

Pillar 3 Remuneration Code Disclosures

Absolute Fund Managers LLP (“the Firm”) is authorised and regulated by the Financial Services Authority (“FSA”) and its Firm Registration Number (FRN) is 492833. The Firm is therefore subject to the FSA rules on remuneration. The FSA’s Remuneration Code (“the Code”) applies to an individual’s total remuneration, both fixed and variable. The Firm’s policy is designed to ensure that it complies with the Code and therefore that its compensation arrangements:

- (i) are consistent with and promote sound and effective risk management;
- (ii) do not encourage excessive risk taking;
- (iii) include measures to avoid conflicts of interest; and
- (iv) are in line with the Firm’s business strategy, objectives, values and long-term interests.

Proportionality

The Firm falls within the FSA’s fourth proportionality tier and as such this disclosure is made in line with the requirements for a Proportionality Tier 4 firm.

Location

The firm’s Pillar 3 Disclosure will be published on the Firm’s website.

Application of the requirements

The Firm is required to disclose certain information on at least an annual basis regarding its remuneration policy and practices for those staff whose professional activities have a material impact on the risk profile of the firm. This disclosure is made in accordance with the Firm’s size, internal organisation and the nature, scope and complexity of its activities.

1. Summary of information on the decision-making process:
 - (a) The firm’s policy has been agreed by Senior Management in accordance with the Code’s principles.
 - (b) Due to the size, nature and complexity of the firm, there is no requirement for the Firm to appoint an independent remuneration committee.
 - (c) The Firm’s policy will be reviewed as part of an annual process or following a significant change to the business requiring an update to its internal capital adequacy assessment.
 - (d) The firm’s ability to pay bonuses is based on the performance of the firm overall and is based on the firm’s actual results for the year in question adjusted for any need to retain resources to meet regulatory capital requirements or for business development.
2. Summary of how the firm links between pay and performance:

Individuals are rewarded on an assessment based on their contribution to the overall strategy and achievement of the business taking into account factors including, where appropriate:

 - a. investment management and trading;
 - b. operations;
 - c. client interaction including business development; and
 - d. overall performance, reliability and effectiveness.
3. Aggregate remuneration of Code staff:

The aggregate remuneration of those members of staff identified as Code Staff was £16,000 in the year end September 2011. This includes both fixed and variable elements of remuneration, but excludes profit shares awarded to such individuals in respect of their partnership shares as owners of the business.