



ABERFORTH PARTNERS LLP

REMUNERATION DISCLOSURE for the financial year ending 30 April 2022

Background and scope

Aberforth Partners LLP (Aberforth) is authorised and regulated by the Financial Conduct Authority (FCA). It has a wholly owned subsidiary, Aberforth Unit Trust Managers Limited (AUTM) which acts as the manager of an FCA regulated UCITS Fund. All staff are employed by Aberforth, and they provide services to all of our clients and to AUTM.

Aberforth has been appointed as the Alternative Investment Fund Manager (AIFM) for its investment trust clients and, as a Collective Portfolio Management Investment firm, Aberforth is subject to the FCA's MIFIDPRU regulations and the requirements of the MIFIDPRU Remuneration Code. This document has been produced to satisfy the requirements of the MIFIDPRU and the AIFMD Remuneration Codes. The UCITS Remuneration Code does not apply to Aberforth Partners LLP as it is not a UCITS firm. However, the requirements of that Code have been considered in relation to AUTM and are deemed to be satisfied by Aberforth's compliance with the AIFMD Remuneration Code.

Given the firm's size, internal organisation, and the nature, the scope and the complexity of its activities, it is deemed to be a Small Non-Interconnected ('SNI') firm for MIFIDPRU and a Level Three Firm for AIFM purposes. This means that the firm is required to comply with requirements in a way that is proportionate and that it is not required to apply some of the more prescriptive rules, e.g. deferral and retained shares.

At Aberforth, the remuneration structure adopted by the firm reflects the existing control framework that is at the heart of the business. In particular it is intended to:-

- promote sound and effective risk management and does not encourage excessive risk taking;
- align the interests of all staff with the long term interests of clients and the firm;
- include measures to avoid conflicts of interest;
- encourages responsible business conduct; and
- offer remuneration and award incentives which are reasonable and competitive in the industry.

Consideration of these factors is embedded into practice through the firm's Compliance manual and Enterprise Risk Management framework with regular monitoring by the independent Risk & Compliance function.

AIFM Code Staff

The requirements of the AIFM remuneration code and disclosures (subject to proportionality) apply to those persons in the firm whose professional activities have a material impact on its risk profile (known under AIFMD as 'Code Staff'). Code staff includes senior management, risk takers, staff engaged in control functions and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the Firm's risk profile. At Aberforth, Code Staff comprise all the individuals who carry out the Firm's Controlled Functions. As at 30 April 2022, there were 9 Code Staff involved in providing AIFMD activities. The aggregate amount of remuneration payable to Code Staff for the financial year was £7.3 million.

Remuneration Policy

The business is owned by six partners (one partner retired during the year), each of whom has committed a sum of permanent capital to the business in the form of Eligible LLP Members' Capital. In return, partners are entitled to a share of business profits (if any) proportionate to their respective capital invested. Profitability is wholly variable and is largely dependent on the ability of the firm to retain existing, and attract new, clients through the generation of superior long term performance and the delivery of a high level of client service, rather than through the pursuit of unduly risky, short term strategies that ultimately do not address the long term needs of the firm's clients. Accordingly, the firm's structure helps to align the interests of the firm, its owners and its clients. In addition, partners are significant investors themselves in Aberforth managed funds, which further aligns these interests.

The remuneration of the 16 permanent staff is provided by a package where there is a linkage between the efforts and performance of the individual working in a team, and the performance of the firm. The total amount of remuneration (including directly relevant payroll taxes) paid by the firm to its partners and staff for the financial year was £8.6 million. The remuneration package offered to all individual members of staff comprises a fixed component (basic salary) and a variable component (bonus opportunity based on basic salary). Bonus is discretionary (determined at the sole discretion of the partners) and not payable if it impacts the firm's permanent capital. The level of bonus reflects both the firm's profitability and the performance of the individual concerned. Non-financial factors considered include contribution knowledge and learning, diversity and inclusion, adherence to the firm's expected values and behaviours and the firm's Environmental Social & Governance strategy.

To ensure appropriate balance between fixed and variable remuneration the variable bonus opportunity is restricted to a maximum opportunity and can be zero. The Risk and Compliance control function's bonus pool is not directly linked to business performance to support their independence. The firm believes that this remuneration structure enables it to attract and retain staff with the skills, knowledge and expertise required by the business whilst, at the same time, reflecting the practices that are consistent with and promote effective risk management. Negative behaviours or reported errors/breaches will adversely impact an individual's remuneration prospects and could lead to disciplinary action and, ultimately, termination of employment. The various elements of staff remuneration are considered at least annually by the Operations Committee with any proposed changes being subject to assessment and agreement at a Partners' Meeting. For the current year ending 30 April 2022, fixed remuneration paid to staff amounted to £1.3m and variable remuneration to £0.5m.

The firm has not established a remuneration committee on the basis that this would be disproportionate for such a small, owner managed business that has no external investors or stakeholders and deals with the remuneration of its partners and staff as described above. Nevertheless, the Firm's remuneration arrangements are formally considered on an annual basis by the ultimate executive decision making forum at the Firm, the Partners' Meeting. This forum comprises all of the Partners and focuses on issues which are fundamental to business strategy and risk, which includes ensuring that the Firm's remuneration policy complies with the FCA Remuneration Codes.

Aberforth Partners LLP

14 Melville Street

Edinburgh EH3 7NS

June 2022