

BLAKENEY MANAGEMENT

UK Stewardship Code

Principle 1:

Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities

Blakeney's investment objective is to find misunderstood and inefficiently valued companies. Doing this successfully requires strong bottom-up research and engagement with the management of the companies in which we invest.

We rely solely on in-house primary research and regular dialogue with the management of investee companies. This interaction also includes engagement with board members, key customers, suppliers and regulatory agencies whilst also monitoring company announcements, financial statements and industry trends. We also selectively apply the use of third-party consultants to independently verify information we receive from management teams which we feel is a crucial part of discharging our stewardship responsibilities as an investment manager. Engagement with investee companies is primarily the responsibility of members of the investment team. Investment team members typically work in pairs with both analyst/managers jointly responsible for considering stewardship issues as part of the research process in determining an investment's suitability for inclusion in the portfolio.

No company can be introduced into the portfolio unless a member of the investment team has interacted with management and visited the company's operating facilities. We often meet with a company a number of times before its introduction into the portfolio. The topics and issues discussed with management include historical operational performance, future investment plans, risk management, governance and reporting oversight as well as environmental and social responsibility principles.

We believe that rigorous and long-term orientated analysis of investment opportunities and holdings, proactive exercise of shareholder rights and engagement with boards and management benefit long-term returns to shareholders. As appropriate we will engage and vote on any issue affecting the long-term sustainable value of an investee company.

In order to ensure that proxies are voted in our clients' best interest and are not affected by conflicts of interest, Blakeney will vote client proxies based on a pre-determined voting policy (as set out in the proxy voting guidelines). Any proposal which involves discretion on the part of Blakeney will be agreed by the investment manager responsible for the investment in question and be fully documented.

Principle 2:

Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed

Blakeney conducts its business according to the principle that it must manage conflicts of interest fairly, both between itself and its clients and between one client and another. Blakeney does not invest as a principal nor does it hold client money or assets. Blakeney also does not allow personal account trading in companies which are held in clients' accounts.

Blakeney maintains a Conflicts of Interest Policy and Register, which identifies material conflicts of interest and outlines the controls in place to mitigate and manage these conflicts. The key objective of this policy is to ensure that there is adequate management of the conflicts that may arise when the interests of Blakeney and its staff and those of its clients and investors differ or the interests of particular clients differ. As part of the Conflicts of Interest Policy, staff must notify the Compliance Officer when they become aware of any conflict of interest. Where it is subsequently identified that there is a material conflict of interest Blakeney will manage this in line with its pre-determined policy.

Should a conflict of interest arise and potentially damage the interests of a client and the steps taken to manage the conflict are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, Blakeney will consider whether disclosure is appropriate or, bearing in mind the risks involved, refrain from acting.

Our principal objectives when considering matters such as engagement and voting are always to act in the best interests of our clients.

Principle 3:

Institutional investors should monitor their investee companies

Engagement will normally be conducted through regular meetings with company management. Monitoring is periodic and covers all aspects of the business including financial performance and governance. We usually meet in-person with management of the companies in the portfolio at least twice a year. Typically, it will occur just after the release of their latest financial results or at general meetings and in connection with news and announcements. Between these meetings, we often have dialogue with management via phone or email. We will also review annual reports and accounts and general meeting resolutions.

Following each meeting, the analyst/manager responsible for monitoring the investment will circulate a note to the rest of the team ahead of an internal discussion if there are any significant matters arising. If Blakeney has specific governance or strategy concerns, we may convey these concerns to the appropriate member of the investee company's management or board, especially if we are a significant shareholder. However, if we feel we can no longer be supportive of management or the investee company's strategy, we may consider it more appropriate to reduce or sell our holdings.

As a default position, we prefer not to be made insiders as this restricts our ability to trade in shares. We expect investee companies and their advisers to ensure that information that could affect our ability to deal in the shares of a company is not conveyed to us without our prior consent. Furthermore, whenever we interact with independent third-party consultants, we also ensure that they are explicitly made aware of their responsibility not to share any material non-public information during our consultation.

Where Blakeney is made an insider, either advertently or inadvertently, then the company is immediately added to the 'Blakeney restricted list' to prevent any trading by Blakeney or its staff. The restricted list also includes companies with whom Blakeney has signed a non-disclosure agreement.

Once Blakeney is deemed to be an insider, all members of staff are considered to be insiders and prohibited from trading in financial instruments of companies included on the restricted list and from disclosing or disseminating any information to third parties about any company on the restricted list.

Principle 4:

Institutional investors should establish clear guidelines on when and how they will escalate their stewardship activities

We employ various mechanisms such as voting and attending shareholder meetings (where appropriate), meeting with management and boards and collaborating with other investors to protect and enhance shareholder value. However, Blakeney operates in multiple jurisdictions across multiple emerging and frontier markets which are at varying stages of development and adheres to the governing laws in each individual jurisdiction.

Over the course of our twenty five year engagement with these regions, we have played a significant role in the development of their local exchanges by actively working with investee companies and local regulatory bodies to improve reporting standards, transparency and investor relations because we believe it is in the longer term interest of all shareholders to do so.

The specific escalation mechanism we adopt varies by company and country. However, we do endeavour to conduct any initial conversations with investee companies on a confidential basis. Furthermore, we also reserve the right to intervene with the company's board or supervisory authorities if deemed appropriate. These are often subjective assessments and are viewed within the context of operating in the best interest of our investment management clients to whom we owe a fiduciary duty.

Principle 5:

Institutional investors should be willing to act collectively with other investors where appropriate

Whilst Blakeney prefers to conduct its own individual dialogue with investee companies, we recognise that there may be occasions when it may be beneficial to work with other shareholders to effect change, for instance where our approach has not resulted in the satisfactory resolution of a concern. We will consider any specific action on a case-by-case basis when we believe it is in our clients' best interests. Any queries regarding collective engagement activities relating to specific companies can be directed in the first instance to Blakeney Operations Team, E-mail: BlakeneyOps@blakeney.com

Principle 6:

Institutional investors should have a clear policy on voting and disclosure on voting policy

It is the policy of Blakeney to vote all shares except where there are onerous restrictions. In determining how to vote, Blakeney will apply the voting policy set out in its proxy voting policy and procedures, which is available upon request. It is the policy of Blakeney in voting proxies to consider and vote each proposal with the objective of maximising long-term investment returns for its clients.

We generally look to support the management of the companies we invest in. However, where proposals are not consistent with the interests of shareholders we will vote against resolutions. We do not disclose publicly voting records as such information is confidential to our clients. These records are available to our clients only.

Blakeney does not use any advisory service when voting and retains the ultimate decision. We also do not instruct custodians to lend securities on behalf of our clients.

Principle 7:

Institutional investors should report periodically on their stewardship and voting activities

This document sets out how Blakeney discharges its stewardship responsibilities and is publicly available on our website. Voting records are available to clients upon request. Our reporting is customised to clients' requirements in terms of frequency and format. Blakeney does not consider it necessary to seek an independent opinion of its engagement and voting processes with regard to the standards set out in AAF 01/06. Questions relating to Blakeney's stewardship approach and activities can be directed in the first instance to Blakeney Operations Team, E-mail: BlakeneyOps@blakeney.com

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