POLUNIN
CAPITAL PARTNERS

SECURITIES LENDING POLICY

Introduction

Subject to respective fund Board approval, securities lending aims to provide an additional income stream for a fund. This is not without risk, and factors that may affect returns from securities lending are discussed below as well as outlined in the relevant fund´s prospectus. Revenue from securities lending is fully returned to the funds - net of fees (equal to 20% of gross revenue) paid to the lending agent for their services. Polunin Capital Partners Limited ("Polunin") only charges its management fees to the funds and does not receive any additional revenue or compensation related to the funds participating in the lending programme. The revenue received by the funds from securities lending transactions is disclosed in the funds´ financial statements.

Lending Limits

The funds may lend up to 20% of assets under management ("AUM"), subject to investment policies and restrictions disclosed in the funds´ prospectus. In addition, at the time that any securities are lent or proposed to be lent, not more than 50% of the aggregate market holding of securities of that company will be made available for lending, so as to remain on that company´s share register, in order to retain voting rights and engagement access.

Associated Risks

The risks below are not fund-specific. They should be read in conjunction with any specific risks in the relevant fund prospectus.

- **Counterparty Risk: A borrower defaulting on their loan and unable to return the lent securities.**
  Lending agents require collateral to mitigate this risk. There is also a limited indemnity clause that mitigates the counterparty risk in the event of default, subject to certain conditions as detailed in the lending agreements.
- **Collateral Reinvestment Risk: Losing principal value in the market when collateral is reinvested.**
  The reinvestment of cash exposes the fund to various investment risks including interest rate risk, liquidity risk, and credit risk. To reduce this risk, lending agents reinvest the collateral in conservative money market portfolios.
- **Liquidity risk: Settlement of a sold security may be delayed if a borrower is not able to return it in time to the lender because of poor market liquidity.**
  By giving the lending agent sufficient notice of the sale, the fund still receives sale proceeds on settlement date regardless of whether the trade has settled. This ensures that there is little to no impact on the day-to-day trading activities within the fund.

Proxy Voting Recall

As fiduciary, Polunin is committed to maximise sustainable economic returns to beneficiaries, which includes protecting their long-term interests through voting and other stewardship actions which may preclude securities lending from time to time.

Polunin aims to enact a full recall of securities on loan on any proxy voting whenever this is reasonably practicable, which includes restricting lending ahead of AGM seasons where the timing is known. For EGM and short notice voting, recall will be on a best effort basis.

Review and Amendments

The policy is reviewed at least annually and updated as necessary.