

Alliance Trust AGM and Voting Recommendations - ATSAG Update 10

Investors in Alliance Trust should now have had a chance to read the Annual Report. We commented on the financial results reported therein in a previous note. This note covers other information provided in the Annual Report and gives some voting recommendations (we already indicated in the previous note that we supported reappointment of the existing board directors so only the other resolutions are covered herein).

There are two votes to consider on Remuneration - Resolutions 2 and 3. The first of those is an advisory vote on the Remuneration Report (pages 36 onwards of the Annual Report) and effectively asks for your approval of the remuneration of directors last year. We suggest you should vote against that Resolution because we consider the amounts paid to be excessive. For example, the former CEO Katherine Garrett-Cox is reported to have received a "single figure of total remuneration" of £1,435,000 last year which was an increase over the prior year. Alan Trotter, another executive director, received £634,000 and even the amounts paid to the Chairman and other non-executive directors are high in comparison with other similar investment trusts. Both Katherine Garrett-Cox and Alan Trotter will also receive very substantial sums following their redundancy as detailed on page 36 and although these are contractual obligations of the company it emphasises the generosity of the contracts under which they were engaged.

The second vote on Remuneration is on Remuneration Policy and this is a binding vote on the company. The Policy proposed is given on pages 34 onwards of the Annual Report. It is the typical rather bland Remuneration Policy proposed by investment trusts in that it merely suggests that remuneration should be "set at a reasonable level commensurate with the duties and responsibilities of each director...". The directors may take a different view of what is reasonable to that of shareholders in the company. We suggest that the Policy should be much more specific in nature.

In addition although the overall fees for directors will fall substantially following the departure of Garrett-Cox and Trotter, and the fees of most of the non-executive directors are the same as last year, these fees are still above the norm. In addition a new role of "Deputy Chairman" has been adopted with a pay of £80,000 per annum which is unusual for an investment trust. We therefore suggest that you might wish to vote against the Remuneration Policy.

As regards the other Resolutions on the agenda for the AGM, the only other one we would highlight is Resolution 14 which is the proposal to allow General Meetings at less than 14 days notice. Bearing in mind that many investors (even institutional investors) have difficulty in getting their votes in on time for short notice meetings we consider that the 21 days otherwise mandated under Company Law is more appropriate and ShareSoc generally opposes such resolutions. We therefore recommend voting against that resolution.

Please do vote on all the resolutions whether you intend to attend the Annual General Meeting or not in Dundee on the 6th May. YOUR VOTE DOES COUNT! If you have any difficulties in submitting a vote (for example, if you hold your shares in a nominee account) please call 020-8295-0378 for advice.

ATSAG representatives will be present at that AGM.

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