

The UK Stewardship Code

City of London Investment Management is a significant long term institutional investor, primarily in closed end funds that trade on stock exchanges around the world. We believe that strong corporate governance makes a vital contribution to the creation and protection of shareholder value in all companies. Our Statement on Corporate Governance and Voting Policy for Closed End Funds, which was first published in 1999, forms the basis of our engagement with the boards of closed end funds. It is regularly updated and the latest edition can be found at

http://www.citlon.com/special_reports/Corp_Governance.pdf .

Our statement is focused on best practice in the governance of closed end funds and we welcome opportunities to meet with board members in order to discuss how to achieve best practice in their funds. Where appropriate we will also set out our position via letter to ensure that it is discussed at a full board meeting. We are very active investors in this way. We will not generally publicise our discussions nor will we proactively seek to act collectively with other investors. We seek constructive discussion because we firmly believe that best practice improves value for all shareholders. Hence we reject the term “activist” which has negative connotations of a hostile stance.

We monitor the governance of all the companies in which we are invested. We regularly meet boards as part of our normal business managing our clients’ assets and keep a record of what is discussed. We always consider how to vote at a general meeting though it is not usually practicable to attend in person.

We expect to achieve our goals through the strength of our arguments but will obviously exercise our votes in accordance with our published policy. We value our right to vote and will only abstain as a result of a conscious decision. Where possible we will give boards notice of our intention to vote against their recommendation, along with an explanation. Our voting record is disclosed to our clients on request. However it is not usually publicly disclosed as we believe this could undermine our constructive intent. For the same reason, generally we will not publicly disclose where our intervention may have contributed to any change.

Independence and transparency are the two key principles that underpin our approach. We do not expect our policy to give rise to any material conflict of interest mainly because we do not manage assets on behalf of closed end funds. We do suggest possible directors to boards but only on the basis that they represent all shareholders, not just City of London’s clients. The implementation of our corporate governance and voting policy is integral to City of London’s investment process and it makes an important contribution to achieving value for our clients. We do not have our voting and engagement processes audited as we believe that they are best judged by our performance.

For further information please contact:

Simon Westlake

Simon.Westlake@citlon.co.uk

+44 (0) 20 77111552

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