



MARCELLUS RISING GIANT FUND

ANNUAL STEWARDSHIP REPORT FOR THE F.Y. 23-24

Background:

Securities and Exchange Board of India (SEBI) vide circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, provided for Stewardship code to be adopted for Alternative Investment Funds (AIF), in relation to their investment in listed equities. Marcellus Investment Managers Private Limited ("**Marcellus**") is an investment manager to Marcellus Capital Trust (**the 'Fund'**) which is the SEBI registered Category III Alternative Investment Fund bearing SEBI Registration number - IN/AIF3/21-22/0910. Marcellus Rising Giants Fund (the 'Scheme') is the scheme under the said Fund. The purpose of the Stewardship Code is to enhance the quality of engagement between institutional investors and the investee companies to help improve the Corporate Governance practices with a view to enhance long term returns to Investors and the governance responsibilities. The said circular also requires AIFs to report to Investors/ about the progress on implementation of stewardship principles and host the same on the website of the AIFs. Accordingly, Marcellus has prepared this report containing the detailed implementation status of every principle as prescribed under SEBI stewardship code.

Details on implementation of stewardship principle for F.Y. 2023-2024 is as below:

Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.

Marcellus has adopted policy on stewardship responsibility which was approved by board of directors of Marcellus on July 30, 2021. Marcellus have disclosed policy on stewardship responsibility on its website at the following address: <https://marcellus.in/corporate-details/>.

Marcellus became signatory to the Principle for Responsible Investment Initiative under the aegis of United Nations (UNPRI) on November 29, 2021. Our first Voluntarily assessment was completed in July' 23 and recently we completed our first mandatory assessment in July'24 for which public/private report from UNPRI is due by Dec'24. As part of UN PRI signatory, adherence to UNPRI Principals involves numerous activities like Integration of Environmental, Social, and Governance ('ESG') Factors in investment decision, Engagement and Voting to promote good ESG practice, Industry Wide Activities to create a supportive environment for responsible investing etc. that a member require to takes. The large part of these activities covers stewardship aspects.

Marcellus has adopted Policy on Responsible Investment which was approved by the board of directors of Marcellus on July 30, 2021. The objective of this policy is to make wealth creation simple and accessible by being trustworthy and transparent capital allocators. As an Investment Manager, our fiduciary responsibilities towards our investors include long-term wealth creation and risk mitigation, and towards the community at large including matters of social, governance and environmental factors. Our belief is that a Responsible Investment approach is perhaps the best way to ensure longer term wealth creation for our investors. Marcellus actively encourages the integration of ESG criteria in the investment process.

Under the Responsible Investment Policy, Marcellus has set up an ESG committee comprised of Chief Investment Officer (CIO), Fund Managers and Head of Research, CIO heads the ESG committee.

The ESG Committee reviews and guides the team managing ESG compliant strategies in various aspects of ESG Integration and engagement with investee companies.

Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it. -

For Marcellus, Conflicts of Interest is a situation where Marcellus' interests (including its directors, employees) are not aligned to the interests of the mandates, Funds under its care. Marcellus has adopted Conflict of Interest policy for identifying and managing Conflict of Interest to ensure that the interest of investors is protected. This Policy provides the ethos Marcellus will follow while handling situations that might involve conflicts of interests. Marcellus adopted Conflict of Interest Policy which was approved by board of directors of Marcellus on July 30, 2021.

The AIF Investment Committee of the Marcellus is responsible to ensure that any conflict is handled appropriately, and Minutes of the decision taken by the respective Committee shall be suitably documented so that resolution of conflicts can be demonstrated.

There have been no instances of conflict of interest during the financial year 2023- 2024.

Principle 3: Institutional investors should monitor their investee companies

The Investment team at Marcellus is responsible for monitoring the investee companies on a continuous basis. The monitoring activity covers companies that are being considered for investments as well as the portfolio companies.

The monitoring will cover aspects such as but not limited to company strategy, financial performance, capital allocation, corporate governance, succession planning, environmental & sustainability parameters and key risks.

The Investment Team monitored the investee companies through need-based management meetings, channel checks and analyzing the publicly available information.

Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.

Aspects related to intervention by Marcellus in their investee companies is covered under its Stewardship Policy and Responsible Investment Policy. Marcellus shall intervene as it may deem fit in situations including but not limited to insufficient disclosures, poor financial performance, corporate governance related practices including any adverse treatment of minority shareholders, managerial remuneration, related party transactions, non-compliance with regulations, environmental and sustainability risks, litigation or such other matters.

Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity. –

At Marcellus, we consider shareholder voting to be an important shareholder right and a valuable tool in the engagement process and we endeavor to vote on all relevant resolutions of investee companies which are critical for protecting and enhancing the investor's interests.

As per the Stewardship code, Marcellus has adopted a Voting Policy which is approved by the board of directors of the Marcellus on July 30, 2021. Marcellus also uses the services of Proxy advisory firms to augment its voting process. Marcellus has engaged with a proxy voting advisor – **Institutional Investor Advisory Services India Limited (IIAS)** to assist in providing voting advisory services to Marcellus.

Marcellus has participated and voted in the general meetings of our investee companies 93% of times which was disclosed in our voting disclosure as of March 2024 as and when we were intimated about such meetings. We host such report on our website on half yearly basis for September 30 and March 31 every year. Link for the same is as <https://marcellus.in/corporate-details/>

Principle 6 – Institutional investors should report periodically on their stewardship activities.

Stewardship policy prescribes periodicity and manner of disclosure of reports on Stewardship activities exercised by Marcellus.

The Annual Report of Marcellus on stewardship activities of FY 2023- 2024 which will be sent to all Investors and will be hosted on website of the Marcellus.
