

PD Capital Management Limited

Stewardship Code

PD Capital Management Limited (“PD Capital”) is a U.K. based hedge fund manager investing in Asian equity markets.

PD Capital supports the introduction by the Financial Reporting Council (“FRC”) of its UK Stewardship Code which sets out good practice for institutional investors in their dealings with companies in which they are invested. PD Capital’s investment strategy and approach is naturally aligned with the principles of the Stewardship Code. The FRC have noted that certain aspects of the Code are not directly relevant to all institutional investors.

Principle 1

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

PD Capital’s over-riding principle is the protection of our clients’ capital and good corporate governance is one of the criteria used to assess whether to invest in a company.

PD Capital recognises the importance of voting rights in the protection of their clients’ interests and will always vote in accordance with what we judge to be our clients’ best economic interest.

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.

PD Capital does not believe that any conflicts are likely to arise as it only has one client, PD Star Fund, for whom PD Capital has an absolute duty to act in its best interests. However, this situation is constantly reviewed by the compliance officer in the firm, and if any conflicts (real or potential) were to arise he will ensure that PD Capital’s fiduciary responsibility to its clients takes precedence over all other considerations.

Principle 3

Institutional investors should monitor their investee companies.

All companies that PD Capital invests in are monitored on a regular basis by the relevant portfolio manager.

Monitoring includes analysing the annual report and financial statements, using independent third party and broker research. In addition, peer group companies and industry trends are taken into account while press reports and industry publications are followed. The monitoring of the company is also likely to give consideration to the social, environmental and governance procedures that the company employs, and to ensure that these are also in accordance with those expected of the company.

Principle 4

Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.

While PD Capital will escalate its involvement with investee companies where necessary, the relatively small size of its clients' holdings severely limits its ability to influence company management. However, PD Capital will make its opinions known to the company's corporate broker and/or advisor. Our usual policy when we believe that company management is pursuing a course of action that is detrimental to shareholder value is to liquidate the position at the earliest opportunity.

Principle 5

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

PD Capital is willing, where appropriate, to co-operate with other investors and will consider any specific course of action on its individual merits and only where it is in our client's best interests. As stated in Principle 4 our holdings are usually relatively small and we would take a cautious approach to collective action to ensure that it did not constrain us in any way from acting in our clients' best interests.

Principle 6

Institutional investors should have a clear policy on voting and disclosure of voting activity.

PD Capital will exercise its proxy vote on resolutions for holdings where we believe, with reference to our investment strategy, that it is appropriate and to be in our clients' interest. This may include voting against management where it disagrees with them on a particular matter. PD Capital does not publicly disclose voting records as we believe that information to be confidential to our client.

Principle 7

Institutional investors should report periodically on their stewardship and voting activities.

PD Capital has regular meetings with its client in which performance, strategy, and individual investments are discussed.

PD Capital issues a report of its activities to the Board of PD Star Fund (the only client it has) on a quarterly basis. In addition, semi annual and annual Investment Manager Reports are included in the unaudited semi annual accounts, and the audited annual accounts respectively. Voting activities,(if any), would be included in these reports.