Remuneration report

Statement

We present the Remuneration Report for the year ended 31 December 2013 which reflects the new regulations governing directors' remuneration.

The report is divided into two parts:

- A Policy Report which sets out clearly how reward supports our business strategy;
- An Implementation Report, which explains in detail how we have applied the policy in 2013.

The key drivers underpinning our reward strategy are:

- Payment for performance against specific measurable targets
- 50% deferral of annual bonus for 3 years
- Alignment of interests with the shareholder through the long-term incentive plan

You will see that there have been no significant changes to our approach to Executive pay and this year's report continues our previous pattern of open and transparent reporting on pay.

Throughout the year, we have regularly engaged with our shareholders over Executive pay and participated actively in industry groups and with regulators to ensure that we deliver a clear and comprehensive report to our shareholders.

I hope you are able to support the resolutions on remuneration submitted for approval at the Annual General Meeting.

Alastair Kerr
Chair, Remuneration Committee

"Rewards for Executives need to be aligned to creation of shareholder value."

Key area of focus	Decision taken
Executive Directors' remuneration	The Committee considered the awards to be made to the Chief Executive and Chief Financial Officer based on their performance against their agreed objectives and agreed the awards made as explained in more detail on pages 63 to 67. The Committee also considered the salary and other benefits which the Executive Directors receive and decisions were taken having received advice on the levels of pay for peer comparators from the Committee's external remuneration advisers. The basic salary of the Chief Executive Officer will increase by 2.3% and an increase of 2.2% for the Chief Financial Officer base salary will be effective from 1st April 2014. This is the first increase in three years and can be compared with an average 3% increase applied elsewhere in the Company.
Other Executive remuneration	The Committee considered recommendations made for the Remuneration Code staff and other senior managers and, after debate and changes, approved awards to those individuals. The Committee also considered and approved the performance conditions attaching to the LTIP arrangement and the individuals who would be granted awards under that arrangement.
AESOP award	The Committee considered the proposed award and approved the rationale adopted for the award.
Long-Term Incentive arrangements	The Committee considered the level of vesting to be applied under the rules of the LTIP and agreed the award. During the year we reviewed the structure of the current LTIP in light of recent regulatory changes. We are not proposing any changes in 2014 but will continue to keep the plan under review as regulation and best practice develops.
Objectives	The Committee discussed and agreed objectives for the Chief Executive and Chief Financial Officer for the year.
Remuneration disclosures	The Committee considered the disclosures that are required to be made under the FCA's Remuneration Code and the list of the individuals that might fall to be included under that requirement and also under the future AIFMD disclosure requirements. After amendment by the Committee, a revised list was used to complete the required disclosures.

Directors' Remuneration Policy Report

In this section, we explain:

- our remuneration policy and how this policy supports our business strategy
- the performance conditions set within our short and long-term incentive arrangements

Our remuneration policy is unchanged from previous years and it will take effect from the 2014 AGM. It is anticipated that this will be in force for three years, although we will closely monitor regulatory changes and market trends and we may seek shareholder approval for a revised policy within this period.

Commitments made which were consistent with the approved remuneration policy in force before the passing of any new Remuneration Policy may be honoured notwithstanding that they would not otherwise be consistent with the policy prevailing when the commitment is fulfilled.

The Committee reserves the right to make an 'emergency' payment outside this policy in exceptional and unforeseen circumstances. The Committee would only use this right where it believes that this is in the best interests of the Company, and when it would be disproportionate to seek specific approval from a general meeting. Any such payments will be fully disclosed on a timely basis.

We may continue to honour commitments made to Directors either before the date of approval of this policy or, in the future, commitments made to employees before their appointment to the Board.

Remuneration strategy

Our aim is to achieve returns for our shareholders that, over the long term, are higher than those available from our peer group. The key to achieving this is our people.

Our remuneration strategy is designed to help us recruit the best talent and retain and motivate them to deliver our long-term business strategy. The driving principle behind our reward strategy is to link the delivery of strong performance closely to pay outcomes, thereby aligning the interests of directors and employees with those of shareholders and clients. The remuneration packages of Executives will be structured in such a way as to promote sound and effective risk management within the Company's risk appetite.

Executive Directors

	Purpose	Operation	Change in year
Base Salary	To help recruit, retain and motivate high performing employees. Reflects individual experience, role and importance of the individual to the business as a whole.	Reviewed annually with levels set to reflect individual responsibilities, level of experience and performance outturns. A market benchmarking exercise will be undertaken each year to ensure that salaries remain around the median of the market level, for roles of similar size and complexity.	We changed the annual review date from 1 January to 1 April in 2013. Salary increases were not back-dated.
Benefits	To help recruit and retain employees. To provide market competitive benefits which add a level of protection and preventative care for our people.	Benefits currently received by directors include: • Paid holidays • Life insurance • Travel insurance • Private health insurance • Permanent health insurance • Subsistence allowance • Car allowance • Subscriptions to professional bodies or other relevant organisations	Car allowances will be discontinued in 2014 and incorporated into basic salary. This decision was taken in order to simplify the benefit package.
Short term Incentives	To encourage and reward delivery of the company's strategic goals and to align the interests of directors closely with interests of shareholders and clients. Variable compensation constitutes a significant proportion of the total compensation award to ensure the company remains able to flex its cost base and react to market circumstances.	For Executive Directors, individual awards are currently assessed at least 50% against Corporate KPIs and no more than 50% against a set of business objectives linked to the Company strategy. Individual awards are determined by a rigorous assessment of achievement against defined objectives, and are reviewed and approved by the Committee. Executive Directors are required to defer at least 50% of any cash bonus into the LTIP.	No change

Opportunity	Performance measures and reasons for selection
Salaries are reviewed annually and increases are effective from 1 April. It is our intention to target salaries around the market median of similar sized businesses. Any increases will consider UK Retail Prices Index and market conditions and will typically be in line with increases offered to our wider population of employees. Any increases will be based upon performance in role and level of responsibilities and experience of the individual concerned. Year on year increases are unlikely to be more than twice the rate of increase in the RPI.	Not applicable
The Company provides a range of market benchmarked benefits. The costs of these benefits may change year on year due to external insurance costs. Should we recruit a Director from overseas, flexibility will be retained to provide benefits which would typically have been provided in their country of origin. These may include school fees, and relocation costs.	Not applicable
For the financial year 2014 the annual bonus is capped at 150% but the Committee have discretion to increase the maximum to 200% in future years.	In 2014 the performance measures are: 50% of Annual Bonus based on • NAV Total Return (% change in NAV against a peer group over one year) • Total Shareholder Return (% change in TSR against a peer group over one year) • Delivery of progressive dividend growth • Prudent management of Company costs These targets have been selected as they are the key financial metrics which determine value creation for our shareholders. 50% of Annual Bonus based on individual business targets set for each Director. The Committee has chosen to direct the performance of Executive Directors through key strategic and leadership targets which they believe will drive the success of the company strategy over the long term. These business and strategic objectives will change year on year. The Committee can set different performance measures and/or targets provided that, in the opinion of the Committee, the proposed changes are not significant. If changes are contemplated, the Committee will consider whether it is appropriate to consult with the Company's main shareholders.

Executive Directors

	Purpose	Operation	Change in year
Long-term Incentives	To drive the execution of our long-term strategy through close alignment of performance criteria. Incentivises long-term value creation. Aligns the interests of the Executive Directors with those of the shareholders. Promotes long-term investment by Directors and creates a higher level of retention as a result.	There are two categories of award which can be made under the LTIP. Matching Awards: these entitle the participant to receive shares at nil cost with the number of shares being calculated with reference to the amount of deferred bonus which is used to purchase shares in the Company and which are deposited in the plan. At least 50% of the annual bonus must be deferred. Deferred bonuses held in company stock attract dividend payments, if payable. Performance Awards: these are based on a multiple of salary, and subject to the same long-term performance measure as the matching awards.	No change
Malus and Clawback Policy	To ensure that reward structures do not encourage excessive risk taking.	This enables the Committee to recover awards in the exceptional event of: misstatement or misleading representation of performance; a significant failure of risk management and control; or serious misconduct of an individual.	The Committee will introduce a clawback mechanism in 2014, which will enable previously vested awards to be recovered where deemed necessary.
AESOP	To align interest of all employees to the success of the business. To encourage all employees to build long term savings in a tax efficient way.	HMRC approved All Employee Share Ownership Plan. All employees can receive shares dependent upon the performance of the business in each year and can elect to purchase up to the HMRC limit of partnership shares from pre-tax income each tax year.	From May 2013 the Company has matched the purchase of shares up to £20 per month to encourage greater employee share ownership.
Pension	To offer market competitive pension benefits and retain key employees over the long term.	Directors receive a cash payment instead of a pension contribution.	No change

Opportunity

Performance measures and reasons for selection

The maximum that can be received in a matching award is twice the number of shares that could be purchased with the gross value of the annual bonus at the time of the award.

The maximum number of shares which can be awarded in a performance award is calculated on twice the annual salary of the participant at the date of the award.

This is based on a combination of two separate performance measures – one relating to growth in NAV and another to TSR – each of which will determine the extent to which 50% of an award vests. Under these conditions, the TSR and NAV growth of the Company will be measured over a period of three consecutive financial years (commencing with the financial year in which the award in question is granted) and then compared to the corresponding performance of each company in a comparator group comprised of AIC global investment trusts.

At the end of this period, two separate ranking tables will be produced – one for the “TSR element” of the award and another for the “NAV element” with Alliance Trust’s position in each table determining the extent to which the relevant part of the award vests as follows:

TSR/NAV Performance against Peer Group
% of share awards that vest

Below Median	0
Median	25
Between Median and Top Quartile	25-100
Top Quartile	100

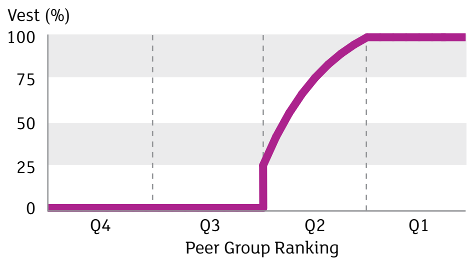
These targets have been selected as they are the key financial metrics which determine value creation for our shareholders.

The Committee can make minor changes to the performance condition. Any significant change will require shareholder approval.

The LTIP is measured on a smoothed basis i.e. using a rolling 30 day average at the start and end of the performance period. This reduces the impact of short term volatility.

Vesting between median and upper quartile is based on a vesting curve. We have chosen a vesting curve to align the interests of LTIP participants to Alliance Trust’s traditional low risk investment philosophy and to reflect our belief that performance which consistently falls between median and upper quartile will, over time, translate into long-term upper quartile performance.

LTIP awards (from 2011 onwards)



A clawback principle applies to short and long-term incentives and applies to both unvested awards and awards which have vested within the past 3 years.

The malus and clawback policy can be applied:

If it is discovered that:

- the Company materially misstated its results for the last whole financial year comprised in the applicable performance period; or
- a material error was made in assessing the relevant performance conditions,

and, in either case, the Committee considers that this resulted in a higher number of shares vesting than would otherwise have been the case.

If it is discovered that, prior to the vesting date of the award, the participant committed an act which was unknown to the Committee on that date but which, if it had been known, could have resulted in dismissal for gross misconduct.

Based on the HMRC limits. Maximum value of free shares that can be awarded: currently £3,000, from 6 April 2014 £3,600.

Our employees can purchase partnership shares up to a maximum of currently £1,500, from 6 April 2014 £1,800 and the Company currently matches up to £20 per month but could increase matching up to HMRC limits in future.

The award is determined by the Committee based on overall corporate performance.

This measure has been selected as the most appropriate having regard to the application of this award to all employees within the group.

The Committee can set different performance measures and/or targets provided that, in the opinion of the Committee, the proposed changes are not significant.

A maximum of 25% of salary can be awarded in lieu of pension contribution.

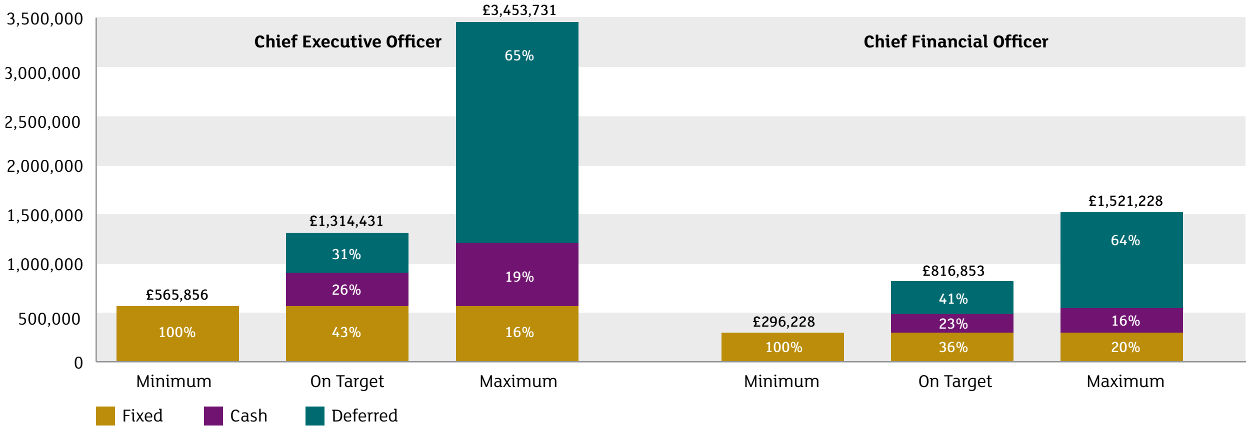
Not Applicable

Executive Directors

	Purpose	Operation	Opportunity
Recruitment and promotion	To secure the highest performing talent from the industry and/or from internal succession plans. This policy would also cover situations whereby the Chair or another Non-Executive Director steps into an Executive role on a temporary basis.	We would not expect any new director to receive a salary, car allowance, pension allowance or holiday entitlement more than 50% higher than the current maximum payments which could be received by the previous role holder.	Variable Pay: New directors will participate in short-term and long-term incentive plans with the same maximum opportunities as existing directors. For internal promotions, the Committee reserves the right to satisfy pre-existing executive incentive awards and other obligations which may be in place at the time of appointment. Benefits: We would not normally expect to provide any benefits at any different level of provision than those set out in the policy table currently received by the Directors. Should it be appropriate to recruit a director from overseas, flexibility is retained to provide benefits that take account of those typically provided in their country of residence or to provide additional benefits such as a relocation allowance or tax equalisation. Remuneration for new appointments will be set in accordance with the policy table. Where appropriate,the Remuneration Committee may offer additional remuneration, such as shares or cash-based awards, to replace remuneration the individual has given up in order to be able to join the Company. The Committee will endeavour to offer such payments in the form of long-term incentives to ensure alignment with shareholders and retention of key employees.
Share ownership	To align the interests of Executive Directors with shareholders.	Executive Directors are required to build up the equivalent of 150% of salary in Alliance Trust PLC shares and it is expected that this would be reached within five years. Only shares without performance conditions are included. Executive Directors are required to retain half of post tax shares vesting under the LTIP until the guideline is met.	The Committee has increased the share ownership guideline from 100% to 150% in 2014.

Illustration of the application of the Remuneration Policy

The charts below illustrates the remuneration opportunity provided to each Executive Director at different levels of performance for the coming year.



In developing the above scenarios, the following assumptions have been made:

Minimum	On-target	Maximum
Includes only payments to which the Director is contractually entitled including salary, allowances and benefits.	This is based on what a Director could receive if performance was in line with targets: • Annual bonuses pay out at 50% of the maximum for on-target performance. • Long-term incentive plan performance at target would see approximately 33% of the award vesting.	100% of the Annual bonus. 100% vesting of Long-Term Incentive Awards assuming maximum matching awards.

Payments on loss of office

Executive Directors' Service Contracts

	Date of contract	Notice from the Company	Notice to the Company	Provision of compensation
Katherine Garrett-Cox	20/04/07	Twelve months	Six months	Loss of office up to one year's salary, pension allowance and benefits
Alan Trotter	01/02/10	Twelve months	Six months	Loss of office up to one year's salary, pension allowance and benefits

The Executive Directors have service contracts which may be terminated on twelve months' notice from the Company or six months' notice from the Director. The contracts contain specific mitigation provisions should their contracts be terminated. The mitigation provisions are structured to provide monthly payments, during the notice period, against which any income received during the period is offset. The monthly payment would be based on current salary, pension allowance and benefits. Service contracts do not contain a default normal retirement age. A Director's service contract may be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, on the occurrence of certain events such as gross misconduct.

Any share-based entitlements granted to an Executive Director under the Group's share plans will be determined based on the relevant plan rules. The default position is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, injury or disability, redundancy, retirement or other circumstances at the discretion of the Committee (taking into account the individual's performance and the reasons for their departure) 'good leaver' status can be applied but individuals will wait until normal date of vesting and awards will normally be pro-rated for length of service.

The rules of the Company's Long-Term Incentive Plan contain a change of control clause, which crystallises the share awards, subject to pro-rating of awards within the three year cycle based on days worked and to the participant giving up their entitlement for replacement shares in any new company.

External directorships

The Company has a policy of permitting its Executive Directors to hold one paid external directorship in another company where this does not conflict with their duties to the Company. Katherine Garrett-Cox became a member of the Supervisory Board of Deutsche Bank AG in 2011 for which an annual fee is payable and is retained by the Director. In 2013 she received fees of €66,000 in respect of the previous year.

Non-Executive Directors

Each Non-Executive Director's appointment is governed by written terms which are available for inspection at the Company's registered office and are also available at the Annual General Meeting. Non-Executive Directors are appointed subject to annual re-election at the Company's AGM and their appointment may be terminated at any time by notice given by three quarters of the other Directors.

Fees payable to Non-Executive Directors are set out in the table opposite.

Consideration of shareholder views

We maintain a regular dialogue with our shareholders on all aspects of performance and governance, including remuneration issues.

Consultation with our employees

The Company regularly seeks the views of its employees and specifically targets feedback on reward structures and whether pay outcomes are fair and reasonable given the level of responsibilities and contributions made throughout the year. Feedback from our people is an important measure of success in our reward strategy.

Our people are also shareholders in our business, as we activily encourage share ownership, through our AESOP scheme and partnership shares, which are matched in part by the Company. We fundamentally believe that encouraging share ownership not only gives our people a voice, as shareholders of the business, but it aligns the interests of our people with our external shareholders.

External advisers

The Remuneration Committee receives independent advice from Towers Watson and New Bridge Street consultants. Towers Watson and New Bridge Street abide by the Remuneration Consultants' Code of Conduct, which requires them to provide objective and impartial advice. Towers Watson and New Bridge Street were appointed by the Committee and they do not provide other services to the Group. Total fees charged by Towers Watson for the year were £84,000 and New Bridge Street £62,000.

Non-Executive Directors

	Purpose	Operation	Opportunity
Directors' fees	Help recruit and retain Non-Executive Directors.	Reviewed periodically with levels set with regard to responsibilities and market movement. The Company takes advice from independent consultants who advise on fees and issues of comparability between the Company and other similarly sized companies, and companies operating in the same sector, to ensure that the Non-Executive Directors and Chair are remunerated at a level which reflects the time commitment and responsibilities of the role. The Remuneration Committee determines the Chair's fee The Board (excluding the Non-Executive Directors who take no part in the process) determines the Non-Executive Directors' fees.	The current basic Non-Executive Director's fee is £35,000. The Articles of Association set a maximum of £224,000 on fees payable to directors. Note this does not include salary payments to Executive Directors, the Chair's fee or fees paid for serving on or chairing Committees, or for other additional responsibilities.
Additional fees	Reflects individual experience and role.	Reviewed annually with levels set with regard to responsibilities and market movement. The Company takes advice from independent consultants who advise on fees and issues of comparability between the Company and other similarly sized companies, and companies operating in the same sector, to ensure that the Non-Executive Directors and Chair are remunerated at a level which reflects the time commitment and responsibilities of the role. The Remuneration Committee determines the Chair's fee. The Board (excluding the Non-Executive Directors who take no part in the process) determines the Non-Executive Directors' fees.	In 2014 fees are paid for service on committees as follows: • Membership of Audit Committee £3,000 • Membership of Remuneration Committee £3,000 • Membership of Board Risk Committee £3,000 • Chair of Remuneration Committee £7,500 • Chair of Audit Committee £11,000 • Senior Independent Director £5,000 • Chair of Board Risk Committee £7,500 • Chair £120,000 (no other fees are payable to the Chair)
Secretarial support to the Chair	To support the Chair in the execution of her duties.	Secretarial assistance is provided in relation to activities related to the Alliance Trust Group.	

Implementation Report

Our approach to Reward

The Remuneration Committee adopts an approach which has a strong emphasis on variable pay. Our approach has been to manage fixed costs tightly and encourage use of deferrals which are then linked closely to performance related measures and thus aligning long-term goals with interests of shareholders. Total remuneration will comprise basic salary, pension provision, annual bonus and any awards under the long-term incentive schemes.

Single total figure of remuneration

£000	Salary/Fees		Taxable benefits*		Annual bonus#		Long-term awards		Pension		Total	
Executive Director	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Katherine Garrett-Cox	425	425	43	43	369	523	436	703	106	106	1,378	1,800
Alan Trotter	225	225	16	73	122	188	229	388	45	45	637	919
Non-Executive Director												
Karin Forseke	120	100**	-	-	-	-	-	-	-	-	120	100
John Hylands	49	46	-	-	-	-	-	-	-	-	49	46
Alastair Kerr	50	11**	-	-	-	-	-	-	-	-	50	11
Susan Noble	47	19**	-	-	-	-	-	-	-	-	47	19
Win Robbins	36**	-	-	-	-	-	-	-	-	-	36	-

* Taxable benefits include the value of accommodation allowance, car allowance, medical and life insurance.
** Pro-rated for period served.
# Annual Bonus includes the AESOP Award.

Percentage change in remuneration of Chief Executive Officer

The table below sets out the percentage change in the remuneration of the Chief Executive Officer compared to that of the average of all of the Group's employees taken as a whole between the financial years ended 31 December 2012 and 31 December 2013

	Change in annual salary	Change in taxable benefits	Change in annual bonus
Chief Executive Officer	0%	-1.2%	-29.5%
All employees	2.8%	-18.8%†	-19.5%

† The change related to the reduction in the cost of insured benefits. There was no change to the actual benefits provided.

Annual bonus for 2013 performance

The annual bonus comprises two equal components: 50% against Corporate KPIs and 50% against a set of business objectives linked to the Company strategy. Individual awards are determined by a rigorous assessment of achievement against defined objectives, and are reviewed and approved by the Committee.

The following bonuses in respect of the period ending 31 December 2013 were awarded and were payable after the period end:

	Maximum as a % of Salary	Bonus	% of max
Katherine Garrett-Cox	150%	£366,672	57.5%
Alan Trotter	100%	£120,375	53.5%

In determining bonus awards in respect of 2013 the Committee considered achievement against Corporate KPI's and against business targets linked to Company's strategic goals. The corporate KPI's detailed below were met in part and the Committee agreed an award of 12.5% from a maximum of 50% for both Executive Directors.

The Committee also considered performance against business targets, which represent 50% of the overall award. The business targets set for the Chief Executive Officer include the combined role as Chief Investment Officer and included financial performance of the Group strategic direction and leadership development.

The Committee acknowledged a strong performance in the financial results and commended the Chief Executive Officer for implementing a new 2020 vision strategy for the Group. Strong results were also noted in succession and development across the Group. The Committee awarded 45% from a maximum of 50% in respect of business targets.

The business targets set for the Chief Financial Officer (CFO) included contribution to strategic direction and leading commercial business processes. The Committee commended the CFO on delivering good financial results in 2013 and acknowledged the contribution made by the CFO to the development of the subsidiary businesses. The Committee awarded the CFO 41% from a maximum of 50% in respect of business targets.

Chief Executive Officer 50% business targets	Achievement in 2013
Business Strategy Returning ATS to profit Investment Performance	17% from 20% max
Risk and Governance Risk appetite/framework & culture Embed investment risk process	9% from 10% max
Leadership & People Create a shared vision Champion leadership development	19% from 20% max
	45% of max 50%

Chief Financial Officer 50% business targets	Achievement in 2013
Business Strategy Commercial financial leadership driving business plan	17% from 20% max
Risk and Governance Risk and Governance Risk appetite/framework & culture	13% from 15% max
Leadership & People Lead and develop teams Contribution to strategic delivery	11% from 15% max
	41% of max 50%

Chief Executive Officer 50% corporate targets	Achievement in 2013
NAV Total Return (% change in NAV against a peer group – 1 year)*	Below target
Total Shareholder Return (% change in TSR against a peer group – 1 year)*	Below target
Dividend growth Progressive dividend growth	Achieved
Company costs Agreed by PLC Board and built into budgets	Achieved
	12.5% of max 50%
Total	**57.5% of max 100%**

Chief Financial Officer 50% corporate targets	Achievement in 2013
NAV Total Return (% change in NAV against a peer group – 1 year)*	Below target
Total Shareholder Return (% change in TSR against a peer group – 1 year)*	Below target
Dividend growth Progressive dividend growth	Achieved
Company costs Agreed by PLC Board and built into budgets	Achieved
	12.5% of max 50%
Total	**53.5% of max 100%**

* 30 day average at start and end of performance period.

Long-Term Incentive Plans

There are two categories of award which can be made under the LTIP.

Matching Awards: These entitle the participant to receive shares at nil cost, with the number of shares being calculated with reference to the amount of deferred bonus which is used to purchase shares in the Company and which are deposited in the plan. At least 50% of the annual bonus must be used in this way. The maximum that can be received is twice the number of shares that could be purchased with the gross value of the annual bonus at the time of the award.

Performance Awards: These are based on the same long-term performance measure as the matching awards. However, in this case, there is no requirement for the participant to purchase any shares. The maximum number of shares which can be awarded in a performance award is calculated on twice the annual salary of the participant at the date of the award.

It is intended that all awards will be satisfied from shares purchased on the open market and no new shares will be issued to satisfy awards.

The current measure for Executive Directors, as approved by the shareholders in 2011, is based on a combination of two separate performance measures – one relating to growth in NAV and another to TSR – each of which will determine the extent to which 50 per cent of an award vests. The TSR and NAV growth of the Company is measured over a period of three consecutive financial years (commencing with the financial year in which the award in question is granted) and then compared to the corresponding performance of each company in a comparator group comprised of the AIC global investment trusts.

In calculating the performance of the 2011 LTIP, two separate ranking tables have been produced – one for the "TSR element" of the award and another for the "NAV element". The 2011 LTIP has met its minimum thresholds and will vest as follows:

Peer Group ranking out of 32			**%**
TSR Rank*	15	TSR Payout	42.76
NAV Rank*	16	NAV Payout	25.00
		Combined payout	**33.88**

* 30 day average at start and end of performance period.

The 2011 LTIP has satisfied its minimum vesting requirements and has achieved an above median ranking of 15th from 32 peer group based upon the TSR measure and 16th from 32 peer group based upon the NAV measure. This will mean awards of 33.88% of maximum awards granted in 2011 will be released in 2014.

As a former Director, Robert Burgess participated in the LTIP which vested in 2013 and he received an award of 105,755 shares. In respect of the LTIP which will vest in 2014 he will receive 17,292 shares. In each case the awards were pro-rated based upon his service to February 2012.

In 2013 we stated that the 2010 LTIP vested at 53.1% and we have subsequently identified an error in our calculations. This was a genuine error due to a reduction in the comparator peer group. The correct vesting figure was 51.7% and we have reduced the entitlement of all employees who wrongly received the higher award to recover the excess.

All Employee Share Ownership Plan

Executive Directors and employees may participate in the Company's All Employee Share Ownership Plan (AESOP). All participants are treated in the same way and each may:

1) elect to purchase shares in the Company from pre-tax income up to a maximum of £1,500 (£1,800 from 6 April 2014) per tax year;

2) receive Dividend Shares purchased from dividends paid in respect of shares held by the participant in the Scheme; and

3) receive up to £3,000 worth of shares in each year (£3,600 from 6 April 2014)

This year all full-time participants who were in the Plan for the full year will receive an award of shares, valued at £2,000. Part-time employees and those that joined the Plan part way through the year will receive a pro-rated award.

Remuneration Code disclosures

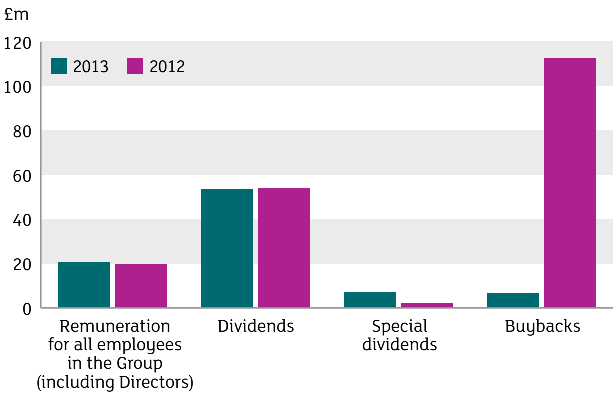
The following table sets out fixed and variable remuneration paid to the Senior Managers and other Remuneration Code staff whose actions have a significant impact on the risk profile of the Company.

Senior managers' annual bonuses are based on performance against business and individual objectives during the year, with the long-term element based on corporate and/or business performance measures.

Year end	31 Dec 2012	31 Dec 2013
Fixed remuneration	£3.5m	£3.6m
Variable remuneration	£4.5m	£3.2m
Number of beneficiaries	27	22

Relative importance of spend on pay

The chart below shows, in respect of this and the preceding financial year, the actual expenditure of the Company on remuneration and distributions to shareholders by way of dividend and share buybacks.



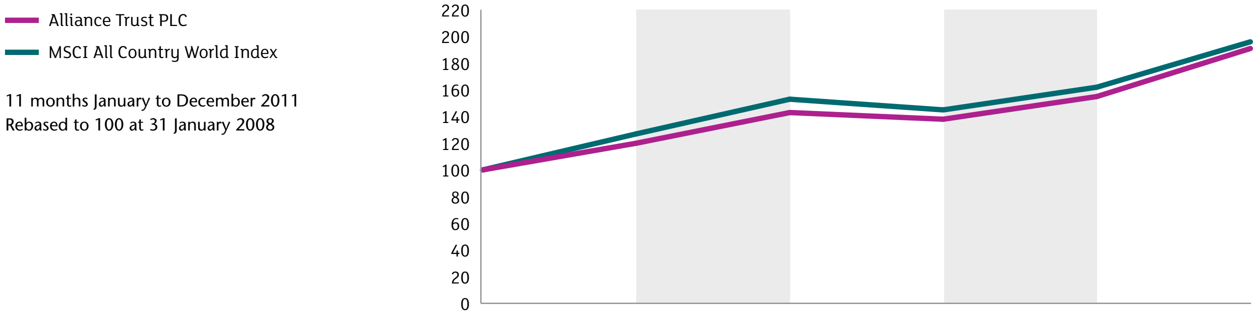
Directors' shareholdings

All Directors are required to hold 3,000 shares in the Company. Details of the shareholdings of all Directors and their connected persons, together with details of shares acquired, are shown below. The Company has issued no options to subscribe for shares.

Directors' shareholdings	As at 1 Jan 2013 or date of appointment if later	As at 31 Dec 2013	Acquired between 31 Dec 2013 - 6 March 2014
Karin Forseke	22,000	100,181	599
Katherine Garrett-Cox	405,335	549,667	3,731
John Hylands	68,175	82,553	418
Alastair Kerr	3,000	8,875	-
Susan Noble	4,074	14,679	72
Win Robbins	11,544	11,742	60
Alan Trotter	31,966	91,317	80

Performance graph

The graph below shows the TSR for holders of Alliance Trust PLC Ordinary Shares, measured against the MSCI All Country World Index. We do not benchmark the Company's performance against this index. However we are required by law to include a graph showing the TSR for our shares against a broad equity index. As a global investment trust we have selected the MSCI All Country World Index because, with over 2,000 large and mid-cap equities across more than 40 territories in developed and emerging markets, it offers a useful reference point for comparison to the stocks in which we invest.



Chief Executive Officer remuneration	31 Jan 2010	31 Jan 2011	31 Dec 2011	31 Dec 2012	31 Dec 2013
Single figure of remuneration	£692,484	£700,232	£1,037,175	£1,800,326	£1,378,444
Annual bonus (as percentage of maximum opportunity)	58.4%	50.0%	90.3%	81.5%	57.5%
LTIP Vesting (as percentage of maximum opportunity)	0%	0%	0%	51.7%	33.9%

The table above shows the remuneration for the Director undertaking the role of Chief Executive Officer during each of the last five financial periods.

Voting at Annual General Meeting

At the Annual General Meeting held on 3 May 2013, votes cast by proxy and at the meeting in respect of the Directors' remuneration report were as follows:

Resolution	Votes for	%	Votes Against	%	Total votes cast	Votes withheld (abstentions)
Approval of remuneration report	203,371,466	95.68	9,190,911	4.32	212,562,377	1,749,691

Audit statement

The tables on pages 62 to 67 together with the related footnotes have been audited by the Auditor whose report is on page 71.

Approval

The Remuneration Report including the Directors' Remuneration Policy and the Implementation Report has been approved by the Board and signed on its behalf by

Alastair Kerr
Chair, Remuneration Committee

Long-Term Incentive Plan Awards

Awards made to current Executive Directors under Long-Term Incentive Plan in the year ended 31 December 2013 and earlier years.

Katherine Garrett-Cox

Scheme and year of award	At 1 Jan 13	Awards Granted in year	Awards Vested in year	Awards Lapsed in year	At 31 Dec 13	Market price of share on date of award	Vesting Date
LTIP 16 April 2013 (Matching Award)	-	75,273	-	-	75,273	£4.336	16 April 2016
LTIP 16 April 2013 (Performance Award)	-	196,148	-	-	196,148	£4.336	16 April 2016
LTIP 2 May 2012 (Matching Award)	84,997	-	-	-	84,997	£3.6370	2 May 2015
LTIP 2 May 2012 (Performance Award)	233,846	-	-	-	233,846	£3.6370	2 May 2015
LTIP 31 May 2011 (Matching Award)	68,466	-	23,196 will vest	45,270 will lapse	68,466	£3.8150	31 May 2014
LTIP 31 May 2011 (Performance Award)	222,935	-	75,530 will vest	147,405 will lapse	222,935	£3.8150	31 May 2014
LTIP 4 May 2010 (Matching Award)	70,008	-	36,194 vested	33,814 lapsed	-	£3.3970	4 May 2013
LTIP 4 May 2010 (Performance Award)	238,445	-	123,276 vested	115,169 lapsed	-	£3.3970	4 May 2013

Alan Trotter

Scheme and year of award	At 1 Jan 13	Awards Granted in year	Awards Vested in year	Awards Lapsed in year	At 31 Dec 13	Market price of share on date of award	Vesting Date
LTIP 16 April 2013 (Matching Award)	-	38,256	-	-	38,256	£4.336	16 April 2016
LTIP 16 April 2013 (Performance Award)	-	103,782	-	-	103,782	£4.336	16 April 2016
LTIP 2 May 2012 (Matching Award)	52,112	-	-	-	52,112	£3.6370	2 May 2015
LTIP 2 May 2012 (Performance Award)	123,728	-	-	-	123,728	£3.6370	2 May 2015
LTIP 31 May 2011 (Matching Award)	35,320		11,966 will vest	23,354 will lapse	35,320	£3.8150	31 May 2014
LTIP 31 May 2011 (Performance Award)	117,955		39,963 will vest	77,992 will lapse	117,955	£3.8150	31 May 2014
LTIP 4 May 2010 (Performance Award)	123,638	-	65,651 vested	57,987 lapsed	-	£3.3970	4 May 2013
Agreement 4 May 2010 (Share Award)*	34,571	-	18,357 vested	16,214 lapsed	-	£3.3970	4 May 2013

* On appointment, Alan Trotter received an award of £50,000 to reflect awards granted to him by his former employer which he forfeited upon accepting his appointment with the Company. This payment was conditional upon it being applied to the purchase of shares in the Company to which a share award was granted under the same terms, and under the same performance conditions, as matching awards made under the LTIP.

Other governance matters

Statement of Investment Objective and Policy

Alliance Trust is a self-managed investment company with investment trust status. Our objective is to be a core investment for investors seeking increasing value over the long term. We have no fixed asset allocation benchmark and we invest in a wide range of asset classes throughout the world to achieve our objective. Our focus is to generate a real return for shareholders over the medium to long term by a combination of capital growth and a rising dividend.

We pursue our objective by:

- Investing in both quoted and unquoted equities across the globe in different sectors and industries;
- Investing internationally in fixed income securities;
- Investing in other asset classes and financial instruments, either directly or through investment vehicles; and
- Investing in subsidiaries and associated businesses which allow us to expand into other related activities.

We are prepared to invest any proportion of the total corporate capital in any of the above asset classes, subject only to the restrictions imposed on us by the regulatory or fiscal regime within which we operate. However, we would expect equities to comprise at least 50% of our portfolio. Changes to the asset allocation will be dependent upon attractive investment opportunities being available.

Where market conditions permit, we will use gearing of not more than 30% of our net assets at any given time. We can use derivative instruments to hedge, enhance and protect positions, including currency exposures.

Directors' and Officers' indemnification

The Company provides insurance (maximum payable £22m in aggregate) for legal action brought against its Directors as a consequence of their position. In addition separate deeds of indemnity have been agreed with each Director indemnifying them as permitted by company law. The indemnity and insurance does not extend to cover claims brought by the Company itself which are upheld by the Courts, nor to criminal fines or penalties.

Access to advice

All Directors have access to independent professional advice if necessary.

Relationship with shareholders

All Directors attend the AGM where they have the opportunity to meet shareholders. Meetings also take place throughout the year with major and institutional shareholders, such meetings normally being attended by the Chair or Chief Executive.

In addition to these meetings, the Company hosted two investor forums during the year where individual shareholders had the opportunity to meet Directors and senior managers. Almost 500 shareholders, customers of Alliance Trust Savings and their guests attended these meetings.

Investment Trust Status

HM Revenue and Customs have confirmed that Alliance Trust has investment trust status for all financial periods from 1 January 2012.

Conflicts of interest

The Directors have previously provided details of all interests which potentially could cause a conflict of interest to arise. The unconflicted Directors in each case noted the declarations by the Directors of their other interests and confirmed that at that time none of the interests disclosed were reasonably likely to give rise to a conflict. An annual review of all interests was undertaken as part of the year end process and this was considered by the Board in February 2014. Procedures are in place to allow Directors to request authority should it be required outwith the normal Board meeting schedule.

Director development

Every new director receives an individually tailored induction. The Board as a whole received updates on corporate governance, risk and business issues during the year.

Re-election of Directors

Details of the current Directors can be found on pages 40 and 41.

The Board has decided that in line with the UK Corporate Governance Code all of the Directors will be subject to re- election every year.

The individual performance of each Director and their ongoing suitability for re-election was considered and endorsed by the Nomination Committee. All are recommended for re-election at the forthcoming Annual General Meeting. Each of our Directors has confirmed that they remain committed to their role and have sufficient time available to meet what is expected of them.

Name	Designation	Appointed
Karin Forseke	Chair	01/03/12
Katherine Garrett-Cox	Chief Executive	01/05/07
John Hylands	Non-Executive Director	22/02/08
Alastair Kerr	Non-Executive Director	01/10/12
Susan Noble	Non-Executive Director	11/07/12
Win Robbins	Non-Executive Director	14/02/13
Alan Trotter	Executive Director	01/02/10

Share capital and waiver of dividends

The Company's issued share capital as at 31 December 2013 comprised 560,094,146 Ordinary 2.5p shares of which 1,338,233 have been acquired by the Trustee of an Employee Benefit Trust ('the Trustee') with funds provided by the Company in connection with its employee share plans. The Trustee has elected to waive all dividends payable in respect of those shares. Each Ordinary share of the Company is entitled to one vote but the Trustee does not vote in respect of the shares held by it on behalf of the Company.

In the course of the year the Company acquired and cancelled 1,485,000 shares at a total consideration, before costs and charges, of £6m.

There are no preference shares or shares held in treasury.

Agreement in respect of voting rights

There are no agreements in respect of voting rights.

Major shareholders

As at 6 March 2014 the Company had received notifications from shareholders holding an interest in more than 3% of the voting rights of the ordinary shares in issue of the Company. The disclosures, updated to reflect known changes in holdings, are:

Shareholder	Nature of interest	Number of shares
DC Thomson & Company Limited and John Leng & Company Limited	Shares	33,150,000 (5.92%)
Elliott International, LP, Liverpool Limited Partnership	Shares	28,051,891 (5.01%)
	Contract for difference over shares	28,072,107 (5.01%)

The largest shareholder in the Company is the nominee company for Alliance Trust Savings which holds its shares on behalf of around 24,000 clients.

Alliance Trust Savings Nominees Limited	141,246,020 (25.22%)

Board and Committee attendances

In addition to the scheduled Board and Committee meeting below, the Board and Committees met on a number of other occasions to consider matters arising between the scheduled meetings.

Meeting attendances	Board		Audit		Remuneration		Nomination		Board Risk	
Director	Actual	Possible	Actual	Possible	Actual	Possible	Actual	Possible	Actual	Possible
Karin Forseke	6	6	-	-	-	-	2	2	-	-
Katherine Garrett-Cox	6	6	-	-	-	-	-	-	-	-
John Hylands	6	6	4	4	3*	3*	2	2	3	3
Alastair Kerr	6	6	2**	2**	4	4	2	2	3	3
Susan Noble	6	6	4	4	4	4	-	-	3	3
Win Robbins	4	5	2	3	2	3	-	-	-	-
Alan Trotter	6	6	-	-	-	-	-	-	-	-

* John Hylands was co-opted onto the Remuneration Committee for a meeting that took place before the appointment of Win Robbins, a meeting that took place when Win Robbins could not attend due to a commitment entered into prior to her appointment and another meeting to allow for continuity of discussion of members for a particular item of business. No additional fees were paid on these occasions.

** Alastair Kerr was co-opted onto the Audit Committee that took place before the appointment of Win Robbins and a meeting that took place when Win Robbins could not attend due to a commitment entered into prior to her appointment. No additional fees were paid on these occasions.

Greenhouse gas emissions

Mandatory disclosure of total GHG emissions data for the year ended 31 December 2013

Operational Scope	Source of GHG emissions	GHG emissions in 2013	Unit
Scope 1 (direct emissions)	• Combustion of fuel and operation of facilities • Air Conditioning refrigerant loss • Company vehicle use	215	Tonnes CO2e
Scope 2 (indirect emissions)	• Electricity purchased for own use	489	Tonnes CO2e
Scope 3 (indirect emissions)	• Business Travel • Downstream leased assets	627	Tonnes CO2e
Total		**1,332**	**Tonnes CO2e**
Key Performance Indicator (KPI)	Scope 1 + 2 normalised to per full-time employee equivalent (FTE)	2.77	Tonnes CO2 per FTE

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. These sources fall within our consolidated financial statements. We do not have responsibility for any emission sources that are not included in our consolidated financial statements.

We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from UK Government's GHG Conversion Factors for Company Reporting 2014. The emissions reported here have been verified by Carbon Action. Please find details of our verification statements on our website at **www.alliancetrust.co.uk**.

Share buyback authority

At the last AGM the shareholders renewed the authority for the repurchase of up to 14.99% of the issued shares. This authority falls to be renewed at the next AGM. The Company made use of this provision during the course of the year as detailed above. The Company will, as part of the authority being sought, declare its intention that any shares bought back under the authority will be cancelled.

Annual General Meeting

In addition to formal business, the Chief Executive will present on business developments and there will be the opportunity for questions to be put to the other Directors. This year, in addition to the normal business there will be proposals to confirm the notice period for convening general meetings other than Annual General Meetings and to renew the share buy back authority.

Report of Directors and Responsibility Statement

The Report of the Directors, including the Directors' responsibility and going concern statements, on pages 42 to 51 and 68 to 70 of this Annual Report and Accounts has been approved by the Board.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Directors' report and the Strategic report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties it faces; and
- the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the performance, strategy and business model of the Company.

Karin Forseke
Chair

6 March 2014

Katherine Garrett-Cox
Chief Executive

6 March 2014

Independent Auditor's report to the members of Alliance Trust PLC

Opinion on financial statements of Alliance Trust PLC

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2013 and of the Group's profit and the Parent Company's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements comprise the Group and Parent Company income statements, the Group and Parent Company statements of comprehensive income, the Group and Parent Company statements of changes in equity, the Group and Parent Company Balance Sheets, the Group and Parent Company statements of cash flows, and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Going concern

As required by the Listing Rules we have reviewed the directors' statement on page 51 that the Group is a going concern. We confirm that:

- we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
Valuation and ownership of listed investments	
Listed investments represent the most significant number on the balance sheet and is the main driver of the Group's and Company's performance. There is a risk that the prices quoted in respect of the listed investments held may not be reflective of fair value.	Valuation was assessed by understanding the design and implementation of key controls around listed investments and by the testing of 100% of the valuations of listed investments directly with independent pricing sources. Any differences over 1% were investigated further.
There is a risk over the recording and custody of listed investments, and whether listed investments recorded are the property of the Group and Company.	We tested ownership of listed investments by confirming the holdings at year end with the independent custodian.
Valuation of unlisted investments	
Unlisted investments are valued using methodologies agreed by management and there are key inputs to the valuation calculations which reflect management's judgement. There is a risk that the application of an inappropriate valuation methodology and/or the use of inappropriate assumptions could result in the valuation of unlisted investments being materially misstated.	We reviewed and challenged management's valuations for a sample of unlisted investments, focusing on the appropriateness of the valuation methodology and assumptions used within the calculations.
Risk of management override of internal control	
In accordance with ISAs (UK and Ireland) we have considered the risk of management override of controls.	We carried out analytical procedures and journal entry testing in order to identify and test the risk of fraud arising from management override of control. We also built an element of "unpredictability" into our detailed testing by testing immaterial and unusual items.

The Audit Committee's consideration of these risks is set out on pages 49 and 50.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined planning materiality for the Group to be £86.4 million, which is approximately 3% of net assets.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.7 million, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit scope included the audit of all subsidiaries and these were subject to a full scope audit for the year ended 31 December 2013. Audits were performed for local statutory purposes at a local materiality level calculated by reference to the scale of the business concerned.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. Under the Listing Rules we are required to review certain elements of the Directors' Remuneration Report. We have nothing to report arising from these matters or our review.

Corporate Governance Statement

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Calum Thomson (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
6 March 2014