

Clareville Capital Partners LLP

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 above 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 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 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.

Clareville Capital's investment objective is to achieve long-term capital appreciation. Clareville Capital will seek to achieve this through investment in equities in the UK, but also on continental Europe. It may trade equities and equity-related instruments on a long and short basis and engage in index hedging.

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.

Clareville Capital discloses its policy on its website.

Portfolio managers and analysts monitor stewardship issues relating to investee companies, such as corporate governance and social responsibility, as part of the investment analysis and valuation process. Clareville Capital does not have a separate corporate governance function, as it is not considered

economic and, because of Clareville Capital's low percentage interest in each company, it has limited influence on the investee company's management and directors.

Clareville Capital does not take part in proxy voting, except in exceptional circumstances where it is in particular interest to its clients.

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.

When Clareville Capital deems it in the best interest of its clients to vote proxies, there is a potential for a conflict of interest to exist. Clareville Capital prohibits inappropriate influence, direction or manipulation in the voting of proxies by any person or entity whether affiliated or unaffiliated. Those assigned responsibility for proxy voting are to perform their duties and responsibilities objectively and impartially and in the best interests of shareholders without regard for any personal gain or benefit (including gain or benefit on the part of relatives, friends or any acquaintance) or gain or benefit to Clareville Capital or any person or entity associated with, related to or involved with Clareville Capital. The following are examples of such potential conflicts:

- A principal or other employee of Clareville Capital serves in the capacity of a board member of an issuer that solicits proxies of securities in which client accounts are invested.
- A principal or other employee of Clareville Capital has inappropriate contact with proxy proposal proponents, corporate directors or candidates for directorship for purposes of influencing the voting of proxies.
- Clareville Capital votes the proxies of an issuer that is a client or is being pursued as a client.

Mitigation of Conflict

Clareville Capital seeks to neutralize opportunities to influence or manipulate proxy voting by:

- Requiring documentation of the matter, certification of the rationale and authorization of the Compliance Officer.
- Requiring all principals and employees, to disclose to the Compliance Officer conflicts of interest in the form of any communication or other interaction intended to improperly influence proxy voting (e.g., an internal or external party offers a gift if a principal or employee exerts influence so that votes are cast for a reason other than the maximization of shareholder interests in exchange for a business opportunity or a gift).
- Requiring all principals and employees to disclose and log Personal Account dealing.

Principle 3: Institutional investors should monitor their investee companies.

Clareville Capital has regular opportunities to meet the management of investee companies to discuss strategy, performance, governance and the approach taken to risks arising from social and environmental factors. Such meetings are part of the routine investment management process and enable Clareville Capital to prioritize issues that are most important to the generation of long-term shareholder value.

Clareville Capital does not otherwise intervene in investee companies' affairs except in exceptional circumstances.

Clareville Capital's portfolio managers seek to identify governance problems that may lead to a loss of shareholder value. In the case of less serious breaches portfolio managers may enter into active dialogue with investee company management and boards. If more serious problems arise, consideration will be given as to whether it is in the best interests for Clareville Capital to continue to hold the investment.

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.

As stated in this policy, Clareville Capital has established clear guidelines on when and how it will escalate its activities as a method of protecting and enhancing shareholder value.

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

Although Clareville Capital may engage in dialogue with management regarding pending voting issues, Clareville Capital does not typically engage in any form of shareholder activism with regard to pending proxy issues.

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

As disclosed above, Clareville Capital does not take part in proxy voting, except in exceptional circumstances where it is in particular interest to its clients.

It is not our policy to automatically support the Board of investee companies and we will seek to vote all shares held on behalf of clients.

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 normally inform the company advance of our intention and the reasons for it.

We will publicly disclose our voting records in the event we do vote.

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

We provide our clients with information on the above, including a summary of how we have voted in respect of relevant shares an annual basis.

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