

Asset Value Investors Limited
Remuneration Disclosure
March 2018

Remuneration

Asset Value Investors Limited (the “Firm”) has implemented a remuneration policy (the “Remuneration Policy”) in line with the provisions of Article 13 of the Directive 2011/61/EC on Alternative Investment Fund Managers (“AIFMD”), in particular Annex II, and of the European Securities and Markets Authority’s (“ESMA’s”) “Guidelines on sound remuneration policies under the AIFMD” (“the “ESMA Guidelines”). The Remuneration Policy is designed to inter-alia ensure that any relevant conflicts of interest can be managed appropriately at all times. The Firm acts as AIFM to British Empire Trust plc (the “Fund”). The Firm’s Remuneration Policy applies to all alternative investment funds (“AIFs”, as defined under AIFMD) for which the Firm acts as AIFM. The disclosures in this report are made in respect of the Firm’s Remuneration Policy and how it applies to the Fund. The disclosures are made in accordance with AIFMD, the European Commission Delegated Regulation supplementing the AIFMD and the ESMA Guidelines.

The AIFM’s Board of Directors (the “Board”) recognise the important role played by sound risk management in protecting its stakeholders. Alongside the Firm’s Remuneration Policy, the Alternative Investment Fund Manager’s remuneration framework aligns the risk taking behaviour of its employees and officers with the AIFM’s risk appetite.

The Alternative Investment Fund Manager’s remuneration framework is designed to ensure that it is able to attract, retain and motivate highly qualified staff in order to produce long-term value creation for the investors of the funds it manages. The Firm, as AIFM, oversees the compliance of the Alternative Investment Fund Manager’s remuneration framework with the requirements of the AIFMD.

The total amount of remuneration paid by the Firm to its staff members in respect of the financial year ended 30 September 2017 is shown below:

Description	Number of Beneficiaries	Total Remuneration (£)	Fixed Remuneration (£)	Variable Remuneration (£)
Remuneration paid to all employees	13	2,423,315	1,267,325	1,155,990
Apportioned remuneration of senior management in relation to the Fund	4	1,495,990	635,000	860,990
Apportioned remuneration of risk takers in relation to the Fund	2	1,190,990	415,000	775,990

The Firm’s Remuneration Policy

The FCA expects firms to apply the Principles in a manner that is proportionate to the size, nature and complexity of a firm’s business. With respect to the Remuneration Code, the Firm considers itself a low risk firm (previously classified as a “Category 3 firm” per the BIPRU Remuneration Code (SYSC 19C)) where the risk appetite and profile of the client are consistent with the Firm.

It is primarily the responsibility of the Firm to assess its own characteristics and to develop and implement remuneration policies and practices that appropriately align with the risks faced and provide adequate and effective incentives to its staff.

The Firm has identified the staff members who are covered by the Remuneration Code ("Code Staff") as those who have a material impact on the risk profile of the Firm or AIFs managed by the Firm. This generally includes senior management, risk takers, those holding control functions and any staff member whose total remuneration takes them into the same remuneration bracket as senior management. With respect to each performance period, the Firm assessed which staff are Code Staff, and this is documented in the Remuneration Policy.

The policy is designed to ensure that the Alternative Investment Fund Manager has sound remuneration practices that are designed to increase investor protections and avoid conflicts of interest that may lead to excessive risk taking. This policy is intended to align the interest of the Alternative Investment Fund Manager with the Fund.

The Firm's performance related remuneration is based on the assessment of the individual's performance and competence in his/her role within the business during a defined period.

The Alternative Investment Fund Manager's Code Staff receive both fixed compensation in the form of a salary and variable compensation in the form of a discretionary bonus. The discretionary annual bonus is not based on any specific investment performance-related metric that would result in taking any undue investment risks.

Variable Remuneration

Variable remuneration is an important tool to incentivise staff. It also gives the Alternative Investment Fund Manager (and therefore the Fund) flexibility such that, in years in which the Alternative Investment Fund Manager performs poorly, variable remuneration may be reduced or eliminated. In some circumstances, however, variable remuneration, if inappropriately structured, can lead to excessive risk taking as employees may be incentivised to keep taking risk to maintain or increase their variable remuneration.

In deciding the mix between fixed and variable remuneration, the Alternative Investment Fund Manager is conscious of the need to ensure that the fixed element of pay for staff is adequate to compensate them for the professional services they have rendered, taking into account the expertise and skills required as well as the degree of seniority.

The ratio of variable pay to fixed pay for Code Staff is considered appropriate but will be kept under review on a periodic basis.

The variable portion of each employee's compensation is determined by the managing members of the Alternative Investment Fund Manager.