

BlueBay Asset Management LLP

Proxy Voting Policy

Introduction & scope

BlueBay Asset Management LLP's ("BlueBay", the "Company") is part of the Royal Bank of Canada Group (the "RBC Group"). Given our primary focus on fixed income based products, investments in shares form only a small proportion of its overall assets under management. Where this may occur is most likely with regards to Convertible Bond and High Yield bond investments, where an investment may take on formal voting rights.

This paper outlines BlueBay's overall approach and procedure (contained in the Appendix) for proxy voting for client securities within managed portfolios.

Review

This Policy will be reviewed annually and, if applicable, updated to reflect changes in circumstances and practice. The Policy is co-owned by the ESG and Compliance functions with oversight provided by the BlueBay ESG Investment Working Group.

Last policy update: December 2020

Approach

The main objective of a company should be to optimise over time, the returns to its investors, this means ensuring the long-term viability of its business (through prudent management of material corporate governance and corporate responsibility issues), and to manage effectively its relationships with stakeholders.

BlueBay has a fiduciary duty to act in the best interests of its clients and manages clients' assets with the objective of achieving the greatest possible return consistent with their investment objectives.

BlueBay, on behalf of itself and other entities within the BlueBay group (including BlueBay Funds Management Company S.A.), has established a series of principles to be applied when exercising voting rights attached to client securities within managed portfolios. These are that:

- In reaching a recommendation as to how a proxy should be voted, BlueBay must act prudently and in the best interests of the affected clients and will ensure that voting rights are exercised in accordance with the portfolio's objectives and investment policies.
- BlueBay may depart from the principles to avoid voting decisions that may be contrary to clients' best interests in particular cases.
- BlueBay may also choose not to vote where voting may be detrimental to the best interests of clients, such as due to high administrative costs associated with voting or share blocking requirements that "lock up" securities, which would limit liquidity or access to market opportunities.

BlueBay notes UK and international corporate governance systems vary according to factors such as the legal system, the extent of shareholder rights and the level of dispersed ownership. As such in forming a position on the governance of companies, how they meet good practice guidelines according to general as well as local market codes of best practice must be considered.

BlueBay may consider the [RBC GAM Proxy Voting Guidelines](#) when making voting decisions. Whilst BlueBay retains the ability to vote in a different manner to that set out in the guidelines, where this occurs, the rationale is documented.

Reporting

Reporting on the use of voting rights, where this has occurred, is available to clients upon request.

Contact details

For more information on our proxy voting policy and procedure, please contact: ESG Investment, BlueBay Asset Management LLP, 77 Grosvenor Street, London, W1K 3JR.

APPENDIX

Proxy voting procedure

Receipt and notification of proxy rights

A third party service provider, ProxyEdge, is used for vote execution services (but not vote advisory ones) and BlueBay's Operations department receive notifications with regards to holdings of BlueBay funds. Operations are responsible for promptly submitting such materials to the relevant member(s) of the BlueBay portfolio management team. Any onboarding of third party service providers will be subject to BlueBay's internal due diligence process.

Persons authorised to exercise voting rights

The relevant members of BlueBay's portfolio management team will be responsible for recommending how proxies relating to securities held by clients in managed portfolios should be voted, taking into account the portfolio's investment objective and the principles laid out in this Paper.

The relevant personnel will consider each exercise of rights and in particular will take into consideration the best interests of clients, with voting on specific events or issues associated with the board and its committees (e.g. such as board independence and diversity), shareholder rights, audit and internal control, executive remuneration, use of capital (e.g. M&As) and other business, being considered on a case by case basis.

With regards to the voting decision, investment teams retain discretion but will from time to time, as deemed appropriate, consult with the ESG investment function for advice and guidance, for instance around wider governance as well as environmental or social matters. Once a recommendation on how to vote has been determined, this will be communicated to Operations to handle the voting process. The voting decision is documented by Operations.

Conflicts of interest

BlueBay has in place a framework designed to prevent and mitigate conflicts of interest and BlueBay makes a number of public disclosures in this regard¹. When evaluating any given proxy, the portfolio management team will consider whether or not BlueBay has a potential, perceived or actual conflict of interest relating to the security being voted on, such as if a BlueBay Portfolio Manager sits on the Board of Directors of the company. Any such conflict of interest must be notified to BlueBay's Compliance team for review.

If Compliance deems the conflict to be material, Compliance will determine whether the vote proposed by the portfolio management team is in the best interests of all clients. If Compliance cannot conclusively determine that the vote is in the best interest of the affected client, Compliance will seek the advice of an independent third-party service to provide the proxy voting recommendation. The process will be documented and any recommendation will be reviewed to ensure that they are in line with the client's best interest.

¹ Rule 206(4)-6 under the Investment Advisers Act of 1940

Segregated mandates

The approach to be taken will be determined by the Investment Management Agreement (IMA) and this will be agreed with relevant departments as part of the client onboarding process.

Record keeping

For regulatory purposes, BlueBay maintains a record of all past proxy voting decisions covering a minimum period of the last seven years.

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