

MEFIC CAPITAL Voting Rights Policy

The fiduciary obligation to act in the best interests of its clients required us to outline a Voting Right Policy. Keep this in mind; MEFIC Capital has developed a voting rights policy for exercising voting rights attached to the securities of the companies its Fund(s) invest in.

MEFIC's voting rights policy and guidelines are designed to ensure that its voting decisions are in the best collective interests of the Fund's unit holders and aim to enhance the long-term value of client assets. The Fund Manager will apply the same level of care and skill as in managing the funds.

Policy Approval

Approval and oversight of this voting rights policy is the responsibility of MEFIC's Fund Board Chairman after consultation with the Compliance Officer. This is in accordance with Article 37 of CMA's Investment Funds Regulations. The Fund Board's Chairman has delegated the authority to the Fund Manager and Compliance Officer to make a decision keep in mind the collective best interest of the Unit holders of the Fund.

Philosophy of Voting Rights Policy

MEFIC Fund generally invest in securities and instruments of such companies as have sound management and follow corporate governance norms. Accordingly, the Fund Manager may generally vote with the company management in most matters.

The Fund Manager may choose to abstain from voting on proposals:

- of a routine nature, with little impact on shareholder value
- which have a potential conflict of interest
- where the Fund Manager does not have a clear stance.

However, where the Fund Manager and the Compliance Officer believe that the unit holders' interests will be prejudiced by any proposal, the Fund will vote against such proposal.



Voting Guidelines

Most proposals for voting relate to – but are not limited to – the election of corporate directors, appointment of external auditors, approval of management compensation plans, and to change the capital structure of a company.

The fund Manager shall exercise the voting rights with the objective of improving the economic value of the portfolio, taking into account the following:

- protecting the rights of the fund's unit holders
- increasing the intrinsic value of the company
- enhancing the company's governance and financial structure

1. Corporate Actions

The Fund Manager will support resolutions like mergers and other corporate actions which it determines are in the interest of the unit holders.

2. Changes to Capital Structure

The Fund Manager will generally support such proposals where a benefit or a reasonable need for change is demonstrated. The Fund Manager may vote against a proposal for issuance of additional shares or debt, if it believes that such changes will result in an excessive dilution of existing shareholder value.

3. Management Compensation

The Fund Manager will support remuneration proposals which align the long-term interests of shareholders and management. Excessively generous compensation plans will not be supported.

4. Social and Ethical Matters

The Fund Manager will vote in favor of proposals likely to produce significant social benefits if required investments (Capex and Opex) are reasonable.

5. Governance

The Fund Manager will support any measures that improve the quality of Board oversight, including increasing the level of independence and the qualification of Board members.



6. Shareholder Participation:

The Fund manager believes that all shareholders in the portfolio companies should be given the opportunity to participate effectively, and on an informed basis, in shareholder meetings.

7. Transparency

The Fund manager will support the transparency in the portfolio companies' organisation and decision-making procedures, and disclosure of information necessary to enable shareholders to make an informed decision on voting issues and on whether to buy, hold, or sell a security issued by the company.

8. Accountability

The Fund manager will support the accountability of Portfolio Company management to the shareholders. Both Management / Executive Directors and Supervisory Board / Non-Executive Directors should always base their decisions on the long-term interests of the company and its shareholders.

9. Other Issues:

Any other issues, raised by the company or by other shareholders, shall be addressed on a case-to-case basis with a primary focus on shareholder value.



Policy Administration

The Fund Manager of the Fund in Asset Management department is responsible for administering the approved policy. He monitors corporate actions and makes voting decisions in consultation with the Compliance Officer, and ensures that the decisions are implemented in a timely manner.

He nominates any representative for exercising the voting rights. Head of Asset Management authorizes the nominated representative or nominates another as appropriate.

MEFIC Voting Rights Policy approved by the Fund Board's Chairman



Ibrahim Al Hedaithy
Fund Board Chairman

