

Blakeney Management's statement on UK Stewardship Code compliance
October 2010

Blakeney Management is an independent partnership, 100% owned by its partners, dedicated to investment in early stage emerging markets. We focus entirely on achieving absolute returns for our clients. Our investment style is consistently that of long-term value investing. We are often the largest, and sometimes only, foreign portfolio investor in many of the markets of we invest in.

We aim to apply core stewardship principles in all markets in which we operate.

Below is a summary of how Blakeney Management implements the UK Stewardship Code as a fund manager.

Principle 1:

Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities

Blakeney Management's investment objective is to find misunderstood and inefficiently valued companies. Doing this successfully requires strong bottom-up research and strong relationships with the management of the companies in which we invest. We rely solely on in-house primary research and constant contact and dialogue with the managements of the companies in which we invest.

No company can be introduced into the portfolio unless Blakeney Management has met with the management at least once. Often Blakeney Management would have met with a company a number of times before its introduction into the portfolio.

We believe that rigorous and long-term orientated analysis of investment opportunities and holdings, proactive exercise of shareholder rights and engagement with boards and management benefit long-term returns to shareholders.

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

In order to ensure that proxies are voted in its clients' best interest and are not affected by conflicts of interest, Blakeney Management will vote client proxies based on a pre-determined voting policy (as set out in the proxy voting guidelines). Any proposal which involves discretion on the part of Blakeney Management will be agreed by the investment manager responsible for the investment in question and be fully documented.

To address any material conflict of interest, Blakeney Management will rely on a policy of independence. If Blakeney Management determines that it is unable to manage a material conflict of interest using a policy of independence, it will decline to act/vote on behalf of its client.

Principle 3:

Institutional investors should monitor their investee companies

Engagement will normally be conducted through regular meeting with company management. Monitoring is periodic. We usually meet with management of the companies in the portfolio at least twice a year in private meetings. Typically it will occur around financial reporting, general meetings and in connection with news and announcements. Between these meetings, we will have a dialogue with management by phone or email.

If we feel we can no longer back the management of an investee company we will sell our holdings.

We prefer not to be made insiders and expect investee companies and their advisers to ensure that information that could affect our ability to deal in the shares of a company is not conveyed to us without our agreement.

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

We employ various mechanisms such as voting and attending shareholder meetings (where appropriate), meeting with management and boards and collaborating with other investors to protect and enhance shareholder value.

The specific escalation mechanism will vary by company and country.

Principle 5:

Institutional investors should be willing to act collectively with other investors where appropriate

Blakeney Management recognises that there may be occasions when it may be better to work with other shareholders to effect change. This may involve sharing views and ideas with other institutional investors or meeting companies jointly with other shareholders.

Principle 6:

Institutional investors should have a clear policy on voting and disclosure on voting policy

It is the policy of Blakeney Management to vote all shares except where there are onerous restrictions. In determining how to vote, Blakeney Management will apply the voting policy set out in its proxy voting policy and procedures, which is available upon request. It is the policy of Blakeney Management in voting proxies to consider and vote each proposal with the objective of maximising long-term investment returns for its clients.

We generally look to support the management of the companies we invest in. However where proposals are not consistent with the interests of shareholders we will vote against resolutions. We do not disclose publicly voting activity – this is available to clients only.

Principle 7:

Institutional investors should report periodically on their stewardship and voting activities

Voting reports are available to clients upon request. Our reporting is customised to client requirement in terms of frequency and format.

Blakeney management intends seeking an audit opinion on its voting activities as part of the report on internal controls - AAF 01/06.

Questions relating to Blakeney Management's stewardship approach and activities can be directed in the first instance to Blakeney Operations Team, E-mail: BlakeneyOps@blakman.com