STEWARDSHIP POLICY

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Introduction

Stewardship is the responsibility attributed to an institutional investor to monitor, oversee, and manage the capital invested in companies in order to create long-term value for its clients /beneficiary. Stewardship code is a set of principles or guidelines aimed primarily at institutional investors, who hold shares, and thus, voting rights in investee companies to fulfill its fiduciary obligations towards clients /beneficiaries. At the investee company level, the stewardship codes promote high standards of corporate governance by requiring investors to monitor and, where necessary, engage with companies on material matters, including environmental, social, governance, strategy, performance, and risk issues and to vote their shares at company AGMs and EGMs.

Companies and investors have a symbiotic existence: companies need investors, just as much as investors need companies. Consequently, effective stewardship and effective governance go together. For a company to be able to act in the investors' best interest, it also needs to understand the investors' perspective. The stewardship code sets out a framework that encourages the investors to engage with companies they have invested in and their boards. This benefits both, the companies, and the investors.

Stewardship codes are being introduced globally. After the UK adopted a Stewardship Code in 2009, about eight other countries have similarly mandated stewardship requirements, including a few Asian countries such as Malaysia, Japan, and Taiwan. Today, approximately 19 countries have mandated stewardship codes for the investors either as 'comply or explain' or mandatory compliance formats. Under the umbrella of a stewardship code, investors have been able to achieve different agendas – from getting more independent directors on boards, to ensuring that annual reports are being published in time.

India, to a large degree, has relied on regulations to evolve its corporate governance agenda. The more recent regulations have balanced this agenda by empowering the shareholders to assert their rights – in the form of more convenient voting processes, and requisite specific approvals in the case of related party transactions. However, these measures are effective only on specific issues. To build a wholistic environment that rewards good governance practices, the institutional investors must undertake focused stewardship activities.

While the Securities and Exchange Board of India ("**SEBI**") has long since mandated mutual funds to vote on shareholder resolutions, the Insurance

Regulatory Authority of India ("**IRDA**") on March 22, 2017, prescribed stewardship principles to be adopted and implemented by the insurers. Insurers were required to adopt a policy based on the Stewardship Principles on or prior to September 21, 2017. The Kotak Committee on Corporate Governance recommended that as the capital market regulator, SEBI must outline stewardship principles for institutional investors. As a result, in December 2019, SEBI published the circular on Stewardship Code for all categories of Alternate Investment Funds ("**AIFs**") and all mutual funds.

The SEBI Circular list out the stewardship principles to be adopted by mutual funds and all categories of AIFs ("**Stewardship Principles**") and requires them to adopt a stewardship code based on such principles, to be applicable with effect from the financial year 1 April 2020. The Stewardship Principles are enclosed in the Annexure-I.

Stewardship Code for Alternate Investment Funds

Alta Cura AI Data Chameleon Fund views stewardship as both a responsibility and a privilege. Our clients have entrusted us with their assets, and we are dedicated to putting their interest first. For this it becomes important to carefully consider all relevant financial, environmental, social and governance (ESG) implications throughout the investment process, with the aim of achieving long term sustainable returns. It also means careful monitoring of our investments and constructive engagement to advance our clients long term best interests. Stewardship aims to promote the long-term success of investee companies in a manner that the ultimate providers of capital also prosper. Effective stewardship benefits investee companies, asset managers, investors and enhances the quality of capital markets.

Alta Cura AI Data Chameleon Fund manages the fund's money by investing in direct equities. The Fund is an Equity oriented multi-strategy fund that is set up with the aim to generate capital gains from investments in equities and income from derivatives. The Fund is set up with the objective and purpose of providing superior risk-adjusted returns to Contributors by focusing predominantly on mid-cap, small-cap and microcap stocks while retaining the option to allocate funds to larger capitalized stocks when markets look unattractive for smaller companies. It will carry out the activity of an open-ended Category III AIF and for this purpose investments shall be arranged, made, managed, and disposed off by implementing strategies backed, among other techniques, by quantitative strategies and may also include artificial intelligence and machine learning in accordance with Applicable Laws and the Trust Documents.

The typical market cap of the stocks varies from a few thousand crores to more than 10 lac crores. Because of the relatively small corpus under management, large number of stocks in the diversified portfolio as well as comparatively large market cap of most investee companies, the holding of the AIF in any company is such a miniscule percentage of its total equity base, (for example 0.001%) that it is imprudent to expect the fund in its current form and size to make any material impact to the company's decision-making process or to influence its management. Hence the AIF uses a pragmatic and realistic approach of assessing all investee company management decisions keeping in mind the best interest of AIF's investors but also realizing the limitations of the influence or impact it can exercise in those. Consequently, while the AIF will continue to act in the best interest of its investors when it comes to any decision making, it realizes that its ability to influence investee companies' management is practically negligible because of the facts stated above.

Alta Cura AI Data Chameleon Fund uses a unique quantitative style of fund management that entails using technology and algorithms developed by its founders over more than 10 years for research and live deployment. This style of fund management works well because of a very objective, unbiased, and data-centric stock picking. For it to continue to do well for its investors, it needs to keep subjective assessment and emotions away from decision making so as not to contaminate the data-based decision making with subjective opinion of various stakeholders and market entities. Hence while Alta Cura AI Data Chameleon Fund does seek various data and information from public sources as well as sends occasional queries on need basis to company's management to get information about companies' finances, operations and other aspects of decision making, it strategically stays away from getting influenced or biased by subjective opinions expressed by managements, various entities, and market players by avoiding getting into personal meetings or any kind of close relationships.

Alta Cura AI Data Chameleon Fund("**AIF**") have adopted this Stewardship Code pursuant to the approval of the Board of the AIF and is effective from 1st April 2024.

1. Key Stewardship Responsibilities- Principle 1

1.1. Primary Stewardship Responsibilities: The AIF shall:

a) enhance shareholder/investor value predominantly through data-centric assessment of a company's health and management's performance with selective fact-seeking rather than seeking their opinions.

b) when voting or engaging with investee companies, will keep the best interests of its shareholders/investors whilst fully realizing that due to very small stakes, we have limited influence if any on their corporate decision making, as explained above we actively engage with investee companies when we hold 1% or more of their outstanding equity shares. Typically, the following shall be the monitoring parameters we will look upon:

1. Strategy and Performance: Monitor the underlying companies on operational, financial, and strategic matters.
2. Industry-Level Monitoring: Assess industry-level developments and their potential impact on companies.
3. Corporate Governance: Focus and track corporate governance issues, including mergers, acquisitions, and corporate restructuring.
4. Capital Structure: Evaluate changes in capital structure, such as capital increases, buybacks, dividends, and preferred stock issuances.
5.Managerial Compensation: Review stock option plans and other managerial compensation issues.
6. Directorship and Auditors: Assess the appointment and removal of directors and statutory auditors.
7. Risk Management: Evaluate environmental, social, and governance (ESG) opportunities and risks.
8. Shareholder Interests: Follow and monitor issues that may affect the interests of shareholders.

c) be accountable to shareholders/investors within the parameters of professional confidentiality and regulatory regime; and
d) maintain transparency in reporting its voting decisions and other forms of engagement with investee companies.
e) disclose its stewardship policy and activities to its shareholders/investors on a periodic basis.

1.2. Discharge of Stewardship Responsibilities: The AIF shall discharge its stewardship responsibilities through:

a) Our emphasis on “publicly available data as primary source and fact-based interaction with the investee company as and when needed while not seeking any subjective opinions” is at the center of our investment process.
b) Using resources, rights and influence available to regularly monitor and active engagement with investee company, and express opinion as a responsible investor.
c) voting on board or shareholders’ resolutions, with a view to

enhance value creation for the shareholders/investors and the investee companies.

1.3. Responsibility for oversight of the stewardship activities:

The investment team of the AIF shall ensure that there is an effective oversight of the AIF's stewardship activities. The AIF 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.

Compliance officer shall be designated as the "Stewardship Officer". The stewardship officer shall be responsible for compliance with this stewardship code and shall be under the supervision of the Committee.

1.4. Disclosure of Stewardship Code: This Stewardship Code and amendment thereto, shall be disclosed on the website of the AIF. Any amendment or modification to this Stewardship Code shall be disclosed on the website.

1.5. Periodic review of Stewardship Code: The Stewardship Code shall be reviewed annually (or earlier if there are any material developments) and updated, which should be endorsed by Chief Executive Officer (CEO).

2. Managing Conflict of Interest- Principle 2

1. PrestoRx Technologies may encounter certain conflicts of interest involving its directors, employees, and affiliates, as well as other funds managed or advised by PrestoRx Technologies. 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:

a. Conflicts between the interests of PrestoRx Technologies and those of a client.
b. Conflicts between the interests of one client of PrestoRx Technologies and those of another client of PrestoRx Technologies.
c. Situations where PrestoRx Technologies has access to confidential information pertaining to an existing or former client, which could hold value for other divisions of PrestoRx Technologies or for other clients of PrestoRx Technologies.
d. Instances where PrestoRx Technologies engages the services of affiliated corporations or other entities in which the CEO or directors of PrestoRx Technologies have controlling interests or substantial shareholdings.

2. At PrestoRx, we recognize the importance of managing conflicts of interest effectively. We commit to:

a. Integrity: Maintaining high standards of integrity in all our business activities.
b. Client Fairness: Ensuring fair treatment of all clients and avoiding discrimination.
c. Client Interest Priority: Prioritizing the interests of our clients over our personal interests.
d. Disclosure: Making appropriate disclosures to clients about potential conflicts of interest.
e. Conflict Reduction: Implementing measures such as information barriers to reduce conflict opportunities.
f. Securities Transactions: Restricting transactions in securities to avoid conflicts.
g. Insider Trading: Avoiding trading while in possession of material unpublished price-sensitive information.
h. Market Manipulation: Not contributing to market manipulation or influencing security prices.
i. Suitability: Not promoting products unsuitable for clients' risk profiles.
j. Confidentiality: Not sharing client information for personal gain.

3. At PrestoRx Technologies, both the company and its employees are obligated to adhere to these requirements, encompassing strict compliance with the following controls, policies, and procedures meticulously designed to proficiently manage conflicts of interest:

a. Defined Personal Trading Policy
b. Disclosure and Approval of External Business Interests by Directors, Leadership Team, Fund Management, Research.
c. Inclusion of Conflict Disclosure in Offering Documents Provided to Clients.

2.1. **Periodic review and updates to the conflict-of-interest policy:** The team shall review the manner in which conflict of interest are arising and how they are being resolved annually (or earlier if there are any material developments) and adopt necessary actions and disclose publicly any material developments.

3. Monitoring of Investee Companies- Principle 3 & 4

3.1. The investment team will be responsible for monitoring all the investee companies the AIF invests in.

3.2. The monitoring will be based on publicly available information, sell side research and industry information.

3.3. AIF will seek various data and information from public sources as well as send occasional queries on need basis to company's management to get information about companies' finances, operations and other aspects of decision making, however it will strategically stay away from getting influenced or biased by subjective opinions expressed by managements, various entities, and market players by avoiding getting into personal meetings or any kind of close relationships.

3.4. **Manner of Monitoring**:

a) The team shall be responsible for the supervision of the monitoring of the investee companies' business strategy and performance, industry risk and opportunities, impact the investee companies make, risk, capital structure, leadership effectiveness, remuneration, corporate governance performance including remuneration, structure of the board (including board diversity, independent directors etc. among other matters to the extent quality data is available and can be analyzed by it through use of algorithms and automation.

b) The AIF may use publicly available information, sell side research and industry information, to monitor the investee companies.

c) While dealing with the investee company, the AIF shall ensure compliance with the SEBI (Prohibition on Insider Trading) Regulations, 2015. AIF shall identify situations which may trigger communication of insider information and the procedures adopted to ensure insider trading regulations are complied with in such cases.

4. Active Intervention in the Investee Company and collaboration with other institutional investors

At PrestoRx Technologies, our positions are monitored using monitoring algorithms which help us take decisions with respect to management of positions.

We continuously monitor underlying indices/companies as part of our investment evaluation process. We have a policy to actively engage with investee companies when holding 1% or more of their outstanding equity shares. For investee companies where we hold more than 10% of outstanding equity shares, intervention is conducted with the approval of the Chief Executive Officer (CEO).

While seeking information from underlying companies for monitoring, we adhere to regulations and Alta Cura's policy on insider trading.

If required, we may collaborate with other institutional investors, subject to CEO approval, to protect our interests in investee companies.

5. Voting and disclosure of voting activity- Principle 5

5.1. Applicability
The AIF shall vote on all shareholder resolutions of all investee companies if the AIF's holding is greater than 1% of the investee company's paid-up share capital. In such cases, the AIF shall make informed and independent voting decisions, applying due care, diligence, and judgment across their entire portfolio in the interests of its shareholders/ investors.

5.2. Voting decisions shall be made in accordance with the AIF's voting policy, which is available here.

5.3. The AIF shall vote against resolutions which,

a) are not consistent with the AIF's voting policy, or
b) which are not in its investors'/shareholders'/clients' best interests.

5.4. **Attendance at General Meetings**: The AIF shall, subject to the considerations and limitations described in this document above, may attend general meetings of the investee companies (annual as well as any extra ordinary shareholders' meetings) when appropriate, actively speak and respond to the matters being discussed at such meetings.

5.5. 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. Where the AIF chooses not to vote in specific circumstances, for example, where holdings are below certain thresholds, this should be disclosed.

5.6. The AIF shall disclose all voting activity on a quarterly basis and a detailed report on voting in the annual compliance report on its website. 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.

6. Reporting of Stewardship Activities- Principle 6

6.1. The AIF shall issue a report to its shareholders/ investors detailing the compliances or non-compliance (with justification of any non-compliance) with each of the Stewardship Principles and the requirements set out in this Stewardship Code, including how conflicts were managed (if any), extent of monitoring of investee companies, any intervention undertaken, collaboration undertaken and cumulative voting activity and outcome of each of these actions, for the last financial year within sixty working days of the ending of the year. The report shall be made public and made available to on the AIF's website.

6.2. The AIF shall also on an annual basis report its compliance status with the Stewardship Principles in an easy-to-read format and shall such reports in the annual intimation made to its shareholders/ investors.

6.3. The AIF should maintain records of meetings, voting and engagement to documents summaries of stewardship activities for the benefit of its shareholders/ investors.

Annex: SEBI's Stewardship Principles for AIFs

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

Stewardship responsibilities include monitoring and actively engaging with investee companies on various matters including 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 company boards, voting in board or shareholders meetings, etc.

Every institutional investor should formulate a comprehensive policy on how it intends to fulfill the aforesaid stewardship responsibilities and disclose it publicly. In case any of the activities are outsourced, the policy should provide for the mechanism to ensure that in such cases, stewardship responsibilities are exercised properly and diligently.

The policy should be reviewed and updated periodically, and the updated policy should be publicly disclosed on the entity's website. A training policy for personnel involved on implementation of the principles is crucial and may form a part of the policy.

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

As a part of the aforesaid comprehensive policy, institutional investors should formulate a detailed policy for identifying and managing conflicts of interest. The policy shall be intended to ensure that the interest of the client/beneficiary is placed before the interest of the entity. The policy should also address how matters are handled when the interests of clients or beneficiaries diverge from each other.

The conflict-of-interest policy formulated shall, among other aspects, address the following:

1. Identifying possible situations where conflict of interest may arise. E.g., in case of investee companies being associates of the entity.
2. Procedures put in place by the entity in case such conflict-of-interest situations arise which may, inter alia, include:
    a. Blanket bans on investments in certain cases
    b. Having a 'Conflict of Interest' Committee to which such matters may be referred to.
    c. Clear segregation of voting function and client relations/ sales functions.
    d. Policy for persons to recuse from decision making in case of the person having any actual/ potential conflict of interest in the transaction.

    e. Maintenance of records of minutes of decisions taken to address such conflicts.
3. Periodical review and update of such policy and public disclosure.

Principle 3: Institutional investors should monitor their investee companies

As a part of the aforesaid comprehensive policy, institutional investors should have a policy on continuous monitoring of their investee companies in respect of all aspects they consider important which shall include performance of the companies, corporate governance, strategy, risks etc.

The investors should identify the levels of monitoring for different investee companies, areas for monitoring, mechanism for monitoring etc. The investors may also specifically identify situations where they do not wish to be actively involved with the investee companies e.g., in case of small investments.

The investors should also keep in mind regulations on insider trading while seeking information from the investee companies for the purpose of monitoring.

Accordingly, the institutional investors shall formulate a policy on monitoring specifying, inter-alia, the following:

1. Different levels of monitoring in different investee companies. E.g., companies where larger investments are made may involve higher levels of monitoring vis-à-vis companies where amount invested in insignificant from the point of view of its assets under management.
2. Areas of monitoring which shall, inter-alia, include:
    a. Company strategy and performance - operational, financial etc.
    b. Industry-level monitoring and possible impact on the investee companies.
    c. Quality of 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.
3. Identification of situations which may trigger communication of insider information and the procedures adopted to ensure insider trading regulations are complied with in such cases

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.

Institutional investors should have a clear policy identifying the circumstances for active intervention in the investee companies and the manner of such intervention. The policy should also involve regular assessment of the outcomes of such intervention. Intervention should be considered even when a passive investment policy is followed or if the volume of investment is low if the circumstances so demand.

Circumstances for intervention may, inter alia, include poor financial performance of the company, corporate governance related practices, remuneration, strategy, ESG risks, leadership issues, litigation etc.

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. Various levels of intervention and circumstances in which escalation is required may be identified and disclosed. This may also include interaction with the companies through institutional investor associations (E.g., AMFI). A committee may also be formed to consider which mechanism to be opted, escalation of matters, etc. in specific cases.

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.

This requires a comprehensive voting policy to be framed by the institutional investors including details of mechanisms of voting, circumstances in which voting should be for/against/abstain, disclosure of voting, etc. The voting policy, voting decisions (including rationale for decision), use of proxy voting/voting advisory services, etc. should be publicly disclosed.

The voting policy shall, inter-alia, include the following:

1. Mechanisms to be used for voting (e.g., e-voting, physically attending meetings, voting through proxy, etc.)
2. 2. Internal mechanisms for voting including:
    a. Guidelines on how to assess the proposals and take decision thereon
    b. Guidelines on how to vote on certain specific matters/ circumstances including list of such possible matters/circumstances and factors to be considered for a decision to vote for/ against/ abstain
    c. Formulation of oversight committee as an escalation mechanism in certain cases
    d. Use of proxy advisors
    e. Policy for conflict-of-interest issues in the context of voting
3. Disclosure of voting including:
    a. Periodicity of disclosure
    b. Details of actual voting for every proposed resolution in investee companies i.e. For, Against or Abstain
    c. Rationale for voting
    d. Manner of disclosure – e.g., in annual report to investors, quarterly basis on website etc.
4. In case of use of proxy voting or other voting advisory services, disclosures on:

a. Scope of such services
b. Details of service providers
c. Extent to which the investors rely upon/use recommendations made by such services

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

Institutional investors shall report to their clients/ beneficiaries periodically on how they have fulfilled their stewardship responsibilities as per their policy in an easy-to-understand format.

However, it may be noted that the compliance with the aforesaid principles does not constitute an invitation to manage the affairs of a company or preclude a decision of the institutional investor to sell a holding when it is in the best interest of clients or beneficiaries.

Institutional investors shall report periodically on their stewardship activities in the following manner:

1. A report may be placed on website on implementation of every principle. Different principles may also be disclosed with different periodicities. E.g., Voting may be disclosed on quarterly basis while implementation of conflict-of-interest policy may be disclosed on an annual basis. Any updation in policy may be disclosed as and when done.
2. The report may also be sent as a part of annual intimation to its clients/ beneficiaries.