

**Alternative Investment Fund Managers Directive (AIFMD)
Remuneration Disclosure AIF Annual Report and Accounts
Aberdeen New Dawn Investment Trust Plc**

Remuneration Policy

Please note, Aberdeen Asset Management PLC and Standard Life PLC merged on 14 August 2017. Existing remuneration policies remain in place for the remainder of the reporting period.

The AIFM, Aberdeen Fund Managers Limited is authorised and regulated in the United Kingdom by the Financial Conduct Authority (“FCA”) and is a wholly owned subsidiary of Aberdeen Asset Management plc (Aberdeen).

The Remuneration Committee of Aberdeen Asset Management plc adopted an AIFM Remuneration Policy to ensure that the requirements of the Alternative Investment Fund Managers Directive (AIFMD) are fully adhered to by the Group. This policy applies to Aberdeen Fund Managers Limited and the Alternative Investment Funds (AIFs) it manages.

Aberdeen believes that rewarding staff for their contribution is key to recruiting and retaining a talented workforce.

Remuneration Philosophy

Aberdeen’s Group Remuneration Policy reflects the Group’s remuneration philosophy and has been designed to:

- Align the interests of staff with the sustained long-term interests of the AIFM, the AIFs, the business, shareholders, and other stakeholders;
- Focus on performance-related pay, at both a corporate and an individual level, tempered by an emphasis on ensuring that performance is not achieved by taking risks which fall outside Aberdeen’s and the AIFM and its AIF’s risk appetite;
- Promote sound risk management and discourage risk taking that exceeds Aberdeen’s level of tolerated risk, having regard to the investment profiles of the AIFM and its AIFs;
- Incorporate measures to avoid conflicts of interest; and
- Offer fixed remuneration and award incentives which are reasonable and competitive within the asset management sector.

Application

Remuneration covered by the AIFMD Directive shall apply to all fixed and variable components of remuneration, including salaries and discretionary payments.

The AIFMD remuneration principles apply to:

- any benefit of any type paid by the AIFM;
- any amount paid directly by the AIF itself, including carried interest, for the benefit of AIFMD Remuneration Identified Staff; and
- any transfer of units or shares of the AIF made for the benefit of AIFMD Remuneration Identified Staff.

Remuneration Governance

The Aberdeen Asset Management plc Board of Directors established a Remuneration Committee that operate on a group-wide basis and now continues under Standard Life Aberdeen plc Board of Directors. The Remuneration Committee is responsible for:

- Approving the Remuneration Policy;

- Approving the remuneration packages of Senior executives;
- Determining the size of any annual variable pay pool;
- Approving the design of Incentive plans;
- Considering the recruitment and redundancy of certain employees.

The Remuneration Committee consists of five individuals, all of whom are independent non-executive directors of both Standard Life Aberdeen plc's and Aberdeen Asset Management plc's Boards. The Remuneration Committee receives independent external advice from specialist remuneration consultants and operates under formal terms of reference, which are reviewed annually. The current composition of the Remuneration Committee and its terms of reference are available on request.

The Remuneration Committee meets on a regular basis to consider remuneration matters across the Group, (including at the AIFM). It receives appropriate input from the Chief Risk Officer (and group-wide PLC Board Risk and Capital Committee) to enable it to take into account the risk profile of Aberdeen, the AIFM and its AIFs when making decisions on remuneration.

The Group Remuneration Policy and its implementation is reviewed independently by the Chief Risk Officer on at least an annual basis to ensure that it is aligned with sound risk management.

The AIFM, in its supervisory function, adopts and periodically reviews the general principles of the AIFMD Remuneration Policy Statement and is responsible for its implementation, ensures that this statement is in line with local regulatory requirements, and does not promote excessive risk taking in light of the risk profiles of the AIFs under management.

The implementation of the AIFMD Remuneration Policy Statement is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the AIFM in its supervisory function.

Financial and non-financial criteria

Variable remuneration is based on a rounded assessment of Group, Divisional and individual performance. When assessing individual performance, financial as well as non-financial criteria are taken into account.

Individual performance is based on the individual's appraisal, which includes an employee's compliance with controls and applicable company standards including the Group's Code of Ethics, including Treating Customers Fairly and Conduct Risk.

Conflicts of interest

The Group's remuneration policies and processes contain a number of measures to avoid conflicts of interest.

- Compensation proposals are made by "Compensation Managers" who are usually Department Heads. No employee may determine their own remuneration. The Compensation Managers make proposals in accordance with guidelines which are set out in annual Compensation Manager Guidance approved by the Remuneration Committee.
- Employees engaged in control functions (e.g. Risk and Internal Audit) have functional line management structures outside of the business units they oversee, thus ensuring independence. Variable remuneration for control function employees is determined on the achievement of meeting their own functional objectives as set in their appraisal. The Group Remuneration Committee signs off the remuneration of senior staff, including those in the risk in control functions.
- Personal hedging strategies which may undermine the risk alignment of variable remuneration are not permissible (e.g. entering into an arrangement with a third party under which payments will be

linked to the person's remuneration or deferred consideration). The Group has very strict Personal Account dealing policies which prohibit dealing on a personal basis or by any connected party without prior consent from Compliance.

Determination of Remuneration and Benefits

As described above, the Company, acting through the Remuneration Committee determines remuneration under the Group Remuneration Policy and governance structure. Under this group-wide policy, remuneration and benefits are determined on the following basis:

<i>Base salary</i>	Base salaries are reviewed annually, taking account of market salary levels, Group performance, individual performance, changes in responsibility and levels of increase for the broader employee population.
<i>Benefits</i>	The Group currently provides a range of fringe benefits to its employees, as appropriate in local markets, such as: medical insurance; disability insurance; life insurance; paid holiday; and international medical benefits assistance where appropriate.
<i>Pension</i>	Employer contributions are made to defined contribution pension arrangements or equivalent cash allowances are paid, subject to normal practice in the relevant country. (Legacy defined benefit plans from corporate acquisitions are closed to all future accrual at the earliest reasonable opportunity.) No discretionary pension benefits are paid.
<i>Variable Pay</i>	<p>Aberdeen's aggregate variable pay pool, in which all staff participate, is approved by the Remuneration Committee each year. The aggregate pool is normally capped at no more than 25% of pre-bonus operating profit, unless exceptional circumstances justify a higher cap.</p> <p>The pool is based on a range of key performance indicators (KPIs) linked to Aberdeen's strategy, which provides a rounded assessment of Aberdeen's performance. The Remuneration Committee reviews the KPIs each year, to ensure that they continue to reflect the priorities of the business.</p> <p>Aberdeen does not pay individual awards calculated on the basis of annual revenues. Instead proposals are discretionary and based on a number of factors including multi-year performance and non-financial metrics, such as teamwork along with compliance and risk awareness.</p> <p>A significant proportion of an individual's annual variable pay may be deferred into shares or other similar instruments which are correctly aligned with the nature of the risks of the AIFs in question.</p>
<i>Carried interest or similar arrangements</i>	In a small number of instances, Aberdeen may agree limited carried interest or similar arrangements which effectively link a proportion of staff pay to performance of a particular Fund. This is almost always done at the request of clients invested in the fund, to ensure alignment of interests, and is subject to specific review to ensure that any such arrangement does not encourage inappropriate risk taking.

Clawback/Malus

A clawback/malus principle applies to the variable pay plan. This enables the Remuneration Committee to seek to recoup the deferred amount of any unvested variable pay, in the exceptional event of misstatement or misleading representation of performance; a significant failure of risk management and control; or serious misconduct by an individual.

Guaranteed Variable Remuneration

Guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year of engagement.

AIFMD Identified Staff

Staff considered AIFMD Identified Staff are those categories of staff whose professional activities have a material impact on the risk profiles of the AIFM or the AIFs that the AIFM manages.

AIFMD identified staff will include:-

- 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, and whose professional activities have a material impact on the risk profiles of the Company or the Funds that the Company manages.

Control Functions

Employees engaged in control functions, (e.g. Risk, Compliance and Internal Audit) have functional line management structures outside of the business units they oversee, thus ensuring independence. The Internal Audit function evaluates the finance risk, control framework, business strategy and operating models independently and therefore the Global Head of Asset Management Audit reports to the Group Internal Audit Director, who reports directly to the Audit Committee Chairman. The Audit Committee Chairman approves the Group Internal Audit Director's remuneration and appraisal. The Group Internal Audit Director, in turn, approves the Global Head of Internal Audit's remuneration and appraisal. The Chief Risk Officer has a reporting line to the Risk Committee. The Group Remuneration Committee signs-off on entire review including senior staff, risk management and compliance functions (i.e. those in control functions). AIFMD Identified Staff (which includes control staff) are subject to the Group Remuneration Policy, elements of which may be revised, to be compliant with AIFMD. Control functions variable compensation is determined on the achievement of meeting their own functional objectives as set in their appraisal.

Personal Hedging

AIFMD Identified Staff are not permitted to undermine the risk alignment effects of the AIFMD Remuneration Code. Personal hedging strategies; or remuneration-related insurance; or liability-related insurance is not permissible on remuneration.

AIFMD Remuneration Policy

The Aberdeen AIFMD Remuneration Policy is available on request.

Employee remuneration disclosure

The table below provides an overview of the following:

- Aggregate total remuneration paid by Aberdeen Fund Managers Limited to its entire staff; and
- Aggregate total remuneration paid by Aberdeen Fund Managers Limited to its 'Identified Staff'

The 'Identified Staff' of Aberdeen Fund Managers Limited are those employees who are considered could have a material impact on the risk profile of Aberdeen Fund Managers Limited or the AIFs it manages (including Aberdeen New Dawn Investment Trust Plc). This broadly includes senior management, risk takers and control functions. For the purposes of this disclosure, 'Identified Staff' includes employees of entities to which activities have been delegated.

Amounts shown reflect payments made during the financial reporting period in question.

The reporting period runs from **01/10/16 to 30/09/17** inclusive.

Aberdeen New Dawn Investment Trust Plc Reporting period: 01/10/16 – 30/09/17	Headcount	Total Remuneration £'000	AIF or UCITS proportion £'000 ⁴
Aberdeen Fund Managers Limited staff ¹	113	18,436	446
of which			
Fixed remuneration		13,234	320
Variable remuneration		5,202	126
Carried Interest		NIL	
Aberdeen Fund Managers Limited 'Identified Staff' ²	120	4,698	114
of which			
Senior Management ³	21	1,196	29
Other 'Identified Staff'	99	3,502	85

- 1 As there are a number of individuals indirectly and directly employed by Aberdeen Fund Managers Limited this figure represents an apportioned amount of the Group's total remuneration costs for fixed and variable pay, apportioned to the relevant AIF on an AUM basis, plus any carried interest paid by the AIF. The Headcount figure provided reflects the number of beneficiaries calculated on a Full Time Equivalent basis.
- 2 The Identified Staff disclosure represents total compensation of those staff of the AIFM who are fully or partly involved in the activities of the AIFM, apportioned to the estimated time relevant to the AIFM based on their time in role during the reporting period and the AIFM's proportion of the Group's total AUM. Across the 'Identified Staff', the average percentage of AUM allocation per individual based on work undertaken for Aberdeen Fund Managers Limited as an AIFM was 8.31%.
- 3 Senior management are defined in this table as AIFM Directors and members of the Aberdeen Asset Management plc Board, together with its Executive Committee, Asset Management Committee, Investment Management Committee and Group Product Development Committee.
- 4 This figure represents an apportioned amount of the total remuneration of the 'Identified staff' attributable to the AIF allocated on an AUM basis.