

Investment Trusts

Non-Executive Director fee review to March 2023

Introduction

Welcome to the Ellason NED fee review for FTSE-listed Investment Trusts

This report captures the fees paid to Non-Executive Directors (NEDs) at around 195 Investment Trusts included in the FTSE All-Share Index for financial years ending between 1 April 2022 and 31 March 2023.

Please email us if you would like a tailored benchmarking report. Our database allows us to refine benchmarks to reflect size, domicile, geographic focus and role time commitment.

Do not hesitate to share this report with colleagues, and/or contact the Ellason team if you have any questions on this report or have any other remuneration matters you would like to discuss.

The full Ellason library includes pay trends reports for the FTSE100, FTSE250, FTSE SmallCap and FTSE AIM100, as well as guides for companies approaching an IPO. Copies of all of our reports are available to download for free on our website.

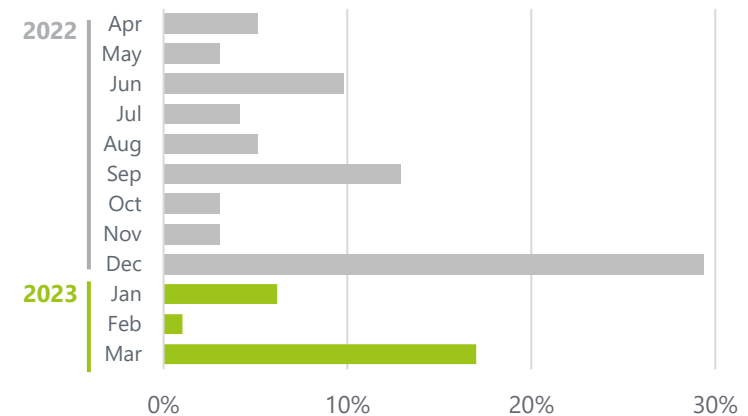
Email us: info@ellasonllp.com

FTSE All-Share Investment Trusts:

Market capitalisation	
75 th percentile	£936m
Median	£434m
25 th percentile	£221m

Domicile	(Source: Bloomberg)
United Kingdom	78.9%
Channel Islands	20.1%
Other	1.0%

Financial year end, % Investment Trusts



Board Chair fee

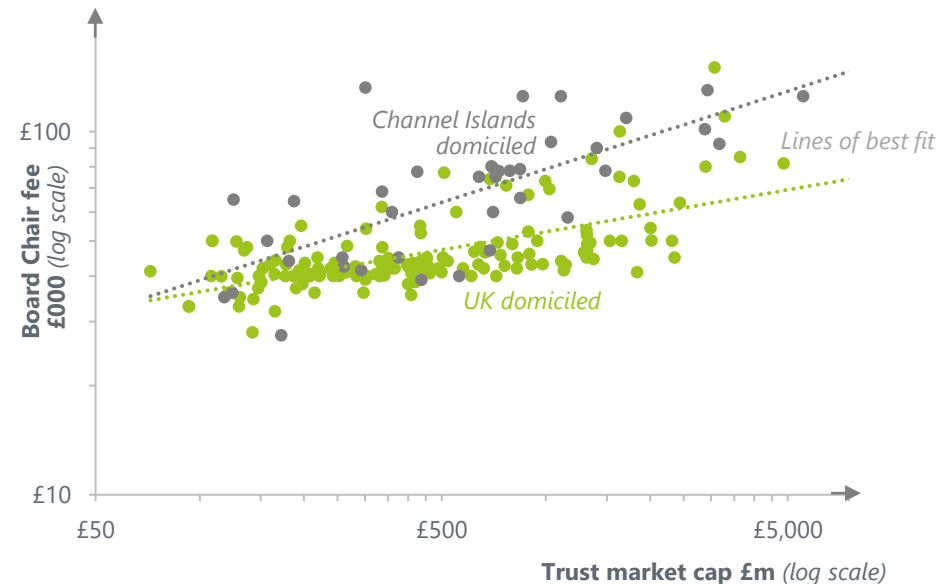
Board Chair fee	All Trusts			By Domicile	
	All	Above £500m market cap	Below £500m market cap	All UK	All Channel Islands
75 th percentile	£57.3k	£77.9k	£44.9k	£49.9k	£87.6k
Median	£44.5k	£53.0k	£42.0k	£43.1k	£71.7k
25 th percentile	£40.7k	£45.0k	£40.0k	£40.4k	£45.5k

The median Board Chair fee across all FTSE All-Share Investment Trusts is £44.5k (2022: £43k). Fee levels exhibit a degree of correlation with both market cap and country of domicile (see right).

Around 80% of Trusts have increased the Board Chair's fee for their forthcoming financial year, a similar proportion to last year. Most Trusts appear to review their Board Chair fees each year (with a minority conducting either biennial or irregular reviews), albeit with just over half making a change each year over the longer term.

The median increase (excluding zeroes) this year was 5.1%, which is in line with increases in each of the last couple of years.

Board Chair fee, relationship with market cap



Audit Committee Chair fee

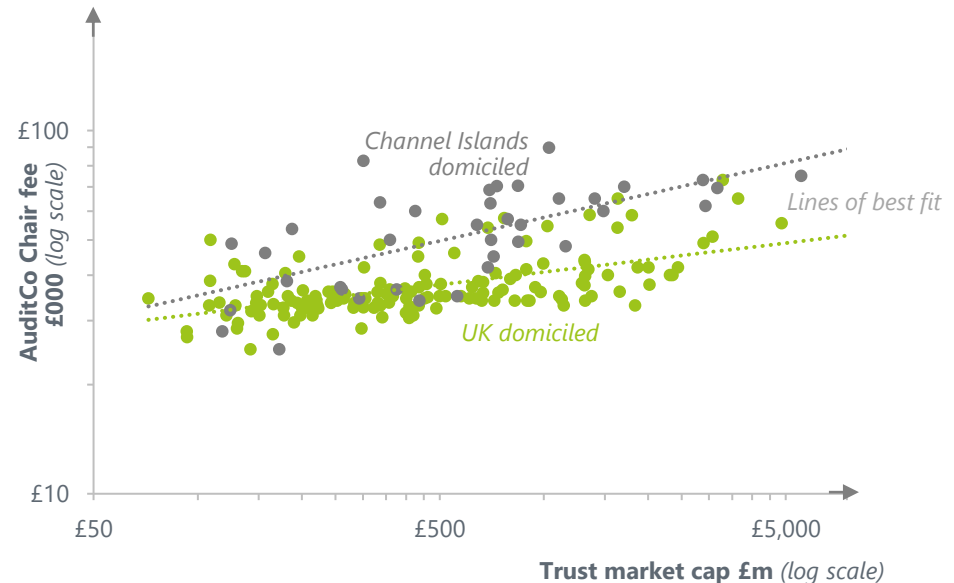
Audit Committee Chair fee					
	All Trusts			By Domicile	
	All	Above £500m market cap	Below £500m market cap	All UK	All Channel Islands
75 th percentile	£45.0k	£56.5k	£36.9k	£40.0k	£65.0k
Median	£36.1k	£42.0k	£34.5k	£35.0k	£54.3k
25 th percentile	£33.7k	£36.2k	£32.5k	£33.4k	£39.4k

The median Audit Committee Chair fee across all FTSE All-Share Investment Trusts is £36.1k (2022: £34.0k), with a similar correlation with both market cap and country of domicile across the sample as seen with the Board Chair fee.

Typically the second highest paid Non-Executive Director, the Audit Committee Chair role now attracts a premium to the NED base fee at c.99% of Trusts (up from just over 90% a few years ago). Where paid, the premium to the base NED fee is typically of the order of 15-25% (median: 19%, same as last year).

As with the Board Chair fee, around 80% of Trusts have increased the Audit Committee Chair's fee for their forthcoming financial year. The median increase (excluding zeroes) this year was 5.1%, broadly in line with last year.

Audit Committee Chair fee, relationship with market cap



NED base fee

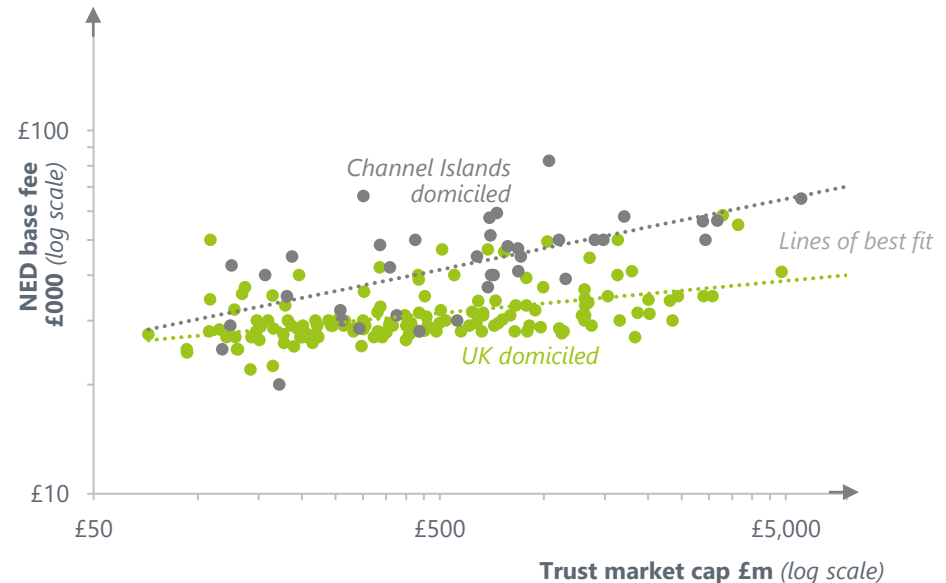
NED base fee	All Trusts			By Domicile	
	All	Above £500m market cap	Below £500m market cap	All UK	All Channel Islands
75 th percentile	£38.4k	£45.7k	£31.3k	£33.8k	£50.0k
Median	£30.0k	£34.5k	£29.0k	£29.5k	£45.0k
25 th percentile	£28.2k	£30.1k	£27.5k	£28.0k	£35.5k

The median NED base fee across all FTSE All-Share Investment Trusts is £30.0k (2022: £29.0k).

As with fee rates for other roles, around 80% of Trusts have increased the NED base fee for their forthcoming financial year, a similar proportion to those increasing last year but higher than in 2021 (one-third) and 2018-2020 (around half).

The median increase (excluding zeroes) this year was 5.3%, higher than in each of the last three years (5.0%, 4.3%, 4.0% respectively)

NED base fee, relationship with market cap



Other fees

Other NED fees								
	SID	Audit Committee Member	Nominations Committee		Risk Committee		Management Engagement Committee	
			Chair	Member	Chair	Member	Chair	Member
75 th percentile	£4.0k						£5.0k	
Median	£3.0k	£5.0k	£4.0k	£3.0k	£6.0k	-	£3.0k	£2.0k
25 th percentile	£2.0k						£3.0k	
<i>% Trusts paying</i>	<i>41%</i>	<i>5%</i>	<i>8%</i>	<i>2%</i>	<i>5%</i>	<i>-</i>	<i>13%</i>	<i>1%</i>

Additional fees for other Non-Executive roles at Investment Trusts remain relatively limited.

Just over 40% of Trusts pay an additional fee for serving as Senior Independent Director (SID) – similar to last year - with a median premium for this role of £3.0k. Where a SID fee is paid, the premium to the base NED fee is typically of the order of 5-10% (median: 8%).

The next most prevalent additional fee is for acting as Chair of the Management Engagement Committee, with around 1 in 8 Trusts (up from 10% last year) paying extra for this role (£3.0k median, 7% premium to NED base fee).

A small number of Trusts pay additional fees for acting as Chair of either the Nominations or the Risk Committee. Membership fees for these committees is uncommon, as are any fees for chairing or serving on a Remuneration Committee (all <5%).

Number of meetings

Number of <i>regular/scheduled</i> meetings						
	Board Committees					
	Board	Audit	Nominations	Remuneration	Risk	Management Engagement
75 th percentile	6	3	2	1	4	1
Median	5	3	1	1	3	1
25 th percentile	4	2	1	1	2	1
% with Committee	100%	100%	83%	28%	5%	77%
<i>Committee combined with:</i>						
Audit Committee			-	-	27%	5%
Nominations Committee		-		26%	-	-
Mgmt. Engagement Committee		-	-	4%	-	

The majority of scheduled time serving as Non-Executive Director of an Investment Trust is spent on Board and Audit Committee meetings.

Standalone Management Engagement and Nominations Committees are fairly common, albeit with an average of only 1 meeting for each per year.

Just over a quarter of Trusts have a standalone Remuneration Committee, with such matters often combined with the Nominations Committee agenda, or undertaken by the Board as a whole. Similarly, separate Risk Committees remain uncommon, with responsibilities usually covered by the remit of the Audit Committee.

About Ellason

Ellason provides independent advice and support on all aspects of executive remuneration to Remuneration Committees and senior HR professionals.

Whilst Ellason is a new brand in the remuneration committee advisory market, its founders together have over 65 years' experience in advising companies on executive pay strategy, and its client base includes a large number of listed and private companies. Ellason's aim is to become the leading and most trusted advisor to Remuneration Committees, and to do so through a primary focus on the requirements of the Chair and members of the remuneration committee.

Our guiding principle is that advice on remuneration matters should be strategic as well as pragmatic, and always supported by objective and independent analysis.

Our aim is to help companies develop senior executive pay structures which suit the economics of each company. Our starting point is to identify the ideal solution, and then partner with our clients to refine this to ensure that it appropriately balances the perspectives of internal and external stakeholders.

Please do not hesitate contact us if you have any questions relating to this survey or other remuneration-related query.