

IISL Proxy Voting Policy

Overview

Introduction

This Proxy Voting Policy (**Policy**) is part of the Responsible Investment Framework and sets out the rules that are applied in relation to proxy voting and the disclosure of voting activities.

A number of entities within the Insignia Financial Ltd Group (**Insignia Financial**) obtain voting rights in relation to listed securities and other investment vehicles held within the various products.

Policy Statement

The Policy is designed to ensure that the relevant entities comply with regulatory requirements and industry standards. In doing so it is necessary to strike the appropriate balance between:

- the need to protect and enhance the value of investments by recognising the strong link between good corporate governance and investment value; and
- the practical implications and costs involved in the voting process, and the impact these can have on the fees charged to investors.

The Responsible Entity (**RE**) and service operator (**SO**) applies the Financial Service Council (**FSC**) Standard and Guidelines on proxy voting to their operational processes where applicable.

Scope and Application

This Policy applies to the following RE within the Insignia Financial Ltd Group:

- IOOF Investment Services Ltd (**IISL**) in its capacity as trustee and RE for a number of unregistered and registered Managed Investment Schemes (**Schemes**) respectively; and
- IISL in its capacity as SO of various Investor Directed Portfolio Services (**IDPSs**).

For Schemes, where the voting rights reside with an underlying entity (such as a custodian or investment manager) as a result of the investment structure, this Policy sets out the approach to be used when instructing the underlying entity with respect to voting, and in overseeing the voting activities of the underlying entity.

For ASX listed securities and units in unlisted managed investment schemes, this Policy describes the processes to be applied by the RE and SO with regard to voting on proposals/resolutions that are proposed by ASX listed securities and unlisted Schemes.

Voting Policy

General Comments

While proxy voting has been delegated to external managers, the overriding principle when voting on resolutions is that the RE and SO voting decision must be in the best interests of the investors.

When considering voting resolutions, including contentious items, the REs and SO, as applicable, may also refer to a range of resources and best practice standards of corporate governance such as:

- the FSC Standard 'Principles of Internal Governance and Asset Stewardship';
- the FSC Standard 'Voting policy, voting record and disclosure';
- the ACSI (Australian Council of Superannuation Investors) Guidelines;
- the ASX Corporate Governance Council recommendations; and
- independent advisors and market information.

Should voting give rise to a potential conflict of interest, the *Insignia Financial Conflicts of Interest Policy*, and any applicable Policy Schedules, will be complied with.

Managed Investment Schemes

For investments held within Schemes which are managed by an external party (**Manager**) under an Investment Management Agreement (**IMA**), the RE authorises the Manager to exercise any right to vote attached to a share or unit forming part of the Scheme or to so direct the Custodian, subject to the Manager exercising such right in what the Manager reasonably considers to be the best interests of the Scheme. This obligation is communicated and agreed with each Manager.

The Investment Team assesses Managers' proxy voting policies, on appointment and in response to changes, as part of the broader due diligence framework. This is to ensure the approach taken appropriately considers both the best interests of its investors, and the Responsible Investment Beliefs applied by Insignia Financial. As per the IMAs, the RE has the discretion to override a Manager's intended vote. If given a direction from the RE, the Manager must use its best endeavours to implement the direction.

However, there are some circumstances where it is either not possible or not in the best interests of the unit holder to vote. For example, in Australia, it is not possible to vote if the investment manager has participated in a share placement. In some foreign markets the cost of voting can exceed the expected benefit to unit holders while in other markets voting can limit the fund's ability to trade in that stock. In these circumstances, and consistent with the *FSC Standard 13*, the RE requires managers to retain and provide on request, information relating to why a resolution was either "Not Voted" or "Abstained".

All Managers appointed to the REs Schemes must provide the Investment Team with a copy of their proxy voting policy and are required to provide notice of any material changes to the policy. The Managers must also inform the RE in writing if they exercise a vote in a manner that is inconsistent with their policies.

For Schemes managed by an external party, where an RE owns units in an unlisted Scheme, the RE will not vote on unit holder resolutions unless there are exceptional circumstances; for example, if there could be materially adverse outcomes for investors if the RE did not participate in the vote.

Investor Directed Portfolio Service

Unlisted Managed Investment Schemes/ ASX Listed Securities

Due to the significant operational complexities involved in seeking individual investor voting instructions and acting upon those instructions, IISL as SO will not give IDPS investors the opportunity to vote regarding resolutions proposed for unlisted managed investment schemes, or resolutions proposed for listed securities. The standard position for the SO will be to not vote.

From time to time, where possible from an operational perspective and product features allow making an offer to investors, the SO may decide to provide the opportunity to vote, subject to there being sufficient time to request, collate and enact votes from investors.

In exceptional circumstances (for example, if there could be materially adverse outcomes for investors if participation in the vote was not offered to investors) the SO may decide to offer investors to vote on a resolution and will seek investor's instructions. Note, this does not relate to shareholder resolutions of the unlisted managed investment scheme as these voting rights belong to the RE of the unlisted managed investment scheme.

Where such circumstances exist, the SO will seek investors' instructions and must vote in accordance with those instructions (at no cost to the investor).

In the event investor proxy voting instructions are required, the SO will ensure all necessary information is communicated to the investor as soon as practicable (either by emailing or posting the information) including information on resolution(s) and voting instructions. Outlined within the instructions will be steps to exercise the voting rights by phone, email, using on-line functionality or written instruction as appropriate and relevant to the product and depending on the deadlines given by the responsible entity/company to vote. The SO will set an "instruction deadline" to receive each vote from investors with each vote being collated in a timely manner and forwarded to the custodian for lodgement. Any votes received after the "instruction deadline" will not participate in the vote.

Regulatory Requirements

ASIC Class Order [CO 13/763] (Class Order) imposes requirements on IDPS operators, including in respect of voting rights. The Class Order requires an IDPS:

- to have in place a voting policy that includes information about its voting practices on company and scheme resolutions;
- if investors are provided with the opportunity to vote, to disclose the processes by which they will be informed of the vote, the process for instructing and whether fees will be charged; and
- if investors are NOT provided with the opportunity to vote – to disclose this appropriately in the IDPS Guide.

To the extent that there is a discrepancy between the Class Order and this Policy, the Class order will prevail.

Decision Making Process

Generally, the voting process will be straight-forward and proceed in accordance with the Policy statements set out above.

In respect of the RE, in exceptional circumstances, a decision may be required in determining whether to vote with regard to a resolution for unit holders in an unlisted managed investment scheme. In such cases, the applicable delegate of RE will assess whether the resolution, if passed, would, on balance, have any material adverse impact on investors.

In respect of the SO, in exceptional circumstances, a decision may be required in determining whether to offer voting opportunities to investors, with regard to a resolution for investors in an unlisted managed investment scheme. In such cases, the applicable delegate of the SO will assess whether the resolution, if passed, would, on balance, have any material adverse impact on investors. Considerations of the product features and administrative functionality to be able to offer voting permissions to investors will also be considered on a product-by-product basis.

Disclaimer

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This Policy is current as at 25 May 2023