

CORPORATE GOVERNANCE STATEMENT

Compliance

The board of Martin Currie Asia Unconstrained Trust has considered the principles and recommendations of the AIC Code of Corporate Governance (AIC code) by reference to the AIC Corporate Governance Guide for investment companies (AIC guide). The AIC code, as explained by the AIC guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to Martin Currie Asia Unconstrained.

The board considers that reporting against the principles and recommendations of the AIC code, and by reference to the AIC guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

Throughout the year under review, the company has complied with all of the recommendations of the AIC code and, except as set out below, the relevant provisions of the UK Corporate Governance Code:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC guide, and as explained in the UK Corporate Governance Code, the board considers these provisions not relevant to the position of Martin Currie Asia Unconstrained Trust, being an externally managed investment company. The company has therefore not reported further in respect of these provisions.

The principles of the AIC code

The AIC Code is made up of 21 principles detailed below:

The Board

AIC code principle	Company compliance
1 The chairman should be independent.	Mr Wells was appointed as chairman on 10 July 2014 and has served on the board since 2003. The other members of the board, who have reviewed the matter in his absence, consider that Mr Wells remains independent of the investment manager. An evaluation of the performance of the chairman, including an assessment of his ongoing independence, is carried out annually, led by the senior independent director, Mr Shenkman. However, due to Mr Well's length of tenure he stands for annual re-election.
2 A majority of the board should be independent of the manager.	The board consists of five directors, three of whom have served on the board for nine years or more. The board subscribes to the view expressed within the AIC code that long-serving directors should not be prevented from forming part of an independent majority. It does not consider that a director's tenure necessarily reduces their ability to act independently and, following formal performance evaluations, believes that each director is independent in character and judgement and there are no relationships or circumstances which are likely to affect the judgement of any director. Mr Wells, Mr Edwards and Mr Shenkman have each served for nine years or more and will stand for annual re-election at the 2018 AGM.
3 Directors should be elected for a fixed term of no more than three years. Nomination for re-election should not be assumed but be based on disclosed procedures.	Directors are initially appointed until the following AGM when, under the company's Articles of Association, it is required that they be elected by shareholders. Thereafter, a director's appointment will run for a term of three years. Subject to the performance evaluation carried out each year, the board will agree whether it is appropriate for the director to seek an additional term.
4 The board should have a policy on tenure, which is disclosed in the annual report.	The terms and conditions of directors' appointments are set out in formal letters of appointment, copies of which are available for inspection on request at the company's registered office and at the AGM.
5 There should be full disclosure of information about the board.	Biographies of each director can be found on the website and in the 2018 annual report and accounts.
6 The board should aim to have a balance of skills, experience, and length of service.	A review of board composition and balance is included as part of the annual performance evaluation of the board as disclosed in the 2018 annual report and accounts. The skills and experience of each director are detailed in their biographies.

The Board

AIC code principle

Company compliance

7 The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.	The chairman leads the evaluation of the board and individual directors, and the senior independent director leads the evaluation of the chairman's performance. The board as a whole evaluates its own performance and that of its committees. Each director's independence is considered during the annual evaluation process. The evaluation process involves each director feeding back their views on board performance along with suggestions for improvement to the chairman. Detailed questionnaires are used as a template to facilitate evaluation.
8 Director remuneration should reflect their duties, responsibilities and the value of their time spent.	The board's policy is that the remuneration of directors should reflect the experience of the board as a whole, be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have similar investment objectives. Further details can be found in the directors' remuneration report in the 2018 annual report and accounts.
9 The independent directors should take the lead in the appointment of new directors and the process should be disclosed in the annual report.	The board plans for its own succession, with the assistance of the nominations committee. This process ordinarily involves the identification of the need for a new appointment, and the preparation of a brief including a description of the role and specification of the capabilities required. The nominations committee seeks assistance in identifying suitable candidates from specialist recruitment consultants, the board's own contacts and its professional advisers as is appropriate for the particular appointment.
10 Directors should be offered relevant training and induction.	The investment manager and company secretary provide all directors with induction training on appointment tailored to the needs of individual appointees. The induction programme includes one-on-one meetings with representatives of Martin Currie. Upon appointment, each director is provided with a summary of the responsibilities and duties of directors, together with relevant background information on the company. Thereafter, regular briefings are provided on changes in regulatory requirements that affect the company and directors. Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trusts. Board meetings regularly include agenda items on recent developments in governance and industry issues. Training requirements are discussed between the chairman and each individual director during the annual performance appraisal.

Board meetings and relations with the manager

AIC code principle

Company compliance

11 The chairman (and the board) should be brought into the process of structuring a new launch at an early stage.	Not applicable
12 Boards and managers should operate in a supportive, co-operative and open environment.	The board meets at least four times per year, and there is also regular communication on matters as they arise. Martin Currie representatives attend all of the board meetings and certain committee meetings, except when the competence or suitability of Martin Currie as investment manager or secretary is discussed.
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.	<p>The board has a schedule of matters specifically reserved to it for decision. These include the approval of budgets, investment and performance objectives and policies, the approval of the company's financial statements and published reports, the appointment of directors, investment managers and company secretary, the approval of borrowings by the company (gearing), any investments over a certain threshold and all investments into collective funds managed by Martin Currie.</p> <p>Prior to each meeting, directors are provided with a comprehensive set of papers giving detailed information on the company's transactions, financial position and performance. Martin Currie ensures that all directors have timely access to all relevant management, financial and regulatory information.</p>
14 Boards should give sufficient attention to overall strategy.	The board gives sufficient attention to the overall strategy of the company at every board meeting. A specific meeting dealing solely with the strategy of the company is held annually in February.

Board meetings and relations with the manager

AIC code principle	Company compliance
15 The board should regularly review both the performance of, and contractual arrangements with, the manager (or executives of a self managed company).	The alternative investment fund manager agreement and the secretarial agreement were entered into after full and proper consideration by the board of the quality and cost of services offered including the financial control systems in operation in so far as they relate to the affairs of the company, and each contract is monitored on an annual basis by the management engagement committee. Further monitoring of the investment manager is detailed in the 2018 annual report and accounts.
16 The board should agree policies with the manager covering key operational issues.	The board has agreed detailed investment guidelines with the investment manager and takes the opportunity to review them at every board meeting. Furthermore the board monitors policies in relation to share repurchasing, cash management, compliance with the UK stewardship code and voting policies.
17 Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.	The board continually monitors the discount of the company and will, where deemed appropriate, take action to address imbalances in the supply and demand for the company's shares.

Shareholder communications

AIC code principle	Company compliance
18 The board should monitor and evaluate other service providers.	The management engagement committee meets to review the continuing appointment of the investment manager, and evaluations other service providers. It reviews the terms of the investment management agreement, to ensure that it remains competitive and in the best interests of shareholders. Martin Currie also carries out annual reviews of other contracted parties and reports the results of these reviews to the board through a twice-yearly internal control report.
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 view to shareholders.	<p>The board regularly monitors the shareholder profile of the company. All shareholders have the opportunity, and are encouraged, to attend the company's AGM at which the directors and representatives of the investment manager are available in person to meet shareholders and answer their questions. In addition, the investment manager gives a presentation reviewing the company's performance and answers questions from shareholders as necessary.</p> <p>The directors also meet, from time to time, with major shareholders, and Martin Currie, and it's parent company Legg Mason, provides a dedicated client services team which maintains regular contact with the company's shareholders and reports regularly to the board.</p> <p>The directors may be contacted through the company secretary whose details are shown on the back page of the annual report and accounts.</p> <p>Shareholders and potential investors may obtain up-to-date information on the company through the company's website www.martincurrieasia.com.</p>
20 The board should normally take responsibility for, and have direct involvement in, the content of communications regarding major corporate issues even if the manager is asked to act as spokesman.	The board regularly reviews the marketing strategy of the company and any communication with its shareholders. The board receives a full marketing report and presentation at every board meeting.
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.	<p>The company places great importance on communication with shareholders. It aims to provide shareholders with a full understanding of the company's activities and performance. It reports formally to shareholders twice a year by way of the annual report and the half-yearly report. The company's website is regularly updated and contains latest market pricing and monthly updates on performance.</p> <p>This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the company's shares in addition to other regulatory news.</p>