

Introduction

Polar Capital is a UK based specialist asset management Group (the 'Group'). The Group offers professional and institutional investors a range of fundamentally research-driven funds diversified by asset class, geographical and sector specialisation. Polar Capital includes, Polar Capital LLP (the 'Manager') which is the entity responsible for the management of the various Polar Capital investment products; including long only UCITS funds ('UCITS'), hedge funds which are Alternative Investment Funds under AIFMD ('AIFs'), investment trusts and separate managed accounts (collectively the 'Funds'). The Manager does not own the beneficial interest in any stocks traded within the Funds, the Manager acts solely on behalf of the Funds and the Funds are always the principal to all trades and stock ownership.

Polar Capital acts in compliance with its obligations under the Financial Reporting Council (FRC) and the aims of the Stewardship Code. Polar Capital seeks to enhance the quality of engagement between its clients and within the Group to help improve long-term results for both its clients and Shareholders.

This Stewardship Code sets out the best practice in engaging with investee companies to which the FRC believes institutional investors should aspire. The Code is applied on a "comply or explain" basis and the relevant application to Polar Capital is detailed below.

It should be noted that compliance with the Stewardship Code does not constitute an invitation to manage the affairs of investee companies or preclude a decision to sell a holding, where this is considered in the best interest of end-investors.

Principle 1: Publicly disclose their policy on how they will discharge their stewardship responsibilities

Polar Capital's stewardship responsibilities are a key aspect to the wider investment process which is undertaken differently by the diverse range of teams within the Group. The investment process may incorporate a variety of factors for choosing to invest, including; strategy, performance, risk, capital structure and governance.

In order to comply with its stewardship responsibilities in line with the Code, the individual investment teams within the Group will evaluate the risks associated with investment within Polar Capital's compliance risk management structure. Polar Capital's compliance risk management structure includes policies on proxy voting, conflicts of interest and stewardship responsibilities. The risk management structure is made up of four defensive layers to support the Group's core business of fund management. It is through this risk management structure that the Group can ensure that it complies with its stewardship duties and can act in the best interests of its clients and Shareholders.

These include both responding to risk in proactive and reactive ways such as the following:

1. Portfolio and investment risk management

The Chief Risk Officer meets monthly with the Investment Risk Committee in order to analyse the investment risks posed on a Fund level. Areas which are monitored include ensuring that the Fund does not lose convictions or assurance and remain within the parameters set out in the Fund's prospectus. This committee also serves to ensure that the relevant decisions made do not cause there to be style drift within the Fund. Where risks are identified they are assessed and reported to the Group's respective Boards by the Chief Risk Officer.

2. Fund management business support areas and operational risk management

Prior to executing trades, Portfolio Managers are prevented from trading where this would be contrary to the controls which monitor both hard and soft position limits, best execution controls, regulatory reporting which the Manager has set up to ensure compliance with various exchanges and regulatory bodies worldwide. Where risks are identified they are assessed and reported to the Group's respective Boards by the Chief Operating Officer and Chief Compliance Officer. Regular committee meetings deal with operational risk, trade compliance, cyber security, trade allocations, leverage limits, cross holdings, best execution, market abuse, dealing commissions and broker approval lists and oversees the implementation of regulator initiatives.

3. Compliance

The Chief Compliance Officer is responsible for the overall Risk Monitoring Programme and setting the framework under which risks are managed and controlled in adherence with the risk strategy outlined by the Group's board.

4. Group Audit Committee & Board of Directors

The Group's Board of Directors has ultimate responsibility in determining the framework for mitigating those risks. Authority flows from the Group's Board of Directors to the Audit Committee to provide an objective assessment of controls and monitoring in place to mitigate risks. Overall the respective Boards within the Group retain responsibility for strategy, operations and compliance, with fiduciary duty for Shareholders lying with the Directors.

It is the responsibility of each Portfolio Manager to ensure that they act in accordance with the best course of action in line with the strategy of their portfolio and in the best interests of their clients.

For a more detailed overview of the way in which risk at Polar Capital is managed, a copy of Polar Capital's Pillar 3 Disclosure Document illustrates in further detail the Group's compliance risk management structure.

[\[http://www.polarcapital.co.uk/ResourceModule.aspx/Pdf/PolarCapital-BaselIIIPillar3Disclosure-Corporate-enGB-31.03.15.pdf?key=ded721d6-b3f1-455a-adac-1e89eafe237c\]](http://www.polarcapital.co.uk/ResourceModule.aspx/Pdf/PolarCapital-BaselIIIPillar3Disclosure-Corporate-enGB-31.03.15.pdf?key=ded721d6-b3f1-455a-adac-1e89eafe237c)

Principle 2: Have a robust policy on managing conflicts of interest in relation to stewardship which should be publicly disclosed

From time to time the Group may encounter conflicts of interest with respect to fulfilling its stewardship responsibilities.

Specific examples where the conflicts of interest within the Group may arise include where there are cross-holdings between different Funds with overlapping investment strategies. A conflict may arise where the teams wish to conduct their stewardship responsibilities in contradictory ways. For example, this may arise where the investment teams have differing objectives and timescales in relation to specific stocks and choose to enact their voting options differently.

All Portfolio Manager decisions regard the client's best interests. Polar Capital maintains a robust policy on managing conflicts of interest which ensures decisions are taken wholly in the interest of our clients. In compliance with both the U.K. Financial Conduct Authority (FCA) and U.S. Securities Exchange Commission (SEC) rules, Polar Capital takes a risk-based approach to avoid Conflicts of Interest and consider all such conflicts when implementing policies and procedures. Conflicts of interest are disclosed in the company's SEC Form ADV Part II.

When any engagement with an investee company raises a material conflict between the applicable Portfolio Manager, such conflict will be fully disclosed to such Portfolio Manager's supervisor and the Chief Legal and Compliance Officer. In the event of a conflict, such Portfolio Manager's supervisor and the Chief Legal and Compliance Officer will determine the manner in which engagement should be handled in order to achieve the best interests of the clients.

The Chief Compliance Officer will advise on managing, mitigating or preventing the conflict of interest and will enter the conflict of interest in Polar Capital's Conflicts Log and, where appropriate, will escalate the conflict of interest to the appropriate Board of Polar Capital for decision and action. In the event that the Chief Compliance Officer or the Board determines that an activity must be curtailed or any corrective action is to be taken, employees must comply with all instructions in that respect and, if instructed to do so, must ensure that the conflict of interest is disclosed to investors in the manner directed by the Compliance Officer.

For a more detailed overview of the way in which conflicts at Polar Capital are managed, a copy of Polar Capital's Conflict of Interest Policy is available upon request from the Chief Compliance Officer.

Principle 3: Monitor their investee companies

Comprehensive and continuous research and monitoring of investee companies is essential to Polar Capital's investment process. Polar Capital utilises various research and support tools to meet this principle. In accordance with the investment strategy, Polar Capital expects Portfolio Managers to undertake due care and consideration in choosing investee companies which they add to Funds managed.

More specifically as part of the research and monitoring of the investee company Portfolio Managers and Investment Analysts will;

- meet with the investee companies and their senior management,
- access expert networks in accordance with Polar Capital's Expert Network Policy, and
- attend Investment Committee meetings on a regular basis where Portfolio Managers are able to share ideas and research with other sector specialist Portfolio Managers.

During the course of researching an investee company, it is possible that members of the investment teams may receive material, non-public, price sensitive information ('inside information'). Polar Capital's insider list procedure requires all members in the investment teams to try and prevent being wall-crossed. Individuals are expected to state from the outset that they must pre-authorise being 'taken over the wall'. If any Polar staff receives inside information, an email must be circulated to all Polar staff stating the name of the Company which they have been made inside of. The Polar Operations team immediately adds the Company to the insiders list and blocks all trading in the Company. An additional email should then be sent to the Polar Compliance team stating the reason why they have been made inside.

All investment teams are restricted from dealing in any company on the insiders list. This prohibition also extends to employees dealing in their personal accounts.

Principle 4: Establish clear guidelines on when and how they will escalate their stewardship activities

The individual investment teams will consider each vote on an individual basis in light of the relevant circumstances at the investee company. Polar Capital's voting policy (please refer to principle 6) allows discretion in how Polar Capital will escalate and engage in stewardship activities in a transparent and methodical manner.

It is up to the Portfolio Manager to decide the best course of action for escalation taking into consideration all the relevant circumstances. Escalation of stewardship activities are likely to be triggered in circumstances where the Portfolio Manager has identified that the Shareholders interests may be at risk.

These circumstances may include;

- company strategy,
- management inadequacies,
- performance,
- governance,
- remuneration, or
- approach to risk.

Approach to escalation of these issues will be undertaken on a case-by-case basis and with reference to the particular investment vehicle and will be dependent on the issues which arise. This may include, engaging in meetings with management of the investee company, acting in alliance with other institutional shareholders or ultimately selling shares in the investee company.

In particular, voting in concert with other Shareholders will require prior authorisation by the Chief Compliance Officer and have regard to the Conflicts of Interest Policy.

For a more detailed overview of the way in which proxy voting is governed at Polar Capital, a copy of Polar Capital's Proxy Voting Policy is available upon request from the Chief Compliance Officer.

Principle 5: Be willing to act collectively with other investors where appropriate

In applying client policies and best practice guidelines, Polar Capital considers each vote on an individual basis in light of the relevant circumstances at the company. Polar Capital may communicate with other shareholders regarding a specific proposal but will not agree to vote in concert with another shareholder without approval from the Chief Legal and Compliance Officer.

Ultimately it is the Portfolio Manager's responsibility to ascertain whether it may be beneficial to act collectively with other investors. The Portfolio Manager must set out the reasons for this to the Chief Compliance Officer and go through the legal sign-off procedure with regards to contractual responsibilities which may arise when acting in concert with other Shareholders.

Factors which serve as a guideline in determining whether this is the best course of action may include; the type of Investee Company and the percentage the investee company has in the Fund's portfolio.

Polar Capital's engagement with other investors through informal and formal groups will be pursued where necessary and appropriate to achieve the objective of acting within the client's best interest.

Principle 6: Have a clear policy on voting and disclosure of voting activity

Where clients of Polar Capital have delegated proxy voting authority to Polar Capital, it will vote proxies in a manner intended to maximise the value of investments to its clients. When voting proxies, Polar Capital will give substantial weight to the recommendation of management but will not support the position of a company's management if Polar Capital determines that such position is not in the best interest of the company's shareholders.

Where clients of Polar Capital have delegated proxy voting authority to Polar Capital, the following procedure applies:

AIFs:

- All Polar Capital fund portfolio managers ('PM') have agreed a default which is not to vote if no instructions are given.
- In cases where the PM believes voting is not in the best interest of the client, the PM must notify Operations to get the necessary documentation from the prime broker/custodian as appointed.
- Operations will obtain proxy information from the prime broker/custodian who identifies proxy consents, special meetings and shareholder proposals. Operations will vote in accordance with the PM's instructions.

UCITS:

- All Polar Capital fund portfolio managers ('PM') have agreed a default which is to vote with management.
- In cases where the PM believes the default option is not in the best interest of the client, the PM must notify Proxy Exchange to get the necessary documentation. Where US Stocks are concerned Proxy Vote is notified to get the necessary documentation.
- Proxy Exchange and Proxy Vote documentation will contain proxy information which identifies proxy contests, special meetings and shareholder proposals. Operations will vote the proxy through electronic transmission in accordance with the PM's instructions.

Investment Trusts:

- All Polar Capital fund portfolio managers ('PM') have agreed a default which is to vote with management.
- In all cases where the PM believes the default option is not in the best interest of the client, the PM must notify Proxy Edge to get the necessary documentation.
- Proxy Edge documentation will contain proxy information which identifies proxy contests, special meetings and shareholder proposals. Operations will vote the proxy through electronic transmission in accordance with the PM's instructions.

Managed Accounts

- Proxy voting is the responsibility of the underlying client. If the Portfolio Manager wishes to vote then he/she must seek necessary approvals from the client.

In compliance with Polar Capital's obligations under the Investment Advisers Act 1940 advisers must retain records of voting records for at least 5 years. Proxy statements are publicly available through EDGAR and records of the proxy votes cast, which are maintained with a third party (e.g. a proxy voting service).

The Group does not engage in stock lending. The Group may use stock as collateral; however no income is generated from this.

For a more detailed overview of the specific procedures in relation to the various investment vehicles at Polar Capital, a copy of Polar Capital's Proxy Voting Policy is available upon request from the Chief Compliance Officer.

Principle 7: Report periodically on their stewardship and voting activities

Polar Capital will maintain a file or database of;

- proxy statements received regarding client securities,
- records of votes cast by the Portfolio Manager on behalf of clients,
- records of clients for proxy voting information; and
- any documents prepared by the Portfolio Manager that were material to the voting decision or that memorialised the basis for the decision, including any specific instructions received from clients and any correspondence with clients with respect to the voting of proxies.

However, due to underlying client confidentiality and investment or engagement strategy reasons, it may not always be appropriate to disclose voting actions at a detailed level.

Upon request or as required by law or regulation, Polar Capital will disclose to a client or a client's fiduciaries the manner in which Polar Capital exercised voting rights on behalf of the client. However, in some cases, because of the controversial nature of a particular proxy, Polar Capital's intended vote may not be available until just prior to the deadline.

Polar Capital will not normally disclose its voting intentions or make public statements to any third party (except electronically to our proxy vote processor or regulatory agencies) including but not limited to proxy solicitors, non-clients, the media, or affiliates of Polar Capital, but may inform such parties of the provisions of this policy.

Nothing in this policy should be interpreted as to prevent dialogue with the company and its advisers by the industry analyst, proxy voting delegate or other appropriate senior investment personnel when a company approaches Polar Capital to discuss governance issues or resolutions they wish to include in their proxy statement that is allowed under applicable law.

Polar Capital will review this policy on a periodic basis or as often as is deemed necessary.