain or strengthen the interests of Clients. Votes will be cast against proposals having the opposite effect. Clients typically are not able to instruct the Investment manager on how to vote on any particular matter.
- 6.3. The Investment Manager may vote whether by means of e-voting, physically attending meeting, voting through proxy or otherwise.

- 6.4. We will monitor the potential conflicts of interest with respect to proxy voting as a result of personal relationships, significant Client relationships, and potential conflicts of interest among Clients or special circumstances that may arise during the conduct of Investee Company's business. If a conflict of interest is identified, We will act according to the Conflict-of-Interest principles stated above.
- 6.5. The AIF shall be required to record and disclose specific rationale supporting its voting decision (for, against or abstain) with respect to each vote proposal including how potential conflicts of interests are addressed in the exercise of voting rights in the format as provided in **Annexure 1**. Where the AIF chooses not to vote in specific circumstances, for example, where holdings are below certain thresholds, this should be disclosed.
- 6.6. The AIF shall disclose all voting activity on a quarterly basis in the quarterly report to investors. The AIF shall also disclose the extent of its reliance, if any, on the voting recommendations provided by proxy / voting advisory firm (specify) along with the scope of services and details of such service providers

## **7. Principal 6 Reporting and Disclosures**

***Principal 6 Institutional investors should report periodically on their stewardship activities.***

- 7.1. The Investment Manager shall provide a report of the discharge of its Stewardship Responsibilities annually as a part of the public disclosures on its website and/or through email to its investors, for the benefit of its ultimate beneficiaries (investors).