

Investment Stewardship Policy

Intelligent Investor Holdings Pty Ltd

ACN 109 360 983

CAR 001255838 of InvestSMART Financial Services Pty Limited

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Reviewed	A. Davidson	20 July 2022
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Investment Stewardship Policy

1 Purpose and Scope of Policy

Intelligent Investor Investment Holdings Pty Limited ("**Intelligent Investor**") is the investment manager for the active funds issued by InvestSMART Funds Management Limited ("**InvestSMART**") as the Responsible Entity of the registered managed investment schemes listed in Appendix 1 of this Policy ("**Intelligent Investor Funds**"). Under FSC Guidelines, Intelligent Investors considers it best practice to have investment stewardship policies and systems in place, including:

- monitoring of company performance on financial and non-financial matters;
- engagement with company management and the board (as appropriate) and escalation of issues in instances where initial engagements have not been adequately responded to;
- approach to considering Environmental, Social and Governance factors (risks and opportunities) and whether these considerations influence investment decision-making and company engagement;
- voting on significant matters;
- collaborative engagement with other investors including involvement with industry groups and associations;
- principles used for policy advocacy including participation with industry groups and associations; and
- the approach to client engagement, education and communication regarding asset stewardship.

This Policy covers investment stewardship within the Intelligent Investor Funds listed in Appendix 1 and can only be amended with the approval of the Board of InvestSMART Funds Management Limited.

2 Monitoring of investment stewardship performance

The application of this policy will depend on the mandate that each fund has, the size of that Fund's investment in the underlying company relative to its total shares on issue and Intelligent Investor's relative influence versus other investors in that company. In general terms, the Intelligent Investor funds only invest in equities and the investment manager addresses the issues above as follows:

Investee financial and non-financial performance

Effective monitoring of company performance is an essential element of our investment approach. As active investors, our portfolio managers engage in dialogue with investee companies to ensure we understand all aspects of their business.

As part of our engagement with investee companies we may:

- Meet with the board/senior management (including both formal meetings forming part of their half yearly reporting or more informal, one-one meetings) and question them on their strategic priorities and any areas of contention;
- Monitor each company's financial and non-financial performance through the main drivers and risk factors (both internal and external as well as financial and non-financial (including Environmental, Social and Corporate Governance (ESG) factors)) which can impact in the future;
- Ensure, on an ongoing basis, that the leadership of each investee company and its corporate governance structures adhere to best practice.

Engagement with company management

Company engagement involves two-way constructive communication typically with companies (board members and/or senior management) on long-term ownership matters such as the company's performance, strategy, ESG issues, leadership, quality and level of reporting.

Engagement can take a number of forms and will depend upon resourcing and availability of skills. It may be outsourced to third party service providers, and can be in writing or in person. For example, engagement may be undertaken to:

- Improve understanding of strategic or operational matters, ESG issues and trends or limitations in current practices and activities.
- Influence changes in the behaviour, practices and disclosures of companies by making them aware of the asset owner's expectations.

ESG issues with investee companies

We believe consideration of Environmental, Social and Governance (ESG) issues can provide valuable insight into the financial performance of an investment. We take ESG factors into account as part of our active investment and decision-making processes (in the same way as other potential risk or growth factors), to a higher degree in some investment products.

Our Responsible Investing philosophy encompasses the belief that our actions and decisions can impact practices in the companies in which we invest and we have both a duty and an interest in managing this influence. The way management handles ESG issues can provide valuable insights regarding exposure to negative incidents or emerging opportunities. We also believe that ESG matters are best dealt with through ensuring appropriate board structures are in place, incorporating a broad level of experience and range of backgrounds, thereby ensuring proper oversight and improved transparency for investors to better assess performance.

Voting on significant matters

Any votes are cast in the best interests of investors. We regard the exercise of voting authority as an important aspect of investment decision making. We do not involve ourselves in the day to day management of the companies in which we invest. However, we recognise that we can influence company policy on matters of corporate governance by virtue of the shareholdings that we manage on behalf of our investors.

To assist in decision-making, we conduct research internally and we may also consider studies of corporate governance and other proxy voting issues and/or analyses of shareholder and management proposals from a number of different sources.

Where a resolution is deemed to be contentious, the Portfolio Manager responsible will consider all the relevant information, including external reports received from corporate governance advisers, and will often engage with the relevant company to obtain further details or clarification on the matter prior to making a final decision.

Engagement with other investors

We may also collaboratively engage with other stakeholders to complement our own engagement objectives as well as to participate in policy and regulatory developments that are important to our investors. Collaborative engagement initiatives often relate to improving corporate governance standards, improving transparency and disclosure and better management of specific ESG risks or opportunities. Collaborative engagements may be company-specific or industry related.

Policy advocacy and engagement with industry associations

The InvestSMART Group maintains various memberships and associations with industry groups and other relevant bodies which allow us to engage with other industry participants to enhance our awareness of key industry changes and challenges.

Investor education and communication regarding asset stewardship

We regularly educate investors through various forums including:

- Online webinars and other online tools for investors and clients;
- Regular publication newsletters and articles to communicate and inform our current and potential investors about our investment insights, processes and stewardship activities;
- Regular open investor seminars to provide investment updates and allow for active investor participation;
- Hosting events focusing on sustainability issues relevant to our investments and the needs and interests of our clients.

2.1 Investment stewardship for other circumstances

This policy only applies to funds and investments managed by Intelligent Investor funds managers and does not extend to other InvestSMART funds and investment vehicles. The InvestSMART Group board maintains its own policies on ESG factors as they affect the business.

2.2 Discretions on investment stewardship policy

Intelligent Investor has identified the following discretions applied in respect to the investment stewardship limitations of the Funds in Appendix 1:

- Determination of percentage of investee company ownership versus other investors;
- Recognition of less than relevant ownership percentage in investee companies;
- The ability of Intelligent Investor to exercise votes with the Custodians of the funds; and
- The Intelligent Investor Ethical Share Fund will have a greater emphasis on ESG factors (including negative screening) which is not applied to other funds listed in Appendix 1.

2.3 Annual reviews of investment stewardship policies

This investment stewardship policy will be reviewed annually and updated with relevant changes in industry guidance and best practice, in addition to ensuring that the policy is applicable to the funds listed in Appendix 1.

3 Departure from Policy

If Intelligent Investor exercises its discretions in a way that departs from the Policy, or if the Policy does not cover a specific discretionary power, Intelligent Investor will document the following:

- the date on which the discretion was exercised;
- who exercised the discretion;
- how the discretion was exercised;
- why it was reasonable to exercise the discretion in the way it was exercised;
- if the exercise of the discretion represented a departure from this Policy or from normal commercial practice, why it was necessary to exercise the discretion in this way.

4 Retention of Records

Intelligent Investor will retain this Policy, and any amendments to it, for seven years after it ceases to be current. It will also retain for seven years documentation of circumstances where there was a departure from this Policy or where discretions not covered by this Policy were exercised.

5 Availability of Policy

This Policy is a publicly available document.

6 Updating the Policy

The Policy will be reviewed regularly by InvestSMART to ensure that it remains relevant and current for the funds managed by Intelligent Investor. The circumstances that may lead InvestSMART to update the Policy include, but are not limited to:

- if InvestSMART ceases to be the Responsible Entity of any of the funds listed in Appendix 1; or
- changes to applicable laws, regulatory guidance or industry standards; or
- there is a change to the type of assets in which the funds listed in Appendix 1 invests.

Appendix 1

Name	ARSN	ASX Code
Intelligent Investor Select Value Share Fund	661 805 509	IISV
Intelligent Investor Australian Equity Income Fund	620 031 414	INIF
Intelligent Investor Ethical Share Fund	630 396 584	INES
Intelligent Investor Australian Equity Growth Fund	630 396 691	IIGF