

Pramerica Mutual Fund - Proxy Voting Policy

Introduction:

Securities & Exchange Board of India (SEBI), vide circular ref. SEBI/IMD/Cir No.18/198647/2010 dated March 15, 2010 has stipulated that mutual funds should play an active role in ensuring better corporate governance of listed companies. In this regard, SEBI has mandated that, AMCs shall disclose their policy and procedure for exercising the voting rights in respect of shares held on behalf of the mutual funds on their website as well as in the annual report of the schemes.

Pursuant to the aforesaid SEBI circular, Pramerica Asset Managers Pvt. Ltd., (the 'AMC'), the investment manager of Pramerica Mutual Fund, has formulated 'the Pramerica MF **Proxy Voting Policy** and Procedure' ('**the Policy**') with the approval of Pramerica Trustees Pvt. Ltd., the Trustee of Pramerica MF.

Policy Statement:

Pramerica Mutual Fund ("Pramerica MF") proxy matters must comply with the provisions set forth in this policy. Proxies will be voted in the best interests of unit holders of Pramerica MF. Potential conflicts will be identified, addressed and monitored. Proxy Voting Policy and voting records for the schemes of Pramerica MF will be maintained for 5 years.

Voting Policy Guidelines:

The AMC seeks to ensure that all proxy proposals are voted with the primary goal of seeking the optimal benefit for the unit holders. Consistent with this goal, the AMC views the proxy voting process as a means to encourage strong corporate governance practices and ethical conduct by corporate management. The AMC views the proxy voting process as a component of the investment process, as the right to vote emanates from securities held under the schemes of Pramerica MF and, as such, the AMC will vote proxies in accordance with the fund manager's recommendations.

In general, the AMC does not intend to participate directly or indirectly in the management of the companies in which it has invested, but it will use its influence as the representative of the shareholders (unitholders) amongst others by exercising its voting rights in accordance with the best interests of unit holders. While the AMC will generally vote in accordance with this policy, it may decide to abstain from voting, where it has insufficient information or there is a conflict of interest.

Each proxy is reviewed and voted in accordance with the Proxy Voting Policy and keeping in view the importance of the matter and cost/time implications.

Generally, the AMC will vote with the issuer company's management on routine matters. With respect to non-routine matters such as proposed anti-takeover provisions or mergers the financial impact will be analyzed and the proxy will be voted on a case-by-case basis, in the best interest of the unit-holders.

- A. **Corporate Governance matters (including changes in the state of incorporation, merger and other corporate restructuring and anti takeover provisions)** Mergers and acquisitions and Corporate restructuring proposals will be subject to careful review by the research analyst on a case-by-case basis to determine whether they would be beneficial to shareholders.
- B. **Changes to capital structure**, including increases and decreases of capital and preferred stock issuances: The proposals for approval to alter the capital structure of the company, such as an increase in authorized capital will generally be supported if the research analyst / fund manager believe would enhance the rights of common shareholders.
- C. **Stock option plans and other management compensation issues**: In general, the AMC believes that compensation matters are normally best determined by a corporation's board of directors, rather than the shareholders. The AMC would generally support proposals for employee Stock option plans and other management compensation plans, but would oppose excessive compensation, if the research analyst or the fund manager feel that approval of the plan would be against shareholder interest.
- D. **Corporate Social Responsibilities**: The AMC would generally support proposals on social issues that have demonstrable economic benefit to the issuer and long term economic value of the securities held in the scheme and are evaluated by the analyst / fund manager on case-by-case basis.
- E. **Appointment and Removal of Directors**: The AMC believes that a company's Board of Directors is likely to have better access to important, nonpublic information regarding a company's business and long term prospects, rather than the shareholders, and is therefore best-positioned to set corporate policy and oversee management. The AMC therefore believes that the foundation of good corporate governance is the selection of responsible, qualified, independent corporate directors who are likely to diligently represent the interest of the shareholders and oversee management of the corporation in the manner that will seek to maximize shareholder value over time. Hence, the AMC would generally support the Board's nominees in the election of Directors and generally support proposals that strengthen the independence of Board of Directors. In individual cases, consideration may be given to a director nominee's credential's of representing shareholder interests as a Director of the company issuing the proxy or other companies..

In case of exchange traded funds /passive Index funds, the AMC would abstain from voting in respect of the underlying companies of the respective schemes.

Responsibility:

The Fund Management team is responsible to decide on exercising the voting rights, record the rationale for voting or abstaining from voting in case of transactions/proposed transactions of the listed companies and conveying the same to Operations unit.

It is the responsibility of Operations unit to communicate the AMC's decision on exercising the voting right in each case to the Custodian execute the proxy voting process on behalf of Pramerica MF.

The analysts in equity team will make recommendations on key voting issues keeping in mind the long term interest of the scheme(s), investment philosophy of the Fund and the market best practices and same will be approved by the Head of Equity or in his absence by the Fund Manager. In case of conflicts or need for a clearer direction, the matter may be referred to the CEO for his guidance. The concerned Research Analyst / Fund Manager communicates such voting decision or recommendation to the Operations unit for further action.

Administration and Record Keeping :

Proxy voting process is coordinated by the Operations unit of the AMC. The Operations unit will receive the proxies from the Custodian for each scheme, or, where applicable, a third party voting agent. The Operations unit will co-ordinate with the fund manager of the scheme for which the proxy is received and seek the fund manager's decision. The Operations unit will also maintain the records of each proxy voted and make available the periodic summaries of all proxies voted for information of the Board of Trustees and unitholders.

Normally, the Custodian (as representative of the Fund) executes the voting instructions of the AMC, conveyed by the Operations unit and accordingly votes at the meetings of the shareholders of the various companies.

Conflict of Interest in Exercising Voting Rights:

The AMC will try to exercise adequate safeguards to avoid or address any conflict of interest while exercising voting rights, should a proxy issue potentially implicate a conflict of interest between Pramerica MF and the AMC or its employees /associates/ affiliates. In the event of a proxy proposal giving rise to a material conflict of interest, the fund manager must consult the Chief Executive Officer / Compliance Officer.

Retention of records

The AMC shall retain / maintain the records as to how the proxies have been exercised on behalf of the investors for a period of 5 years.

Further, in accordance with SEBI guidelines, the AMC shall disclose on its website as well as in the annual report distributed to the unit holders, the actual exercise of their proxy votes in the AGMs/EGMs of the investee companies in respect of the following matters:

- a. Corporate governance matters, including changes in the state of incorporation, merger and other corporate restructuring, and anti-takeover provisions.
- b. Changes to capital structure, including increases and decreases of capital and preferred stock issuances.
- c. Stock option plans and other management compensation issues;
- d. Social and corporate responsibility issues.
- e. Appointment and Removal of Directors.
- f. Any other issue that may affect the interest of the shareholders in general and interest of the unit-holders in particular.