

CAYENNE ASSET MANAGEMENT LIMITED

UK Stewardship Code Disclosure Statement

Under COBS 2.2 of the FSA Handbook, we are 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’), the independent regulator overseeing financial reporting, accounting and auditing and corporate governance, 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.

Cayenne Asset Management Limited’s (“CAML”) policy as to how CAML discharges its responsibilities under the principles of the Code will cover the following areas:

- Managing conflicts of interest;
- Monitoring investee companies;
- Establishing guidelines on when and how CAML will escalate their activities to protect and enhance shareholder value;
- Acting collectively with other investors where appropriate;
- Voting and disclosure of voting activity; and
- Report on stewardship and voting activities.

Policy on managing conflicts of interest

It is important to note that CAML acts as agent on behalf of its clients (namely the funds in respect to which CAML performs discretionary investment management services) and therefore it is not the beneficial owner of the investee company’s shares. It is CAML’s policy and duty to act in the best interests of all of our clients. This includes considering matters such as company engagement and voting on shares held on behalf of our clients. Voting decisions are made by the portfolio managers and are based on their knowledge of the company and discussions with management. CAML recognises that as a result, in certain circumstances, a potential conflict of interest may arise. Should a conflict of interest arise, the senior management of CAML would take appropriate steps to ensure fair treatment of all clients, including disclosure of the conflict to the affected clients, if appropriate.

Monitoring of investee companies

Where CAML invests in equity positions on behalf of its clients, we will monitor the investee companies. Our monitoring process will normally be conducted through monitoring financial reporting, news and announcements and general meetings as well as holding regular meetings and discussions with the managers and occasionally, the Board of the investee companies. The nature of the relationships that CAML develops enables CAML to identify problems at an early stage and to raise any concerns with the investee company.

Guidelines on escalation to protect and enhance shareholder value

If CAML becomes concerned about any aspect of an investee company's investment strategy, performance, governance or any other matter, CAML may wish to escalate this to the managers and/or Board of the investee company initially by contacting them to exchange views and giving them the opportunity to explain the position. If this approach proves unsatisfactory, CAML may also express its concerns through the investee company's advisers, meeting with the chairman or other independent directors, attending and speaking at General Meetings or discussing the issue with other shareholders of the investee company.

Acting collectively with other investors

There may be situations where it is appropriate to act collectively with other shareholders of the investee company where a material issue arises. This may involve sharing views and ideas with other institutions but such interaction will only be undertaken if we are satisfied that such collective engagement will not contravene any applicable regulatory requirements.

Voting and disclosure of voting activity

It is not our policy to automatically support the Board of our investee companies and we will seek to vote on all shares held on behalf of clients where it is believed by the portfolio managers that the voting issue could affect the value of the investee company during the intended holding period of the particular investment that CAML has made on its client's behalf.

Where we have had dialogue with a company and an issue has not been resolved to our satisfaction, we may register an abstention or vote against the relevant resolution. In accordance with good practice, we will usually inform the company in advance of our intention and the reasons for it.

We do not publicly disclose voting records for the reason that it may damage our ability to work co-operatively with Boards and Managers to resolve issues.

Reporting on stewardship and voting activities

Upon request, CAML will provide to our clients information on the above, including a summary of how we have voted in respect of relevant shares.

For further details on any of the above information, please contact Leonard J Gayler, Managing Director, Cayenne Asset Management Limited, 23 Buckingham Gate, London, SW1E 6LB in the first instance.

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4 February 2011