Corporate Governance Statement

The Company is a member of the Association of Investment Companies and has adopted the AIC Code of Corporate Governance issued in July 2016 ("the AIC Code") which sets out the framework of best practice in respect of the governance of investment companies.

The Board has considered the principles and provisions of the AIC Code which addresses the principles and provisions set out in the UK Corporate Governance Code, as well as setting out additional provisions on issues that are of specific relevance to the Company. The Board considers that reporting against the AIC Code which has been endorsed by the Financial Reporting Council provides better information to shareholders.

The Board considers that for the year under review the Directors, Board and Company have complied with the recommendations of the AIC Code insofar as they apply to the Company's business with the exception of the below:

- The Company has chosen not to appoint a Senior Independent Director as the Board considers that this would be unnecessarily burdensome. Shareholders may contact the Chairman of the Audit Committee if they have any concerns which they do not feel able to raise with the Chairman.

The table below outlines the Company's compliance with the principles of the AIC Code:

	AIC Code Principle	**How the principles are applied**
	THE BOARD	
1	*The chairman should be independent.*	David Potter was appointed to the Board in March 2002 and appointed as Chairman in March 2015. As stated in the Company's annual report and accounts, his appointment was prior to the Company's reincarnation with a new investment philosophy, a new investment manager, new shareholders and a new name in 2015. The Board is of the view that he continues to be independent in character, judgement and free from relationships or circumstances that could affect his judgement within the meaning of the AIC Code.
2	*A majority of the board should be independent of the manager.*	As at 31 March 2019, the Board comprised of three independent non-executive Directors and a non-executive Chairman all of whom are independent of the Investment Manager.

3	*Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance.*	Directors are required to stand for election by shareholders at the first AGM following their appointment to the Board and at every AGM thereafter in accordance with corporate governance best practice. The Board reviews the performance of Directors annually as part of the board effectiveness review and where appropriate shall recommend to shareholders the re-election of those standing.
4	*The board should have a policy on tenure, which is disclosed in the annual report.*	The Board is aware of the AIC Code provisions relating to tenure but has decided against imposing term limits on the appointment of the Non-Executive Directors subject to continued satisfactory performance.
5	*There should be full disclosure of information about the board.*	The Directors' biographies are set out on page 17 of the Annual Report.
6	*The board should aim to have a balance of skills, experience, length of service and knowledge of the company.*	The Board considers the skills, experience, knowledge and length of service of the Directors to be appropriate. This will be reviewed annually as part of the board effectiveness review.
7	*The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.*	The Board has formalised a process to conduct a regular evaluation of its performance, that of individual Directors and its Audit Committee on an annual basis. This process is led by the Chairman (supported by the Company Secretary). The results of the evaluation are reviewed by the Board as a whole.
8	*Director remuneration should reflect their duties, responsibilities and the value of their time spent.*	The Directors' Remuneration review is provided on page 22 of the Annual Report. The level of remuneration has been set in order to attract individuals of a calibre appropriate to the future development of the Company and reflects the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs.

9	*The independent directors should take the lead in the appointment of new directors and the process should be disclosed in the annual report*	Given the size of the Board, the Directors do not consider it appropriate to establish a nomination committee. The functions that would normally be carried out by these committees are dealt with by the full Board. Further information on the process taken to appoint new directors is contained on page 19 of the annual report.
10	*Directors should be offered relevant training and induction.*	On appointment, all new Directors are offered a structured induction programme including a meeting with the Chair, the Investment Manager and other relevant persons. The Company Secretary and Investment Manager regularly provide the Board with relevant statutory, regulatory and corporate governance updates relating to the sector in which the Company operates. Changes affecting Directors' responsibilities are advised to the Board as they arise.
11	*The chairman (and the board) should be brought into the process of structuring a new launch at an early stage.*	Principle 11 applies to the launch of new investment companies and is therefore not applicable to the Company.
	BOARD MEETINGS AND THE RELATIONSHIP WITH THE MANAGER	
12	*Boards and managers should operate in a supportive, co-operative and open environment*	At each Board meeting, representatives from the Investment Manager attend to present verbal and written reports covering the Company's portfolio and investment performance over the period. Communication between the Board and the Investment Manager and other service providers is maintained between formal meetings. The Board and Manager work in a collaborative manner and the Chairman encourages open discussion and debate.
13	*The primary focus at regular board meetings should be a review of investment performance and associated matters such as gearing, asset allocation, marketing/investor relations, peer group information and industry issues.*	The Board holds quarterly Board meetings where it considers investment performance, investor relations, share price performance and other relevant matters. Regular discussions are held with the Manager and its advisers about the discount to net asset value at which the shares trade and how this might be reduced.

14	*Boards should give sufficient attention to overall strategy.*	The Board is responsible for determining the strategic direction of the Company and regularly discusses the Company's strategy, its relevance to the market and shareholders as a whole at each Board meeting. Further information on the Company's strategy can be found on page 2 of the Company's annual report.
15	*The board should regularly review both the performance of, and contractual arrangements with, the manager.*	The Board assesses the continuing appointment of the manager on an ongoing basis and formally reviews the performance and activities of the Investment Manager annually in conjunction with the terms of the Investment Management Agreement and contractual arrangements.
16	*The board should agree policies with the manager covering key operational issues.*	The Board has delegated operational activities to the Manager under the terms of the Investment Management Agreement. As mentioned above, the terms of the Investment Management Agreement are reviewed by the Board from time to time and at least on an annual basis.
17	*Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.*	The NAV and share price along with the level of discount and/or premium are considered at every Board meeting and are monitored by the Investment Manager on a daily basis. Where it is deemed appropriate the Board has the authority to undertake share buy backs.
18	*The board should monitor and evaluate other service providers.*	The Board reviews the full schedule of service providers at least annually including the level and structure of fees payable and the length of the notice period, to ensure that the providers remain competitive and the arrangements are in the best interests of shareholders.
SHAREHOLDER COMMUNICATION		

19	*The board should regularly monitor the shareholder profile of the company and put in place a system for canvassing shareholder views and for communicating the board's views to shareholders.*	The Board receives a shareholder analysis at every Board meeting. Feedback from shareholder meetings are reviewed and discussed at Board meetings to ensure that the Board as a whole have a clear understanding of shareholder views. The AGM provides a further opportunity to communicate with shareholders who attend and for the Board to respond to their questions at the meeting.
20	*The board should normally take responsibility for, and have a direct involvement in, the content of communications regarding major corporate issues even if the manager is asked to act as spokesman.*	The Board considers all major shareholder communications and is kept abreast of other communications managed by the Manager.
21	*The board should ensure that shareholders are provided with sufficient information for them to understand the risk:reward balance to which they are exposed by holding the shares.*	The Board is committed to ensuring there is open and effective communication with the Company's shareholders and communicates with its shareholders in a number of ways including: the Annual and Half-Yearly Reports, regulatory announcements and through its website. Monthly updates and quarterly factsheets are available on the Company's website in addition to information about the Company, its investment policy and performance to allow shareholders to fully understand the risk/reward balance of holding shares in the Company.

The Company is aware that the AIC has issued a revised Code of Corporate Governance in February 2019 and the Company will be required to fully report against this code in next year's Annual Report and Accounts.

Approved 18 June 2019