

Proposed investment policy

Investment Objective:

The Company's investment objective is to achieve capital growth, principally through investment in emerging and frontier equity securities listed or traded on Eastern European, Middle Eastern and African (EMEA) securities markets. The company may also invest in securities in which the majority of underlying assets, revenues and/or profits are, or are expected to be, derived from activities in EMEA but are listed or traded elsewhere (EMEA Universe).

Investment Policy:

The Company intends predominantly to invest in emerging and frontier equity listed or traded on EMEA securities markets or in securities in which the majority of underlying assets, revenues and/or profits are, or are expected to be, derived from activities in EMEA but are listed or traded elsewhere.

To achieve the Company's investment objective, the Company selects investments through a process of bottom-up fundamental analysis, seeking long-term appreciation through investment in mispriced companies.

Where possible, investments will generally be made directly into public listed or traded equity securities including equity-related instruments such as preference shares, convertible securities, options, warrants and other rights to subscribe or acquire equity securities, or rights relating to equity securities. It is intended that the Company will generally be invested in equity securities; however, the Company may invest in bonds or other fixed-income securities, including high risk debt securities. These securities may be below investment grade. The number of investments in the portfolio will normally range between 20 and 65.

The Company may invest in unquoted securities, but the amount of such investment is not expected to be material. The maximum exposure to unquoted securities should be restricted to 5% of the Company's gross assets, at the time of investment, in normal circumstances.

The Company may also invest in other investment funds in order to gain exposure to EMEA countries or gain access to a particular market, or where such a fund represents an attractive investment in its own right. The Company will not invest more than 10% of its gross assets in other UK listed closed-ended investment funds, save that, where such UK listed closed-ended investment funds have themselves published investment policies to invest no more than 15% of their total assets in other listed closed-ended investment funds, the Company will invest not more than 15% of its gross assets in such UK listed closed-ended investment funds.

Whilst there are no specific limits placed on exposure to any one sector or country, the Company seeks to achieve a spread of risk through continual monitoring of the sector and country weightings of the portfolio. The Company's maximum limit for any single investment at the time of purchase is the higher of 15% of gross assets or the weight of the investment in the comparator benchmark plus 5%, with an upper maximum limit of 20% of gross assets (excluding for cash management purposes).

Relative guidelines will be based on the Morgan Stanley Capital International "MSCI" Emerging Markets EMEA Index (net), which will be the index used as the comparator benchmark.

The Company may arrange a loan facility to take advantage of investment opportunities. However, it is intended that the Company would only be geared when the Directors, advised by the Investment Manager, have a high level of confidence that gearing would add significant value to the portfolio. The Investment Manager has discretion to operate with an overall exposure of the portfolio to the market of between 90% and 110%, to include the effect of any derivative positions.

The Company may use derivative instruments for the purpose of efficient portfolio management (which includes hedging) and for any investment purposes that are consistent with the investment objective and policies of the Company.

No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution.

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