

# AAA India Equity AIF Stewardship Code

## **1. Introduction:**

‘AAA India Equity Fund’ (“Fund”) is registered with Securities and Exchange Board of India as a Category III Alternative Investment Fund with effect from 09 March 2023. AlfAccurate Advisors LLP (“Investment Manager/IM”) act as the Investment Manager to the Fund. AlfAccurate Advisors Private Limited act as the Sponsor to the Fund. This Stewardship Code (“Code”) is prepared pursuant to SEBI circular dated CIR/CFD/CMD1/168/2019 dated Dec 24, 2019 and Clause 13.4 of SEBI Master Circular. The said code shall be mandatorily followed by all AIFs in relation to their investment in Listed Equities.

## **2. Purpose:**

The Code outlines the processes the Investment Manager intends to follow in order to safeguard investor interests across various AIF schemes that invest in listed equities. Its ultimate purpose is to strengthen engagement between institutional investors and investee companies, thereby promoting better corporate governance practices and enhancing long-term returns for investors.

While the Code provides a framework for fulfilling stewardship responsibilities, it is not intended to constrain or restrict the investment management activities. The Investment Team retains full discretion to determine investment strategies in alignment with the fund’s investment objectives, even if these strategies may occasionally diverge from the principles outlined in the Code.

## **3. Key principles**

### **Principle 1: Formulating a Comprehensive Stewardship Policy**

The Investment Manager has established this Stewardship Code to articulate its commitment to active ownership and responsible investment. The Code is publicly available on the Investment Manager's website and is reviewed periodically to ensure its relevance and effectiveness.

### **Principle 2: Managing Conflicts of Interest**

Recognizing potential conflicts of interest that may arise during stewardship activities, the Investment Manager has implemented a comprehensive Conflict of Interest Policy. This policy outlines procedures to identify, manage, and mitigate such conflicts, ensuring decisions are made in the best interest of investors. Investment Manager shall

ensure that the interest of the clients is placed before the interest of the Fund. The conflicts that may arise can be grouped as follows:

- At the level of employee of the Investment manager
- At the level of the Investment Manager
- At the level of the Sponsor/ Investment Manager group entity, in relation to various schemes managed by the Sponsor/ Investment Manager.

The Investment Manager maintains and operates effective organizational and administrative arrangements with the view of taking all reasonable steps to identify, continuously monitor and manage conflicts of interest. The Investment Manager will be transparent and make disclosures with respect to conflicts of interest situation that the Investment Manager determines may have arisen (or which seem likely to arise) with respect to any of the Interested Parties vis-à-vis the Fund and the Contributors (and/or any of the Portfolio Entities).

### **Principle 3: Monitoring of Investee Companies**

The Investment Manager will be responsible for monitoring the investee companies and for engaging with the managements of the investee companies. However, level and degree of monitoring / engagement may vary depending upon the materiality of investments.

Areas of monitoring which shall, *inter-alia*, include:

- Company strategy and performance - operational, financial etc.
- Industry-level monitoring and possible impact on the investee companies.
- Quality of company management, board, leadership etc.
- Corporate governance matters.
- Risks, including Environmental, Social and Governance (ESG) risks
- Shareholder rights, their grievances etc.

### **Principle 4: Intervention in Investee Companies**

The Investment Manager may intervene in investee companies based on the materiality of Investment in the investee companies under circumstances such as:

- Significant underperformance relative to peers
- Corporate governance concerns, leadership issues
- Environmental, social, or reputational risks
- Actions detrimental to shareholder value

The mechanisms for intervention may include meetings/discussions with the management for constructive resolution of the issue and in case of escalation thereof, meetings with the boards, collaboration with other investors, voting against decisions,

etc. This may also include interaction with the companies through institutional investor association.

#### **Principle 5: Voting and Disclosure of Voting Activity**

Our Fund exercises voting rights focusing on proposals or resolutions that may have a material adverse impact on the interests of our unitholders. The voting shall take place either by way of a postal ballot or through e-voting. The Fund shall disclose the details of actual voting, if done, on its website from time to time.

#### **Principle 6: Reporting on Stewardship Activities**

In addition to the regular fulfilment of their stewardship activities, all the activities undertaken & responsibilities discharged with respect to implementation of stewardship Code shall be appropriately disclosed on the website as part of public disclosure and the same will be communicated to the unitholders on timely basis.

This Code, as amended from time to time, will be disclosed on the website along with other public disclosures. Any change or modification to the Code will also be disclosed at the time of updating the code on the website.

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