

Shareholder Rights Directive II Annual Disclosure

Implementation of the MIFL Shareholder Engagement Policy

Relevant Period: 1 July 2021 – 30 June 2022

Date: September 2022

Introduction

The Shareholders Rights Directive II (SRD II) aims to promote effective stewardship and long-term investment decision making, by enhancing the transparency of asset manager investment and engagement strategies with underlying investee companies. MIFL is an authorised UCITS Fund Management Company and Alternative Investment Fund Manager. MIFL also have permission to provide discretionary portfolio management services to certain clients. As MIFL invests in shares listed on a regulated EEA market, MIFL is an Asset Manager in scope of the SRD II.

For the Funds under management (Funds), MIFL directly manages a portion of the equity assets in-house. However, MIFL has delegated the day-to-day investment management activities of a large portion of its assets under management (AUM) relating to the Funds to third party asset managers (Delegate Investment Managers or DIMs).

As outlined in our Shareholder Engagement Policy (Policy), MIFL will publicly disclose on an annual basis:

1. A summary of how the Shareholder Engagement Policy was implemented during the period; and
2. Information on how its investment strategy complies with the arrangements with institutional investors and contributes to the medium to long-term performance of the assets.

Note:

- The public disclosure for institutional clients has been prepared solely to address where institutional investors are investors of any of the funds under management.
- Where MIFL acts as discretionary portfolio manager for an institutional investor's equity mandate, MIFL will communicate directly with its client to provide any relevant disclosures under SRD II.

This document has been prepared to comply with the disclosure requirements set out in the Policy and to demonstrate how the Policy was implemented for the period 1 July 2020 to 30 June 2022 (Period).

1. How the Policy was implemented during the period

1.1 Summary of Voting Activity and Significant Trends

MIFL is responsible for voting for both the portion of AUM managed directly by MIFL and delegated to the DIMs. MIFL understands that as investors are increasingly incorporating ESG into their investment and stewardship activities, it is important that their proxy voting policies and activities reflect those principles in practice.

In April 2020, MIFL's Proxy Voting Policy was updated to bring it in line with the MIFL Responsible Investment Policy (RI Policy) and to incorporate Environmental, Social and Governance (ESG) considerations into the voting process. MIFL believes a sustainable investment approach is more likely to create and preserve investment capital and that such an approach will be helped by integrating Stewardship/ active ownership (via voting and engagement) into the investment process. MIFL believes that Stewardship can enhance the value of companies, encourages good corporate behaviour, and helps the realisation of long-term shareholder value.

There were some significant changes in voting trends which resulted from the policy change in April 2020:

- There was increased support for shareholder proposals regarding the environment and social issues, which consequently reduced the Against vote under these categories.
- Additionally, there was an increase in against votes for proposals which did not take into consideration ESG issues. This included notable increased number of votes against in the election of Directors and compensation and capital management due to the higher threshold. This increase in against votes was subsequent to the introduction of the MIFL RI Policy and the scrutiny this applies to specific Environmental and Social issues analysed.
- The ESG approach takes a firm stance in its support of proposals that seek to enhance a company's reporting or efforts with respect to environmental, social, and human capital management issues.

Looking forward

In May 2021, MIFL further enhanced its ESG approach to proxy voting by adopting a more climate focused approach. Together with Glass Lewis, and with input from a Delegate Investment Manager, MIFL developed a custom policy that uses the Glass Lewis Climate Change Policy as a base policy and adds guidelines from the Glass Lewis ESG policy. The Glass Lewis Climate Policy is guided by a framework established by the Task Force on Climate-related Financial Disclosures (TCFD), which is based on four pillars: governance, strategy, risk management, and metrics and targets. Through MIFL's voting activity, the core environmental United Nations Sustainable Development Goals (SDG) pillars are affirmed through support of initiatives that encourage increased disclosure and action as it relates to the environment

MIFL believes votes that assist in implementing its ESG and climate focused strategy are significant to its overall stewardship program. MIFL is currently in the process of gathering data on the impact of its Climate Focused approach adopted in May 2021 on general voting activity and trends.

1.2 The use of the services of proxy advisors

As noted above MIFL utilises the services of Glass Lewis. Glass Lewis are an independent provider of global governance services and proxy advisory services. They have significant expertise in conducting proxy research that encompasses collating accurate information gathered from public sources which is then assessed by a dedicated team of analysts and issue specialists. This includes regional analyst teams that are experts in local market laws, regulations and best practices who would collaborate with subject matter experts and apply bounded judgment as they assess each issue on the ballot. MIFL will generally vote in line with Glass Lewis recommendation. However, in certain circumstances MIFL will not vote in line with the recommendation and these have been detailed with MIFL's Proxy Voting Policy.

There are some exceptions to this process whereby Glass Lewis do not vote or provide a recommendation. An example of an event where the Glass Lewis does not provide a recommendation is when votes relate to certain Italian stocks held.

For additional information please refer to the MIFL Shareholder Engagement Policy.

1.3 Engagement with Delegate Investment Managers

As noted above MIFL has delegated the day-to-day investment management activities of a large portion of its assets under management (AUM) to its DIMs. For the equity portfolios, MIFL's appointed DIMs will engage directly with the underlying companies as required (with the exception of voting). MIFL in turn ensures that each of the delegates are improving their investment process to incorporate ESG considerations. This engagement with our partners will help to push forward the ESG and sustainable investment agenda across the broader industry.

During the period under review, MIFL issued an Annual Engagement Questionnaire, which looks at a range of ESG assessments, to all its Delegate Investment Managers. The objective of the Annual Engagement Questionnaire is to make it clear to our partner asset managers that the monitoring and the development of the ESG agenda is an important issue for MIFL and to allow MIFL to begin to build a database and assess which managers are being particularly proactive, and what evidence of improvement there is over time across asset managers.

2. Institutional Investor Disclosures

As required under the SRD II, MIFL must disclosure to institutional investors of the Funds under management how MIFL's investment strategy complies with the arrangements with institutional

investors and contributes to the medium to long-term performance of the assets, with reference to the following points:

- Key material medium to long-term risks associated with the investments,
- How investment decisions are made
- Monitoring of Portfolio composition/ Portfolio Turnover
- MIFL's policy on securities lending
- The use of proxy advisors for the purpose of engagement activities
- How MIFL approaches conflicts of interest that may arise due to engagement activity

The majority of information relating to the above points is already publicly available to investors through regulatory documentation on the MIFL website such as the Funds' Annual Accounts, Prospectus, Key Investor Investment Documents ("KIID") and the Sustainable Finance Disclosure Regulation (SFDR) disclosures. www.mifl.ie

2.1 Investment strategy and medium-long term objectives of the Funds

MIFL makes available to all investors, including its institutional investors, on its website the Fund(s) prospectus, the Fund(s) KIIDs and the Fund(s) periodic reports. The medium to long term investment objectives of the Funds are clearly outlined within the prospectuses and KIIDs.

As outlined in the MIFL Sustainable Finance Disclosure Regulation Statement published on the MIFL website, MIFL maintains a Responsible Investment Policy which outlines MIFL's approach to the integration of Environmental, Social and Corporate Governance into its investment approach. MIFL is committed to long-term sustainable investing and believes a sustainable investment approach is more likely to create and preserve investment capital in the long term..

The above measures assist in demonstrating that the investment strategy of the Fund complies with the arrangements with institutional investors and contributes to the medium to long-term performance of the assets of the institutional investor.

2.2 MIFL's Investment Decisions

MIFL has a documented Board approved Investment Process Document that is reviewed and updated on a regular basis. The Investment process was last updated in July 2022 to bring it in line with MIFL's Responsible Investment Policy on sustainability integration. MIFL recognises the importance of shareholder engagement and the contribution that Environmental, Social and Governance considerations can make to sustainable investment outcomes in the long term.

2.3 Key Material Medium to Long-Term Risks associated with the investments,

The medium to long term risks associated with investments are set out in the Prospectus and KIIDs. The Fund Annual Accounts also contain a description of some of the key types of risks associated with the investments and an outline of the processes MIFL has implemented to assess, monitor and control these specific risks.

2.4 Monitoring of Portfolio Composition and Portfolio Turnover

The MIFL Investment Management Function maintains oversight of portfolio turnover by undertaking a review of all trades initiated by Delegate Investment Managers. This activity

utilises access to trade data and uses tools to consolidate and monitor all trading activity. This analysis will highlight holding periods that are too short and warn the investment team at MIFL of potential excessive trading, thus excessive costs.

For additional information on the Schedule of Assets for the Funds, Significant Portfolio Changes and information on transactions costs please refer to Fund Annual Account available on the MIFL website.

2.5. MIFL's Policy on Securities Lending

MIFL has appointed a Securities Lending Agent under a Securities Lending Agreement ("SLA") to manage its Securities Lending programme on a day to day basis, while MIFL maintains oversight over the agent. The Lending Agent manages the recall process with the borrowers and MIFL is able to recall the securities on loan for voting purposes if required.

2.6 Conflicts of interest in connection with engagement activities and how MIFL deals with them

The MIFL Proxy Voting Policy outlines process to follow on the occasions where MIFL may have a material conflict of interest with respect to a matter to be voted. A material conflict of interest may exist, for example, if MIO has a very significant business relationship with either the company whose stock is being voted, the person soliciting the proxy or a third party that has a material interest in the outcome of the proxy vote.

If a potential conflict of interest arises, the Operations Team within MIFL will raise the issue to the MIFL Compliance Team for further consideration. In the period under review ten potential conflicts in connection with voting activity were referred to Compliance for review. In all cases it was determined that no material conflict of interest was present.

Ongoing Review

The above points aim to demonstrate how MIFL has implemented its Shareholder Engagement Policy and is complying with the relevant SRD II disclosure requirements. This document will be updated on a regular basis (at least annually and more frequently if required).