In accordance with the Luxembourg law dated 10 July 2019 amending the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders in listed companies and implementing Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (the "Law"), DPAS in its capacity as Luxembourg management company authorized under Chapter 15 of the Law of 17 December 2010 on undertakings for collective investment, as amended, and as an alternative investment fund manager in accordance with Chapter 2 of the Law of 12 July 2013 on alternative investment fund managers, as amended, has to comply with the Law requirements relating to the asset managers transparency.

According to the Law, when investing in Listed companies, asset managers have to develop and publicly disclose an engagement policy that describes how they integrate shareholder engagement in their investment strategy, or publicly disclose a clear and reasoned explanation why they have chosen not to comply with one or more of the Law requirements.

Particularly with regard to the "engagement policy" requirements, DPAS has elected to explain herein why it has decided to not develop and disclose an engagement policy describing how DPAS integrates shareholder engagement in its investment strategy.

According to the Law only investments in EU companies' shares admitted to trading on a regulated market situated or operating within an EU member state trigger the obligation to develop and disclose an engagement policy describing how DPAS integrates shareholder engagement in its investment strategy. Depending on the investment policy of the Funds for which the management company acts as portfolio manager, investments in Listed companies may be made.

At present investments in Listed companies carried out by DPAS as part of each Fund portfolio management mandate equates to less than 0.5% on average per issuer capitalization.

At the light of these figures DPAS believes non-material holdings in Listed companies would not grant a shareholder the necessary powers to allow effective exercise of the essential rights of an engaged shareholder, such as (without limitation) conducting dialogues with investee companies or cooperating with other shareholders and communicating with relevant stakeholders of the investee companies.

DPAS believes that doing so does not contravene the purpose of, and the aim pursued by the Law as a result of a proportional application of the regulation.

The Law rationale behind the "comply-or-explain principle" is to grant flexibility in the application of regulatory and code provisions, which is one of the features of codes as soft law instruments. In this context, DPAS believes that the intention of the Law is not to have all companies apply and adhere to the same provisions when particular conditions are not suitable for a specific organizational structure, where company size and investments ratio have an impact on the company itself.

Therefore, it is important to highlight that lack of engagement policy does not imply non-compliance with the Law.

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