The UK Stewardship Code: Disclosure Statement

The UK Stewardship Code was published by the Financial Reporting Council ("FRC") in July 2010 setting out good practice for institutional investors to engage with investee companies. Under COBS 2.2.3R (Disclosure of Commitments to the Financial Reporting Council's Stewardship Code), Polunin Capital Partners Limited ("the Firm") is required to make a public disclosure regarding its commitment to the Stewardship Code.

The seven principles of the Code and the Firm's policy responses are detailed below.

***Principle 1*: Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.**

Polunin Capital Partners Limited is a London-based investment management company specialized in investing in global Emerging equity markets. It manages money on behalf of segregated institutional clients as well as collective investment schemes. Within its investment universe -- which spans markets across the globe -- are companies listed in the UK but whose business or domicile is in emerging markets. Selection of UK listed stocks for inclusion in a portfolio is no different from stock selection in any other market. The Firm utilises an investment database to screen for cheap companies based on sectoral comparisons of relative value. This work is carried out by the Firm's analysts, who have specific sectoral responsibilities.

Having identified companies that appear relatively undervalued, analysts will then have an open dialogue with those firms, and are encouraged to conduct visits to them, in order to discover whether the undervaluation is justified, or it is an investment opportunity which the broader market has not yet identified. As a function of their research, analysts will be determining the level of corporate governance at each company given that this is of key importance in the creation and support of long-term shareholder value.

Polunin Capital Partners Limited has a Proxy Voting Policy, and will vote by proxy at shareholder meetings on behalf of those client mandates that expressly require it, or do not explicitly deny such action in writing. This policy ensures that we vote in a away that is exclusively for the benefit of our clients and the investors whose funds we manage.

***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.**

Polunin Capital Partners Limited does not have a proprietary trading book, and does not take share stakes in other companies. Since inception, there have been no instances of a conflict of interest that have been brought to the attention of the Compliance Officer or the Directors of the Firm.

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The Firm has a Conflicts of Interest policy that complies with the FCA's rules and EU law and is available upon request from the Compliance Officer.

***Principle 3*: Institutional investors should monitor their investee companies**

There are a number of ways in which deterioration or conversely, an improvement, in the business quality of investee companies can be identified by Polunin. Firstly, the Firm's investment database is a live product, so changes in company financials – such as a worsening balance sheet – will have an immediate impact on sector valuation screens which are monitored by the Firm's analysts. Polunin analysts also keep up-to-date with broker research reports on investee companies which may also flag anticipated changes or issues with the business or management. Furthermore, the Firm's analysts aim to meet with the management of investee companies at least once a year. This will be an opportunity for the analysts to gauge future business prospects and existing corporate governance. These meetings and any recommendations by analysts are written up as reports, and presented to the Firm's regular investment meetings where action to buy or sell and investee company will be discussed.

While the above activities form the backbone of the Firm's investment process, the Firm will also be mindful of Board agendas at shareholder meetings held by investee companies. Proposed corporate actions -- such as acquisitions or major asset disposals, capital raisings and board appointments -- will be scrutinized by the investment team which will decide how the Firm's proxy voting powers may best be used to uphold the objective of sustaining long-term shareholder value. Should an investee company take action that the Firm determines is not in the interest of shareholders, then this will result in a re-appraisal of portfolio positions in the investee company.

The investment meetings will also consider the sensitivity of any information collected by an analyst in the presentation of an investment case. All employees are aware of insider dealing legislation as this is contained within the Firm's Personal Account Dealing rules, which in turn are included in the Conflicts of Interest Policy. Therefore, all analysts are required to make clear any information that they have received that might be construed as inside information. The final decision on what constitutes inside information, and whether action can therefore be taken on an investee company, will be determined by the Compliance Officer and Chief Investment Officer who both attend the Firm's investment meetings.

***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.**

Polunin Capital Partners is a relatively small investment management firm, and its positions for clients in investee companies have traditionally not amounted to a recordable percentage of underlying equity. As such, the Firm has pursued an investment policy of liquidating positions should the fundamental reasons for their purchase deteriorate.

As a small firm, Polunin would only seek to escalate action against an investee company as part of a class action suit. Since inception, the Firm has not been involved in any such action against an investee company.

***Principle 5**: Institutional investors should be willing to act collectively with other investors where appropriate.*

Polunin Capital Partners may, where appropriate, be willing to act collectively with other investors to protecting and enhancing shareholder value for the exclusive benefit of our clients and the investors whose funds we manage.. Any proposal for action would be discussed with affected shareholders prior to action being taken.

***Principle 6**: Institutional investors should have a clear policy on voting and disclosure of voting activity.*

Polunin Capital Partners has a Proxy Voting Policy which is applied to all investment mandates that permit or expressly request proxy voting to be undertaken by the investment manager. In all cases, the Firm will act in the best interests of shareholders and support the objective of sustaining long-term shareholder value for the exclusive benefit of our clients and the investors whose funds we manage.

***Principle 7**: Institutional investors should report periodically on their stewardship and voting activities.*

Polunin Capital Partners keeps records of all voted proxies. Some clients mandate that records of proxies voted on their behalf are forwarded to them as part of the Firm's regular reporting requirements. Where this is not the case, the Firm will make available records of voted proxies to clients on request.

Polunin Capital Partners performs an annual review of its compliance architecture, during which any updates to its policies -- including this statement of commitment to the Stewardship Code – takes place.

For further details on any of the above information, please contact Paul Parsons, Director of Risk and Compliance.

August 2017