Northlight Group LLP

UK Stewardship Code

This Policy has been approved by Northlight Group's governing body in January 2015.

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Northlight

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Statement of Commitment to the UK Stewardship Code

Northlight Group LLP (the 'Firm') provides discretionary investment management services to a variety of clients, including institutional investors.

Under COBS 2.2.3R of the FSA Handbook we are required to make a public disclosure in relation to the nature of our commitment to the UK Financial Reporting Council's Stewardship Code ("the Code"), published in July 2010, and updated in September 2012.

The Code was published by the FRC, the United Kingdom's independent regulator responsible for promoting high quality corporate governance and reporting in order to foster investment. The Code is directed at asset owners and asset managers with equity holdings in UK-listed companies and aims to enhance the quality of engagement between institutional investors and companies they invest in. Engagement includes pursuing purposeful dialogue on strategy, performance and the management of risk, as well as on issues that are the immediate subject of votes at general meetings.

Proxy voting is an important right of shareholders and reasonable care and diligence must be undertaken to ensure that such rights are exercised in a proper and timely manner. Where we have discretion to vote the proxies of our clients, then we will vote those proxies in the best interest of our clients and in accordance with these policies and procedures.

We consider that sound corporate governance in the companies in which we invest is of central importance to create and sustain long-term shareholder value.

The Firm supports the principles underlying the Code and believes firmly in the importance of corporate governance driven by strong boards and executive leadership and sound governance policies that protect and enhance long term shareholder value. Where appropriate, we seek to engage effectively with the managements of firms we invest in, via UK equities, to understand better the potential risks and returns in order to achieve optimum returns for our clients. We have set out below the approach taken to the Code principles and explained the approach taken where we consider it not appropriate or proportionate to our business. We follow this approach for our existing (and prospective) client(s), but do not, however, apply the Principles to other asset classes in which we invest, as we do not consider it appropriate.

Our holdings in investee companies will be small typically less than 1% and thus many of the Principles will not be applied on grounds that they are not proportionate to our size of institution.

We will seek to review this statement on an annual basis, and update this where necessary to reflect changes in actual practice. Where we do this we will inform the FRC appropriately. Should you require further information on the firm's approach to the Code please contact Investor Relations at ir@northlight.co.uk.

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Principle 1

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

We support the purpose of the UK Stewardship Code and believe regular dialogue with investee companies is a key component of our investment process and helps develop our knowledge of the investee's business strategy, performance, future prospects, attitude to risk, capital structure, board cohesion and corporate governance, including culture and remuneration.

Dialogue with investee companies allows us to convey our views on our investment and, where necessary, we will intervene by raising our concerns with the board and its representatives. In the exceptional circumstances outlined below we may engage with other investors to raise our mutual concerns. We acknowledge that investee company management may have more information at their disposal and that may justify variance from UK corporate Governance practices. However, should our concerns remain unresolved, it may sufficiently alter the original investment hypothesis such that we decide to sell or reduce our investment.

Stewardship considerations are an integral part of our investment process. We record interactions with investee companies and the investment team considers each investment on a regular basis. In this way we seek to ensure the investee board and management comply with relevant governance codes.

We endeavour to exercise proxy votes at all shareholder meetings where we are authorised to by our clients. Where so authorised, our investment managers make voting decisions based on our knowledge of the investee company and the dialogue described above. We may also refer to independent research from voting advisory services in reaching a voting decision. We periodically report on our proxy voting decisions to our clients.

We do not outsource any activities relevant to stewardship.

Principle 2

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

The firm is authorised and regulated by the Financial Conduct Authority, which requires firms to identify, and mitigate any conflicts of interest between itself, its clients, and between clients that may result in a loss to them. We maintain a conflicts of interest policy and register to satisfy this requirement, which is subject to regular management review.

We act as investment managers with a fiduciary responsibility to act in the best interest of our clients. We do not undertake any other business activities that might give rise to a conflict of interest. We seek to optimise investment returns for our clients through thorough investment research and, since our revenues are dependent on both management and performance, believe our interests are aligned.

Where a conflict exists between clients' interests in relation to, for example, voting, engagement, nomination of directors, etc. we will assess this and manage the conflict in accordance with our Conflicts of Interest policy.

As at the date of this statement the Firm does not act for more than one client and so do not have any conflict of interest issues pertaining to dealing with multiple clients.]

Principle 3

Institutional investors should monitor their investee companies

We are of the firm opinion that continuous and effective monitoring of investee companies is a fundamental responsibility of an asset management firm. We monitor a comprehensive range of information from financial analysis of publicly available information, market intelligence from industry sources, broker research, fundamental analysis and meetings with the board and senior managers. A fundamental part of that analysis is ensuring the firm complies with the UK corporate Governance Code or can explain any divergence from it. All relevant information is recorded and analysed as part of the pre and post investment process.

Where we become insiders we will follow our internal Insider policy.

Principle 4

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

The Firm actively engages with investee company management regularly as part of our fundamental investment process, which seeks to optimise investment returns. We view engagement as a two way communication process: a means of enhancing our knowledge of the investee company and as a means for conveying shareholder concerns. We seek to engage with boards on a confidential basis to constructively resolve any concerns and allow them to explain their position.

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Notwithstanding the above, we have chosen not to define a prescriptive basis for escalation because the circumstances will vary from case to case. However, where our dialogue fails we may be prepared to escalate our concerns by acting collectively with other shareholders, subject to legal and regulatory constraints. Failing that, if we perceive the concern has changed the investment thesis, we may sell or reduce our holding. As investment professionals we believe we are best placed to act in our clients' best interests.

Principle 5

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

We believe we have sufficient expertise and knowledge of investee companies to deal with any concerns that we might have about the investee company's business activities, strategy or corporate governance. In most cases we would expect to engage with the board on our own initiative or we may decide to dispose of or reduce our holding. However, in certain circumstances, where we believe the issue is of significance and wish to retain our holding, we recognise that collective action with other shareholder may be more effective. This will be dealt with on a case-by-case basis, and with due regard to our policies on conflicts of interest and inside information.

We will only act collectively where we are satisfied it will not breach legal, regulatory, market conduct or confidentiality obligations applicable. Any collective action will only be used to raise legitimate concerns about corporate issues and/or governance issues. The actions may include discussions with other shareholders about concerns to be raised with the board, joint representations by shareholders to the board and agreement between shareholders to vote in a specific way.

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Principle 6

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

The Firm aims to exercise proxy voting rights on behalf of our clients for every investee company regardless of geographic location. The voting decisions are based on in-depth research and knowledge of the investee company. We believe that exercising voting rights is an important responsibility of institutional shareholders and helps improve corporate governance standards and holds management to account.

The Firm will draw its own conclusions based on its knowledge of the investee company and will vote based on those conclusions, which may be in opposition to the investee's board. If appropriate, we would seek to engage the board prior to voting to explain our conclusions and resolve differences of opinion.

We do not typically engage proxy voting or other voting advisory services, instead exercising these directly ourselves, nor do we engage in stock lending.

We will not disclose publicly our voting records.

Principle 7

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

We will maintain a record of our stewardship activities and will regularly report on our engagement and voting activities to our clients as part of our regular communications. This may include information on voting and rationale behind decisions taken.

However, we will not make detailed disclosure on the nature of that activity or conclusions drawn as the information may be confidential, subjective and is often used to inform our investment decisions. As such, our investment performance will reflect whether our engagement with investees has been effective.

We do not obtain an audit opinion on engagement and voting processes having regard to standards in AAF 01/06. We have internal controls in place to ensure compliance with policies on engagement and voting.

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APPENDIX A - CORPORATE GOVERNANCE AND VOTING GUIDELINES

This section covers some of the areas that we consider when determining how to vote client proxies on contentious shareholder resolutions. This section is not intended to be an exhaustive summary of our approach but should provide our clients with a general guide to our approach to certain issues.

1.1 Directors

Chairman and CEO

There should be a clearly accepted division of responsibility at the head of a company, such that no one individual has unfettered powers of decision. We believe that the roles of Chairman and Chief

Executive Officer should be separate. We will generally vote against combined posts of Chairman and Chief Executive Officer.

Independent directors

We favour Boards that consist of at least half by number (excluding the Chairman) of independent directors who demonstrate a commitment to creating shareholder value. We also believe that key Board committees (audit, compensation, and nomination) should include only independent directors to assure that shareholder interests will be adequately addressed.

Election of directors

Contentious votes on director nominees are reviewed on a case-by-case basis. When evidence demonstrates a conflict of interest or a poor performance record for a specific candidate, we may vote against the appointment. For executive directors we generally vote against notice periods longer than one year to avoid inappropriately large payouts in the event of early termination.

Director remuneration

We believe that the remuneration of Directors should be determined by independent remuneration committees and fully disclosed to shareholders.

1.2 Auditors

Auditor independence

Auditors should provide an independent and objective check on the way in which the financial statements have been prepared and presented. We will vote against the appointment of auditors in cases where their independence is perceived to be compromised. The length of time they have served in their capacity with a given company may be taken into account when determining perceived independence.

Auditor remuneration

Companies should be encouraged to delineate clearly between audit and non-audit fees. Audit committees should keep under review the non-audit fees paid to the auditor and in relation to the company's total expenditure on consultancy.

1.3 Incentive plans

We will vote in favour of schemes with appropriate incentive structures and challenging performance criteria, and vote against those which are excessive or have performance criteria which are undemanding. Full details of each Director's share options should be disclosed, including exercise prices and expiry dates. A summary of any performance criteria should be included. Share options should never be issued at a discount.

1.4 Issue of equity

We will vote in favour of increases in capital, which enhance a company's long-term prospects. We will generally vote against the issuance of equity capital in instances where the pre-emption rights of existing investors are not respected or where there is not a satisfactory explanation as to why pre-emption rights have not been observed. We will also oppose attempts by Companies to seek authorities to issue shares that are not sanctioned by shareholders on an annual basis.

1.5 Issue of debt

We will vote in favour of proposals which enhance a company's long-term prospects. We will vote against an increase in borrowing powers which may result in the company reaching an unacceptable level of financial leverage.

1.6 Share repurchase programmes

We will vote in favour of such programmes where the repurchase would be in the best interests of shareholders.

1.7 Mergers and acquisitions

As a general rule, we will vote in favour of mergers and acquisitions where the proposed acquisition price represents fair value, where shareholders cannot realise greater value through other means, and where all shareholders receive fair and equal treatment under the merger/acquisition terms. We do not support the adoption of poison pills on the grounds that they serve to entrench management.

1.8 Voting rights

We believe in the fundamental principle of "one share, one vote" and will encourage the elimination of dual voting rights or classes of share with restricted voting rights where they exist, and oppose attempts to introduce new ones. We will generally oppose amendments to require a supermajority (i.e. more than 51%) votes to approve mergers, consolidations or sales of assets or other business combinations.

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Independent reviews are not performed but internal controls are in place to ensure compliance with our policies and procedures for engagement and voting. The controls are periodically reviewed by internal audit. It is our policy not to disclose assurance reporting to external parties.

Contact Details

For further information on our approach to governance, engagement and stewardship matters please contact:

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