THE UK STEWARDSHIP CODE & SRD II: DISCLOSURE STATEMENT

PRINCIPLE 1

Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Polunin Capital Partners Ltd ('PCPL', 'the Firm') manages assets for a range of professional clients including pension funds, endowments and commingled investment funds. The Firm invests in Emerging Market and Frontier Market equity securities. Investments in UK and European equity securities (which derive the majority of their revenues from, or have significant investments in Emerging or Frontier Markets) form a small part of the Firm's investment universe.

With the agreement of its clients, PCPL will engage and vote on issues affecting the long-term value of a company in which it is invested. Issues may include, but are not limited to, business strategy, acquisitions and disposals, capital raisings and financing operations, internal controls, risk management, board effectiveness, shareholder rights and corporate responsibility.

PRINCIPLE 2

Signatories' governance, resources and incentives support stewardship.

Our approach to stewardship is publicly disclosed on the firm's website. Our approach is aligned to investment considerations and designed to enhance and protect our clients' capital.

As an active fund manager, PCPL seeks to deliver investment outperformance over the medium to long term, without exposing clients to undue risk. Stewardship is an important factor underpinning this objective. During 2019 PCPL created an ESG & Stewardship Committee to coordinate and strengthen internal communication and policies on ESG issues. The composition of the Committee includes two main Board Directors, reflecting the seriousness with which the Firm takes its stewardship commitments. The Committee is chaired by the Chief Investment Officer ('CIO'). Other members include the Compliance & Risk Officer ('CRO') and senior representatives from the investment and client servicing teams.

The objective of the Committee is to develop and deliver a clear approach to engagement on ESG matters. The Committee is also responsible for reviewing PCPL's policies on stewardship and engagement and ensuring adherence to the company's stewardship obligations.

PRINCIPLE 3

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

PCPL is a privately owned company in which the majority of staff own an equity interest and in which the original Founders and majority shareholders are closely involved in day-to-day management. PCPL recognises the importance of managing potential conflicts of interest on behalf of its clients when voting their shares and engaging with investee companies. PCPL will consider all potential conflicts of interest that it identifies, or which are brought to its attention, and will determine if a material conflict of interest exists. Our principal objectives when considering matters such as engagement and voting are always to act in the best interests of our clients and to treat them fairly.

In accordance with Financial Conduct Authority requirements, PCPL is required to establish, implement and maintain an effective Conflicts of Interest Policy that is appropriate to the firm´s size and organisation, and the nature, scale and complexity of its business. The Conflicts of Interest Policy and Code of Ethics are available on the firm´s website.

PCPL staff are required to avoid any activity or personal interest that conflicts with the interests of PCPL and its clients. In addition, PCPL staff are required to complete an annual compliance declaration and notify the CRO of any potential conflicts of interest. PCPL´s Code of Ethics is made available to all staff on the intranet, and staff are required to confirm their adherence to this on an annual basis.

As part of our Conflicts of Interest policy, all staff must notify the CRO if they become aware of any potential conflict of interest, including any matters relating to proxy voting. Where a material conflict of interest is subsequently identified, PCPL will manage this in line with its Conflicts of Interest Policy. PCPL takes all reasonable steps to identify and prevent any potential or actual conflicts of interests from arising. The CRO maintains a Conflicts of Interest Register and a Register of Business Interests, which is regularly reviewed by senior management. The Conflicts of Interest Register includes a list of the actual and potential conflicts of interest that have been recognized, as well as any mitigating steps and controls that have been implemented to ensure these conflicts have been adequately addressed.

PRINCIPLE 4

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

PCPL´s investment process is bottom-up and focused on the fundamental value of a company using industry valuation techniques. Our valuation methodology is based on replacement cost of assets in a common currency (e.g. USD), and we only consider companies with the lowest valuations relative to replacement costs in each sector, with strong or improving balance sheets and the most favourable sector outlooks for investment.

Using USD as a common currency tends to minimise exposure to relatively overvalued currencies. Our strategy has typically maintained a value-oriented style bias, based on enterprise value to replacement cost, not market cap to book value. Stock picking is biased towards companies with the most operational gearing to a sector recovery, without significant financial leverage. In addition, we have accumulated 20 years´ enterprise value to replacement cost median data for each sector, which allows us to overlay a sector, rather than country, allocation tilt in the portfolio towards sectors trading at cyclical lows. Moreover, investment analysis is conducted primarily at the sector level so structural changes that risk undermining sector fundamentals are minimised.

PRINCIPLE 5

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

The ESG & Stewardship Committee holds semi-annual meetings to review progress on achieving the policy aims, methodology of ESG reporting as well as subsequent analysis and engagement activities. Minutes from these meetings are reviewed and discussed at ensuing Board meetings, where any proposals for additional resourcing or Firm-level action can be agreed.

Annual review of our ESG & Stewardship policies is undertaken by an independent third party.

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PRINCIPLE 6
Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

PCPL manages assets for a range of professional clients including pension funds, endowments and commingled investment funds. The Firm has two main investment strategies – all-cap Developing Countries, and Emerging Markets Small Cap – which account for the bulk of the near USD4.5 billion that the Firm has under management. The Firm also manages a hedge fund, Frontier Markets fund, and Emerging Markets Tech fund. All strategies share the same investment philosophy and methodology, and by extension a medium- to long-term investment horizon.

In structuring its stewardship activities, the Firm has sought to ensure that its engagement with investee companies is aligned with clients´ stewardship and investment policies, whilst sympathetic with the Firm´s recognised investment style. The Firm sees its stewardship activities as a work-in-progress and -- as with other aspects of evolving best business practice – is responsive to clients´ responsibilities towards stakeholders.

PRINCIPLE 7
Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

Our ESG analysis aims to establish the quality of an investee company´s reporting, transparency and disclosures. We view it as an important aspect to assess the disclosures of all our investee companies, including annual reports, proxy materials and sustainability reports, to understand how a company reports and discloses, and the level of transparency. We do not rely on external or third party ESG analysis or scores, but will reference other research providers as part of our company monitoring.

Our ESG analysis endeavours to be forward-looking and anticipate potential issues arising from policy changes and industry-specific issues that may lead to losses in investment value. Significant concerns are raised with investee company management, and outcomes of the engagement process will be reviewed on annual basis, and more often in the case of major developments.

PRINCIPLE 8
Signatories monitor and hold to account managers and/or service providers.

PCPL does not engage external proxy advisors at the present time. Sourced external data and research may be used to support the Firm´s analysts in their work, but it is always subject to their scrutiny to ensure that investment recommendations are based on accurate information.

PRINCIPLE 9
Signatories engage with issuers to maintain or enhance the value of assets.

All PCPL investee companies are monitored by an appropriate analyst or portfolio manager. Regular company meetings with investee companies are an important part of PCPL´s investment philosophy and provide the opportunity to discuss issues that affect corporate value with their senior management. PCPL´s approach to monitoring investee companies forms part of its overall stewardship responsibilities.

The investment team interaction with investee companies´ senior management is intended to form an understanding of a company´s culture, policies and business practices that underpin the improvement and subsequent sustainability of its operating and financial performance. PCPL believes that this interaction provides a deeper understanding of any adverse issues that may arise, their causes as well as management responses to these issues.

PCPL monitors investee companies by attending regular meetings with company management representatives. PCPL typically meets with in excess of 1,000 company management teams each year. Discussions may include, but are not limited to, business strategy, acquisitions and disposals, capital expenditure, capital raisings and financing operations, as well as key governance issues such as shareholder rights and corporate responsibility.

A record of specific stewardship related engagement will be maintained internally and regularly reviewed by the ESG & Stewardship Committee. An annual engagement summary will be made available to institutional clients.

PRINCIPLE 10
Signatories, where necessary, participate in collaborative engagement to influence issuers.

PCPL does not routinely attend investee companies´ General Meetings or file shareholder resolutions, but rather engages on issues of concern directly with the company, as we believe such an approach is better suited to PCPL´s investment methodology and its portfolio of smaller capitalisation Emerging Markets companies. However, in some circumstances, collaboration with other investors may be the most productive way to engage. This could be in situations where independent escalation has not produced a desirable outcome or during times of significant corporate or economic stress.

PCPL may directly work as a partner with other organisations or with other formal or informal groups. In doing so, PCPL has due regard to its Conflicts of Interest and Insider Trading policies at all times.

The decision to collaborate on company-specific matters will be taken on a case-by-case basis. The CIO will have ultimate responsibility for the action taken and may seek input from the firm´s CRO and potentially, the ESG & Stewardship Committee.

PRINCIPLE 11
Signatories, where necessary, escalate stewardship activities to influence issuers.

PCPL invests in companies that are trading substantially below their intrinsic value, that are preferably well managed but more commonly are in the early stages of a process of change surrounding their management and their prospects. The investment team is expected to monitor investments for any developments. From time to time, company-specific issues may arise and it is the responsibility of the relevant analyst or portfolio manager to escalate any concerns to the investment committee. These concerns are reviewed by senior members of the investment team and the CIO, and actions may be undertaken in order to protect or enhance client value.

The potential considerations that determine the escalation of corporate governance concerns are diverse. These may include, but are not limited to, concerns about strategy, capital expenditure, acquisitions or divestments, and any other decision making that is deemed to be value-destructive. In such circumstances, PCPL will review all available information and may seek a meeting with senior management to discuss our concerns. The output of these investigations will form the key input into any action taken by the firm regarding its investment in the company.

PCPL will vote against board recommendations where they are not in accordance with best practices of corporate governance and sustainability. Moreover if the investment team does not agree with the changes being undertaken by the investee company, it will seek a discussion with senior management to discuss its concerns. If the firm is not satisfied with the response of the management after a period of engagement, it will dispose of its investment in the company rather than attempting to enact a change in strategy or prevent the acquisition or disposal of an asset. The firm does not generally intervene jointly with other investors or stakeholders but any such interaction will be considered on its merits on a case-by-case basis.

PRINCIPLE 12
Signatories actively exercise their rights and responsibilities

PCPL maintains a clear policy on proxy voting and disclosure of voting activity which is reviewed on an annual basis by the ESG & Stewardship Committee. For the time being the Firm has decided not to use the services of corporate governance consultants such as ISS. PCPL reserves the right to use such paid-for services in the future if the Firm believes there is sufficient coverage and value added for the Firm´s investment universe.

PCPL´s Compliance team is responsible for coordinating the timely and informed voting of proxies and as an institutional shareholder, PCPL endeavours to ensure voting intentions are executed.

Investment specialists with responsibility for oversight of an investment in a company are involved with formulating responses to significant issues and making voting decisions. PCPL typically undertakes all of its voting decisions by proxy as attending a shareholder meeting to vote in person is impractical given the Emerging Market universe in which the Firm invests. For certain clients PCPL is restricted from carrying out voting where the client has requested that it carry out voting itself. PCPL processes the majority of its voting instructions electronically via a third-party proxy voting agent.

PCPL does not engage in stock lending activities.

The call for greater transparency on voting and engagement matters is recognised. In response, from 2020 onwards, PCPL will publish annual proxy voting summary statistics and rationale on votes against the board or shareholder resolutions.