

## BRIDGE FUND MANAGERS (PTY) LIMITED PROXY VOTING POLICY



**This Policy has been prepared for distribution to Bridge Fund Managers (Bridge) clients and their advisers, and to companies in which shareholdings are held by Bridge on clients' behalf.**

### 1. Introduction

Bridge recognises its fiduciary obligations to act in the best interests of all clients, be they retirement fund trustees, institutional clients, and unitholders in its collective investment schemes or personal investors. Bridge also has a legal responsibility to comply with certain legislation (e.g. Pension Funds Act, Cisca) and regulations (e.g. PF130, TCF) in this regard. One of the ways Bridge may represent its clients' interests in matters of corporate governance is through the proxy voting process.

This policy sets out Bridge's approach to proxy voting in the context of portfolio management, client service responsibilities and corporate governance principles. This policy applies to;

- All South African domiciled managed funds and mandates.

This policy does not apply client assets where;

- The primary investment management responsibility of a portfolio or fund resides with another financial services provider or where the portfolio management responsibility has been delegated to another company. In these instances, the proxy voting responsibility will rest with that delegated manager.

In order to facilitate its proxy voting process and to avoid conflicts of interest where these may arise, Bridge retains the right to appoint a professional advisor to assist with vote recommendations, vote execution, and if necessary record-keeping.

## 2. Guiding Principles

- 2.1 The objective of Bridge's Proxy Voting Policy is to promote the economic interests of its clients. At no time will Bridge use the shareholding powers exercised in respect of its clients' investments to advance its own commercial interests, to pursue a social or political cause that is unrelated to clients' economic interests, or to favour a particular client or other relationship to the detriment of others.
- 2.2 The involvement of Bridge as a shareholder representative will not extend to interference in the proper exercise of Board or management responsibilities, or impede the ability of companies to take the calculated commercial risks which are essential means of adding value for shareholders.
- 2.3 The primary aim of the policy is to encourage a culture of performance among investee companies, rather than one of mere conformance with a prescriptive set of rules and constraints.
- 2.4 Bridge considers that proxy voting rights are an important power, which if exercised diligently can enhance client returns, and should be managed with the same care as any other asset managed on behalf of its clients.
- 2.5 Bridge may choose not to vote on a particular issue if this results in shares being blocked from trading for a period of more than 4 hours; it may not be in the interest of clients if the liquidity of investment holdings is diminished at a potentially sensitive time, such as that around a shareholder meeting.

## 3. Proxy Voting Authority

### 3.1 Authority Overview

An important dimension of Bridge's approach to corporate governance is the exercise of proxy voting authority at the Annual General Meetings or other decision-making forums of companies in which we manage investments on behalf of clients.

Proxy voting policy follows two streams, each defining where discretion to exercise voting power should rest - with Bridge as the investment manager (including its ability to outsource the function), or with individual mandate clients.

Under the first alternative, Bridge's role would be both to make voting decisions, for pooled funds and on individual mandate clients' behalf, and to implement those decisions. Under the second alternative, where segregated clients retain voting control, Bridge has no role to play other than administering voting decisions under instructions from our clients and recover any costs if applicable basis.

### 3.2 Segregated Clients

Segregated clients should elect to retain voting authority but they may delegate this authority to Bridge by mandate. If delegated, Bridge will vote on the same basis on which it votes for its pooled or in-house assets. In cases where voting authority is delegated by a segregated client, Bridge recognises its responsibility to be accountable for the decisions it makes. Some segregated clients may wish to retain voting authority for themselves, or to place conditions on the circumstances in which it can be exercised by Bridge. The choice of this directive will occur at inception or at major review events only. Segregated clients will not be allowed to move on an ad hoc basis between delegating control to the fund manager and full direct control.

### 3.3 Pooled Fund Clients

Bridge is required to act solely in the collective interests of unit holders at large rather than as a direct agent or delegate of each unit holder. The legal relationship that exists means it is not possible for the manager to accept instructions from a particular pooled fund client as to how to exercise proxy voting authority in a particular instance. Bridge's accountability to pooled fund clients in exercising its fiduciary responsibilities is best addressed as part of the manager's broader client relationship and reporting responsibilities.

In considering proxy voting issues arising in respect of pooled fund shareholdings, Bridge will act solely in accordance with its fiduciary responsibility to take account of the collective interests of unit holders in the pooled fund as a whole. All proxy voting decisions may be delegated to an outsourced provider, but Bridge investment managers will retain the ability to override these decisions in the interests of fund unit holders.

## 4 Key Proxy Voting Issues

### 4.1 Issues Overview

Bridge will consider voting requirements on all issues at all company meetings directly or via an outsourced provider. We will generally not announce our voting intentions and the reasons behind them.

### 4.2 Portfolio Management Issues

Bridge does not consider it feasible or desirable to prescribe in advance comprehensive guidelines as to how it will exercise proxy voting authority in all circumstances. The primary aim of Bridge's approach to corporate governance is to encourage a culture of performance among the companies in which we invest in order to add value to our clients' portfolios, rather than one of mere conformance with a prescriptive set of rules and constraints.

As a general rule, Bridge will vote against any actions that will reduce the rights or options of shareholders, reduce shareholder influence over the board of directors and management, reduce the alignment of interests between management and shareholders, or reduce the value of shareholders' investments, unless balanced by reasonable increase in net worth of the shareholding.

Where appropriate, Bridge will also use voting powers to influence companies to adopt generally accepted best corporate governance practices in areas such as board composition, disclosure policies and the other areas of recommended corporate governance practice.

Administrative constraints are highlighted by the fact that many issues on which shareholders are in practice asked to vote are routine matters relating to the ongoing administration of the company – e.g. approval of financial accounts or housekeeping amendments to the Memorandum of Incorporation. Generally in such cases, Bridge will be in favour of the motion as most companies take seriously their duties and are acting in the best interests of shareholders.

However, reasonable consideration of issues and the actual casting of a vote on all such resolutions would entail an unreasonable administrative workload and cost. For this reason, Bridge may outsource all or part of the proxy voting function. Bridge believes that an important consideration in the framing of a proxy voting policy is the need to avoid unduly diverting resources from our primary responsibilities to add value to our clients' investments through portfolio management and client service.

## 5. Internal Proxy Voting Procedure

In situations where an override decision is required to be made or where the outsourced provider has recused itself from a vote recommendation, the responsible Investment Manager will have the final say as to how a vote will be cast. In the event that a voting decision is considered not to be in the best interests of a particular client or where a vote is not able to be cast, a meeting may be convened at any time to determine voting intentions. The meeting will be made up of at least two of the following:

- Managing Director;
- Head of Finance;
- Head of Compliance; and
- Chief Investment Officer.

## 6. Client Reporting

Bridge will keep records of its proxy voting activities, directly or through outsourced reporting. Upon client request, Bridge will report quarterly or annually to the client on proxy voting activities for investments owned by the client. A record will be kept of the voting decision in each case by Bridge or its outsourced provider.