



ABERFORTH PARTNERS LLP

REMUNERATION DISCLOSURE for the financial year ending 30 April 2021

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 is subject to the Capital Requirements Directive and so is required to comply with the requirements of the BIPRU Remuneration Code. Following implementation of the Alternative Investment Fund Managers Directive (AIFMD) in 2014, Aberforth has been appointed as the Alternative Investment Fund Manager for its investment trust clients. This document has been produced to satisfy the requirements of the AIFMD Remuneration Code and the disclosures required under that Code.

A further Remuneration Code was introduced by the UCITS Directive on 18 March 2016. That Code does not apply to Aberforth Partners LLP as it is not a UCITS firm. However, the requirements of that Code are deemed to be satisfied by the firm'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 Level Three Firm. This means that the firm is required to comply with Code 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;
- offer remuneration and award incentives which are reasonable and competitive in the industry.

Code Staff

The requirements of the Codes and disclosures (subject to proportionality) apply to those persons in the firm whose professional activities have a material impact on its risk profile (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 2021, there were 10 Code Staff involved in providing AIFMD activities.

Remuneration Policy

The business is owned by seven partners, each of whom has committed a sum of 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 staff is provided by a package where there is a linkage between the efforts of the individual working in a team, and the performance of the firm. The remuneration package offered to individual members of staff comprises a fixed component (basic salary) and a variable component (bonus opportunity). Bonus is discretionary (determined at the sole discretion of the partners). The level of bonus reflects both the firm's profitability and the performance of the individual concerned. 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 agreement at a Partners' Meeting. 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. The total amount of remuneration paid by the firm to its partners and staff for the financial year was £8.6 million. The aggregate amount of remuneration payable to Code Staff for the financial year was £7.5 million.

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