ADELPHI

Adelphi Capital LLP

UK Stewardship Code Disclosure Statement May 2013

Under COBS 2.2.3 of the FCA Handbook, Adelphi Capital LLP ("Adelphi") is required to make a public disclosure in relation to the nature of our commitment to the UK Stewardship Code (the "Code") which was published by the Financial Reporting Council ('FRC') in July 2010.

The Code aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities. It sets out good practice on engagement with investee companies and is to be applied by firms on a "comply or explain" basis. The Code is directed in the first instance to institutional investors with equity holdings in UK listed companies; The FRC recognises that not all parts of the Code will be relevant to all institutional investors and that smaller institutions may judge some of the principles and guidance to be disproportionate. It is of course legitimate for some asset managers not to engage with companies, depending on their investment strategy, and in such cases firms are required to explain why it is not appropriate to comply with a particular principle.

The seven principles of the Code are that institutional investors should:

- Publicly disclose their policy on how they will discharge their stewardship responsibilities;
- Have and publicly disclose a robust policy on managing conflicts of interest in relation to stewardship;
- Monitor their investee companies;
- Establish clear guidelines on when and how they will escalate their stewardship activities as a method of protecting and enhancing shareholder value;
- Be willing to act collectively with other investors where appropriate;
- Have a clear policy on voting and disclosure of voting activity; and
- Report periodically on their stewardship and voting activities.

Adelphi pursues an investment strategy that involves investing in equities. The Code is therefore relevant to some aspects of its trading. In compliance with the aims of the Code, Adelphi seeks to enhance the quality of engagement with companies to help improve long-term returns for its clients. Adelphi generally supports the aims and principles of the Code.

Our statement of compliance with the seven principles of the Code is set out below:

Principle 1

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

Adelphi is a fundamental research driven long-term investment management firm and makes investment decisions based on proprietary research and meetings with company management.

Positions are monitored on an ongoing basis and feedback is provided to management where appropriate. Adelphi takes all reasonable steps to vote proxies in the best interests of its clients by voting, where applicable, with the recommendations of Institutional Shareholder Services Inc. ("ISS"), a leading provider of corporate governance solutions to the financial services industry. Whilst ISS provides voting recommendations, the ultimate voting decision for each resolution at a company meeting remains the responsibility of Adelphi.

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.

It is our policy and duty to act in the best interest of our clients. Adelphi maintains a robust policy on managing conflicts of interest in order that our decisions are taken in the interests of our clients. In compliance with FCA rules, we have procedures designed to ensure that potential and actual conflicts are identified, evaluated, managed, monitored and recorded. All reasonable steps are taken to prevent conflicts of interest. This includes considering matters such as company engagement and voting on shares held on behalf of our clients. Should a conflict of interest arise, the senior management of Adelphi would take appropriate steps to ensure fair treatment of all clients, including disclosure of the conflict to the affected clients, if appropriate.

Principle 3

Institutional investors should monitor their investee companies.

Where appropriate, we will monitor our investee companies to determine when dialogue with management may be necessary. Our monitoring process may include the following:

- Satisfying ourselves as to the governance arrangements of the companies, including the operation of the Board and any non-executive oversight.
- Where appropriate, meeting members of the Board and/or the Chairman.
- Retaining adequate records of company meetings and of votes cast on behalf of our clients (where relevant).
- Records of reasons for voting against a company's management, or for abstaining.

Our investment monitoring process aims to identify problems at an early stage and concerns will be raised with company's board or management, in writing where appropriate.

In normal circumstances we do not wish to be made insiders. We expect investee companies and their advisers not to convey information to us that could affect our ability to deal in the shares of the company concerned, without prior agreement.

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.

If we become concerned about any aspect of an investee company's investment strategy, performance, governance or any other matter, we may wish to escalate this to the management of the company. Adelphi may hold meetings with companies to discuss issues. Where Adelphi believes that it is no longer in the best interests of its clients to continue to hold shares of a company, it will reduce or eliminate the position.

Principle 5

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

There may be situations where it is appropriate to act collectively with other shareholders in order to engage with an investee company. This would only be considered if a material issue arose for example at times of significant corporate or wider economic stress, or when the risks posed threaten to destroy significant value.

Principle 6

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

Adelphi takes all reasonable steps to vote proxies on behalf of its client by voting, where applicable, with the recommendations of ISS. We do not publicly disclose voting records due to underlying client confidentiality and for investment strategy reasons, we will not normally publicly disclose voting actions at a detailed level. All requests to provide voting information will be considered on a case by case basis.

Principle 7

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

Adelphi maintains records of its stewardship and voting activities. Due to underlying client confidentiality and engagement or strategy reasons, it may not always be appropriate to disclose voting actions. All requests to provide voting information will be considered on a case by case basis. This Stewardship Code Disclosure will be reviewed and updated, if necessary, on an annual basis.

For further details on any of the above information, please contact Nick Tyler (tyler@adelphi-capital.com)

Adelphi Capital LLP

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