

2CG LIMITED

THE UK STEWARDSHIP CODE DISCLOSURE STATEMENT

Under COBS 2.2 of the FSA Handbook, 2CG Limited (the “Firm”) is required to make a public disclosure in relation to its commitment to the UK Stewardship Code (the “Code”), which was published by the Financial Reporting Council (the “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.

The Firm’s investment strategy is determined by its clients. However, in general the strategy is to add value over the medium to longer term through a conviction based investment style. The Firm’s statement of compliance with the seven principles of the Code is set out below:

Policy on discharging stewardship responsibilities

The Firm operates a due diligence process when considering any investment for its clients. This process will include a number of key factors in the establishment of whether an investment is suitable for a client’s portfolio and will include the following:

- Likelihood of offering an acceptable return for the risk undertaken
- Financial and structural soundness
- Competent Management
- Regular Reporting

- Sound business plans
- Compliance with current governance and regulatory requirements

Policy on managing conflicts of interest in relation to stewardship

It is the Firm's policy and duty to act in the best interest of all of its clients. Should a conflict of interest arise, the senior management of the Firm would take appropriate steps to ensure fair treatment of all clients, including disclosure of the conflict to the affected clients, if appropriate. The Firm maintains a conflicts of interest policy and inventory, which is reviewed on a regular basis, to help manage and mitigate its potential conflicts of interest.

Monitoring investee companies and Escalation of activities to protect and enhance shareholder value

After the investment has been made by the client, the Firm will on an on-going basis garner information on the investee company/structure from various market sources as well as directly from the company/structure. This is done firstly to monitor the investment and secondly to enable accurate and meaningful client reporting. Regular meetings with the management of the investee companies/structures are carried out during the period of ownership by the client.

Regular investment meetings are held where possible by the Firm's investment team in order to review all client investments. The Firm through the market data suppliers and the clients' custodians are made aware of all investee company/structure meetings and corporate actions. It is the policy of the Firm to vote at meetings where we feel that the issues are of importance. Thus we will vote against resolutions that we feel over remunerate managers or are bad corporate M+A deals.

Establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value

We do not seek to take legal advice. We do, however, regularly meet management and make our views known which, in a public forum, can be of value.

Acting collectively with other investors

There may be situations where it is appropriate to act collectively with other shareholders in order to more successfully engage with an investee company/structure. This would be considered if a material issue arose and it was in the best interests of the clients to do so.

Policy on voting and disclosure of voting activity

The Firm may challenge the Management of the investee companies/structures and it will normally seek to vote all shares held on behalf of clients. Where there is an unresolved issue with an investee company/structure the Firm will consider an abstention or vote against the relevant resolution. In such a case, the Firm would normally inform the investee company/structure in advance of its intention and the reasons for such an action.

The Firm does not as a matter of course publicly disclose its voting records as it does not consider this adds any further information than that published by the investee company/structure.

Reporting on stewardship and voting activities

The Firm will consult with its clients when it is considering voting against any resolution and formally provides the clients with details of where it has voted against any resolution.

For further details on any of the above information, please contact Christopher Garsten.

5 January 2011