

AIM Rule 26

This page contains the information required by AIM Rule 26 for Aberdeen Frontier Markets Investment Company Limited ("AFMC" or the "Company").

Description of the business:

The Company is a Guernsey-incorporated, closed-ended investment company and its shares are traded on AIM, the London Stock Exchange's international market for smaller growing companies.

The objective of the Company is to generate long-term capital growth for its shareholders. The Investment Manager, Aberdeen Asset Managers Limited, a 100% owned subsidiary of Standard Life Aberdeen plc, invests predominantly in a diversified portfolio of equity and equity related securities of companies listed in, or operating in, Frontier Markets. The proportion of the portfolio invested in each component of Frontier Markets varies according to where the Investment Manager perceives the most attractive investment opportunities to be.

Frontier Market countries may include constituents of the MSCI Frontier Markets Index or additional countries that the Investment Manager deems to be, or displays similar characteristics to, Frontier Market countries.

The number of investments in the portfolio varies depending on the availability of attractive opportunities but, under normal market conditions, falls within a range of 30 to 80. The Company does not seek to exercise control over investee companies.

The Company may, at the Investment Manager's discretion, hold cash or cash equivalents to protect shareholders' capital although it is envisaged that the value of these will not generally exceed 10% of net asset value.

Investment philosophy, strategy and process

Although the Investment Manager is an active long-only manager, its investment philosophy and approach has absolute return characteristics. Its investment process is robust and characterised by its discipline, consistency and independence. The Investment Manager is not benchmark-driven and, accordingly, its fund managers do not invest in stocks that fail to meet its investment criteria.

Portfolios are managed by the Investment Manager on a team basis, with individual fund managers doing their own research and analysis. Each asset class has a model portfolio that contains the team's best ideas for that asset class and forms the basis for constructing individual portfolios focused on that asset class.

The Investment Manager selects securities for the Company's portfolio employing the investment strategies established by its global emerging market equity team.

The investment team regularly monitors and makes allocation decisions to determine the Company's portfolio weightings in equity and equity-related investments. Allocations vary according to relative value and opportunities identified by the team. Whilst the Investment Policy permits it to invest across a wide region, investment opportunities in the region are such that the geographic exposure of the Company's portfolio may be concentrated on a relatively small number of countries from time to time.

Team members travel to meet companies in Frontier Market countries on a regular basis and no investment is ever made before fund managers have visited several times to meet management and written up detailed research notes. Each company that the Investment Manager invests in is generally visited twice a year. The Investment Manager believes that there is no substitute for first-hand research.

The Investment Manager believes that stock selection is crucial and:

- Implements intensive company reviews
- Believes proprietary research gives deeper insight
- Always meets & interviews a company before investing
- Believes in quality and price criteria
- Is independent – and not benchmark driven

The Investment Manager is a long term investor using a buy-and-hold strategy which should result in low portfolio turnover and also sees engagement with the companies that it invests in as a normal part of its relationship with companies. Fund managers vote at general meetings and are supported by governance specialists.

Further details of the investment management team may be found under 'Key People/Investment Management Team' at <https://www.aberdeenfrontiermarkets.co.uk/>

Investment restrictions

The Investment Manager is required to adhere to the following investment restrictions which may be found in the most recent circular issued by the Company under 'Corporate Documents' at <https://www.aberdeenfrontiermarkets.co.uk/en/literature-library/historic-reports>

The Company has not set maximum or minimum exposures for any geographical regions or sectors and will achieve an appropriate spread of risk by investing in a diversified portfolio of securities. The Company may invest in exchange-traded funds provided they are listed on a recognised investment exchange.

No individual listed or quoted company exposure in the portfolio may exceed 10 per cent. of the Company's total assets at the time of investment. The Company may invest in exchange-traded funds provided they are listed on a recognised investment exchange.

Risk is spread through investing in a number of holdings and, typically, it is expected that the Company will invest in between 30 to 80 holdings.

No more than 10 per cent. of the Company's total assets may be invested in other listed closed-ended investment companies, provided that this restriction does not apply to investments in any such investment companies which themselves have published investment policies to invest no more than 15 per cent. of their total assets in other closed-ended investment companies. Additionally, the Company will itself not invest more than 15 per cent. of its total assets in other investment companies or investment trusts which are listed or quoted.

The Company may, at the Investment Manager's discretion, hold cash or cash equivalents to protect Shareholders' capital although it is envisaged that the value of these will not generally exceed 10 per cent. of Net Asset Value.

It is intended that the Company will generally be invested in equity investments. However, the Investment Manager may invest in equity related investments such as convertibles or fixed interest securities where there are perceived advantages in doing so.

Gearing

The Company may borrow up to 10% of its net assets (calculated at the time of draw down) for investment purposes. Furthermore, the Company may use an overdraft and/or other short-term borrowing facilities to meet its working capital needs, including for the payment of any expenses or fees. The same facilities may be used to take advantage of favourable investment opportunities pending the payment of proceeds from the sale of investments.

Directors' biographies

See 'Key People/Board of Directors' at <https://www.aberdeenfrontiermarkets.co.uk/>

Board responsibilities and Committees

See 'Corporate Governance' under <https://www.aberdeenfrontiermarkets.co.uk/en/literature-library/>

Details of incorporation:

Incorporated in Guernsey with registered number 46809

Registered office: 11 New Street, St Peter Port, Guernsey, GY1 2PF

Main country of operation: UK investment manager with a focus on companies operating in Frontier Markets

As the Company is not incorporated in the UK, the rights of shareholders may be different from the rights of shareholders in a UK incorporated company.

Constitutional documents:

See 'Corporate Documents' at <https://www.aberdeenfrontiermarkets.co.uk/en/literature-library/historic-reports>

Latest admission document;

See 'Corporate Documents' at <https://www.aberdeenfrontiermarkets.co.uk/en/literature-library/historic-reports>

Exchanges: AFMC shares are quoted and traded on the Alternative Investment Market (AIM) of the London Stock Exchange.

Authorised Share Capital:

An unlimited number of Ordinary Shares of no par value with each Ordinary Share carrying the right to vote. There are no restrictions on transfer.

Issued Share Capital:

The total number of AFMC Ordinary Shares of no par value in issue is 73,212,617 (including treasury shares).

Shares Held in Treasury:

1,302,500.

Remaining Ordinary Shares in Issue: The number of remaining Ordinary Shares in issue, with voting rights, is **71,910,117** which is the number which shareholders should use as the denominator for calculations by which they will determine if they are required to notify their interest in, or a change to their interests in, AFMC shares under the FCA's Disclosure Guidance and Transparency Rules.

Percentage of shares not in public hands: zero.

Significant Shareholdings (3% or above):

- City of London Investment Management - is deemed interested in 20,698,774 (28.8%) ordinary shares in AFMC
- Aberdeen Standard Investments - is deemed interested in 10,687,500 (14.9%) ordinary shares in AFMC
- Lazard Asset Management - is deemed interested in 9,832,521 (13.7%) ordinary shares in AFMC
- Derbyshire County Council Pension Fund - is deemed interested in 4,250,000 (5.9%) ordinary shares in AFMC
- Aberdeen Emerging Capital – is deemed interested in 3,351,461 (4.7%) ordinary shares in AFMC
- Hargreaves Lansdown – is deemed interested in 2,725,667 (3.8%) ordinary shares in AFMC

Director Share Holdings

- John Whittle – is deemed interested in 18,350 (0.02%) ordinary shares in AFMC.

Annual and interim reports:

See <https://www.aberdeenfrontiermarkets.co.uk/> and <https://www.aberdeenfrontiermarkets.co.uk/en/literature-library>

Shareholder circulars:

See 'Corporate Documents' at <https://www.aberdeenfrontiermarkets.co.uk/en/literature-library/historic-reports>

Announcements:

See 'News and Key Dates' within 'Performance and Company information' at

<https://www.aberdeenfrontiermarkets.co.uk/>

NOMAD and other advisers:

NOMAD - Grant Thornton UK LLP, 30 Finsbury Square, London EC2P 2YU. Telephone +44 207 383 5100

Broker - Numis Securities Limited, The London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT. Telephone +44 207 260 1000

AIFM – the Company's alternative investment fund manager is Aberdeen Standard Fund Managers Limited, Bow Bells House, 1 Bread Street, London EC4M 9HH. Telephone +44 207 463 6000

Investment Manager - Aberdeen Asset Managers Limited, Bow Bells House, 1 Bread Street, London EC4M 9HH. Telephone +44 207 463 6000

- Investor Helpline Freephone 0808 500 0040
- E-mail: inv.trusts@aberdeenstandard.com

Registrar – Link Registrars (Guernsey) Limited, Longue Hougue House, St Sampson, Guernsey GY2 4JN

UK City Code on Takeovers and Mergers: AFMC is subject to the UK City Code on Takeovers and Mergers. Governance code: The Corporate Governance section contained within the most recently published Annual Report explains in detail how the Board considers the principles and recommendations of the AIC Code of Corporate Governance ('AIC Code') by reference to the AIC Corporate Governance Guide for Investment Companies ('AIC Guide'). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code ('UK Code') as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. Companies which report under the UK Code or the AIC Code are deemed to meet the requirements of the Guernsey Financial Services Commission ('GFSC') Finance Sector Code of Corporate Governance (the 'Guernsey Code').

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations.

See <https://www.aberdeenfrontiermarkets.co.uk/en/literature-library> for a copy of the Company's most recent Annual Report

The Board regularly receives and reviews reports from the Investment Manager's and Company Secretary's compliance function. The Board also regularly keeps under review the adequacy and effectiveness of the Investment Manager's and Company Secretary's compliance function.

Principles of the AIC code and how the Company and the Board complies can be found in the following table:

Principles of the AIC code	How the Company and the Board complies
THE BOARD	
<p>1. The chairman should be independent.</p>	<p>Mr John Whittle joined the Board in February 2012 and has been Chairman since March 2016. A declaration of Director's interest is prepared and reviewed at each quarterly Board meeting. The other independent directors formally discuss the performance and continuing independence of the Chairman on an annual basis at the least and consider that John Whittle holds no relationship or circumstance which is likely to affect his judgement. The Board considers John Whittle to be independent both in character and in judgement.</p>
<p>2. A majority of the board should be independent of the manager.</p>	<p>During the year, the Board comprised of three independent Non-Executive Directors. A declaration of Director's interest is prepared and reviewed at each quarterly Board meeting where by the independence of the Directors are reviewed. The Board considers all the Directors to be independent of the Manager and free of any material relationship which could interfere with the exercise of their independent judgment and decision making.</p>
<p>3. Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance.</p>	<p>Under the Company's Articles of Incorporation, any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting if it is an annual general meeting At each annual general meeting after the first, one-third of the Directors (or if their number is not three or a multiple of three), the number nearest to, but (except where there are less than three Directors) not greater than one-third, shall retire from office.</p>
<p>4. The board should have a policy on tenure, which is disclosed in the annual report.</p>	<p>As disclosed in the Corporate Governance section of the most recently published Annual Report, the Board does not consider that the service tenure of Directors should be strictly limited to a maximum of nine years. The Board recognises the benefits to the Company of having longer serving Directors together with progressive refreshment of the Board.</p>
<p>5. There should be full disclosure of information about the board.</p>	<p>The composition of the Board, committees and details of individual Directors can be found in the Corporate Governance section of the most recently published Annual Report. Formal terms of reference for each committee is presented and reviewed for their adequacy by the Board on an ongoing basis.</p>
<p>6. The board should aim to have a balance of skills, experience, length of service and knowledge of the company.</p>	<p>Details of individual Directors and their skills are disclosed in the most recently published Annual Report. A Directors performance evaluation is conducted and reviewed by the Board on an annual basis at the least. All new appointments are considered by the</p>

	Nomination Committee which is chaired by Mr John Whittle. The Company's policy is that the Board should have a broad range of skills and experience in line with the recommendations of the AIC Code and other guidance on boardroom diversity.
7. The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.	The Board has established a performance evaluation programme. A Directors performance evaluation and self appraisal is conducted and reviewed by the Board on an annual basis at the least. Details of individual Directors and their skills are disclosed in the Corporate Governance section of the most recently published Annual Report.
8. Director remuneration should reflect their duties, responsibilities and the value of their time spent.	<p>The Board's policy is that the remuneration of non-executive Directors should be fair and should reflect the experience, work involved, responsibilities and potential liabilities of the Board as a whole. The non-executive Directors' fees are determined within the limits set out in the Company's Articles of Association and they are not eligible for bonuses, pension benefits, share benefits, share options, long-term incentive schemes or other benefits.</p> <p>The Directors are expected to devote such time as is necessary for the proper performance of their duties. This will include attendance at:</p> <ul style="list-style-type: none"> • Board meetings (normally four a year) • Audit Committee meetings • Management Engagement Committee meetings • Nomination Committee meetings • the AGM • meetings with the non-executive Directors • meetings with the Company's investment fund manager (the "Manager") • meetings with shareholders when required. <p>Since all Directors are non-executive, a remuneration committee has not been formed as the Directors are satisfied that any relevant issues can be properly considered by the Board as a whole.</p> <p>Details of the remuneration arrangements for the Directors of the Company can be found in the Directors' Remuneration Report contained with in the Annual Report.</p>
9. The independent directors should take the lead in the appointment of new directors and the process should be disclosed in the annual report.	The Company has established a Nominations Committee chaired by John Whittle, which currently comprises all of the Directors of the Company. All members of the Nominations Committee are independent. The Nominations Committee has been established for the purpose of identifying and putting forward candidates for the office of Director of the Company. The Nominations Committee meets as and when it is required.
10. Directors should be offered relevant training and induction.	All the Directors have attended a training and induction courses and new directors are offered the same induction programme. The Chairman regularly reviews the training and development needs of the Board.
11. The chairman (and the board) should be brought into the process of structuring a new launch at an early stage.	The Company is an established entity and therefore the Board considers this principle is not relevant to the position of the Company at this stage.

BOARD MEETINGS AND THE RELATIONSHIP WITH THE MANAGER	
12. Boards and managers should operate in a supportive, co-operative and open environment.	The Board regularly meets with the representatives of the Manager and the Company Secretary on a quarterly basis at the least while also maintaining an ongoing open dialogue. The Board meets more frequently when out of ordinary business activity requires. The Board receives and reviews reports from the Manager on a regular basis. The Board considers proposals made by the Manager, providing guidance and formal approval where required. There is clear division of responsibility between the Chairman, the Directors, the Manager and the Company's other third party providers. No one individual has unrestricted power and authority of decision making.
13. The primary focus at regular board meetings should be a review of investment performance and associated matters such as gearing, asset allocation, marketing/investor relations, peer group information and industry issues.	The Chairman leads the Board, ensuring its effectiveness on all aspects of its role. The Chairman ensures that all Directors receives relevant, complete and accurate information on a timely basis. The Board regularly meets with the Manager on a quarterly basis at the least while maintaining an open dialogue. The Board receives and reviews reports from the Manager on a regular basis. The Board considers proposals made by the Manager, providing guidance and formal approval where required.
14. Boards should give sufficient attention to overall strategy.	The Board regularly reviews the objectives and strategy for the Company, including the management and investment objectives together with the promotional and shareholder communication strategies implemented by the Manager. The Board meets more frequently when out of ordinary business activity requires. On an ongoing basis, the Board considers <ul style="list-style-type: none"> • whether it is in the interests of the shareholders that the company should continue in its present form (or at all); • arrangements for exit opportunities in line with Share holder feedback; • the investment mandate, the long-term investment strategy and performance of the company and appropriate guidelines within which the manager should operate.
15. The board should regularly review both the performance of, and contractual arrangements with, the manager (or executives of a self-managed company).	The Company has established a Management Engagement Committee which meets formally at least on an annual basis to consider the appointment and remuneration of the Investment Manager. The Management Engagement Committee also considers the appointment and remuneration of other main suppliers of services to the Company. The Management Engagement Committee currently comprises all of the Directors of the Company. David Warr is the Chairman of the Management Engagement Committee. Details of the contractual arrangement with the Manager are disclosed in the Directors' Report contained within the most recently published Annual Report. The Board regularly keep under review the effectiveness of the systems of risk management and internal controls.
16. The board should agree policies with the manager covering key operational issues.	The Board has formally adopted a schedule of matters reserved to it for decision and the requirement for Board approval on these matters is communicated directly to the senior staff of the Manager. Such matters include strategy, Company structure, risk, borrowings, treasury, dividend and corporate governance policy. Full and timely information is provided to the Board to enable it to function effectively and to allow Directors to discharge their responsibilities. The Board also reviews the financial statements,

	performance and revenue and expense budgets. The Board has agreed matters over which the Manager has discretion and the areas of decision-making that are exclusively reserved for the board.
17. Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.	The share price and NAV per share are reported to the London Stock Exchange on a daily basis and monitored on the Board's behalf. The Board considers the discount to NAV of the Company's share price at every Board meeting and more frequently if circumstances demand. The Board may use share repurchases to help address imbalances in the demand for the Company's shares. The Company has taken powers to issue new shares and repurchase shares so that it may take action where necessary. In addition, the Board regularly receives and reviews reports from the Manager and the UK Administration Agent. As part of its ongoing programme of Shareholder engagement the Board has sought to establish a Discount Control Policy in line with Shareholder feedback.
18. The board should monitor and evaluate other service providers.	The Board has put in place a structure for the regular review of delegated service providers to ensure their continued competitiveness and effectiveness. The Board conducts a review of the performance, terms and conditions of the Company's main third party suppliers, including the level and structure of fees payable and the length of notice periods. The Board assesses their performance based on reports by such third party providers to the Board. The Manager also reports regularly on its monitoring of third party service providers. The Audit Committee monitors and reviews the auditor's independence, objectivity, effectiveness, resources and qualification. All members of the Audit Committee are independent.
SHAREHOLDER COMMUNICATIONS	
19. The board should regularly monitor the shareholder profile of the company and put in place a system for canvassing shareholder views and for communicating the board's views to shareholders.	A contact procedure is laid out in the Investor Information section of the Annual Report for shareholders who wish to communicate directly with the Manager and in the Corporate Governance section of the Annual Report for shareholders who wish to communicate directly with the Chairman or the Board. The Chairman ensures that all Directors are made aware of the issues and concerns raised by major Shareholders. The Chairman and other members of the Board meet with major Shareholders to discuss governance and strategy and to understand their issues and concerns. For each resolution proposed by the Company, a proxy appointment form is provided to Shareholders with the option to direct their proxy to vote either for or against the resolution or to withhold their vote. All shareholders are encouraged to attend the AGM, where they are given the opportunity to question the Chairman, the Board and the Manager.
20. The board should normally take responsibility for, and have a direct involvement in, the content of communications regarding major corporate issues even if the manager is asked to act as spokesman.	Quarterly updates on the Company's information are circulated by the Manager. All other Shareholder communication is approved by the Board. The Company Secretary only acts on behalf of the Board, not the Manager, and there is no filtering of communication. At each Board Meeting the Board receives full details of any communication from shareholders to which the Chairman responds..

21. The board should ensure that shareholders are provided with sufficient information for them to understand the risk:reward balance to which they are exposed by holding the shares.

The Board has established arrangements that enable it to ensure that the information presented is fair, balanced and understandable. Full disclosure of the Company's Investment Objective and Investment Policy can be found in the Directors' Report contained within the most recently audited and published Annual Report.

The Board agrees a budget with the Manager every year for the Company's participation in the Aberdeen promotional programme.

The Company aims to provide shareholders with a full understanding of the Company's activities and performance by means of informative Annual and Half Yearly Reports. This is supplemented by the daily publication, through the London Stock Exchange, of the Net Asset Value of the Company's shares.

The Company's website, www.aberdeenfrontiermarkets.co.uk offers easy access to up-to-date information on the Company. It is regularly updated with monthly factsheets and enables investors to view the Company's Financial Reports and Announcements and useful information on portfolio assets and performance. Further details on the Company's principal risks are set out in the Annual Report.

The full portfolio listing is published monthly on the Company's website.

Policy on Directors' fees

The Board's policy is that the remuneration of non-executive directors should be fair and should reflect the experience, work involved, responsibilities and potential liabilities of the Board as a whole. The non-executive directors' fees are determined within the limits set out in the Company's Articles of Association and they are not eligible for bonuses, pension benefits, share benefits, share options, long-term incentive schemes or other benefits. It is intended that this policy will continue for the year ending 30 June 2019 and for subsequent years. The maximum amount currently payable in aggregate to the directors is £200,000 per annum. This amount may be changed by the passing of an ordinary resolution of the Company. The current maximum amount was approved by shareholders at the Company's Annual General Meeting held in December 2013.

No services have been provided by, or fees paid to, advisers in respect of remuneration policy during the year ended 30 June 2018.

Directors' service contracts

The directors do not have service contracts. The directors have appointment letters subject to termination upon three months' notice. The directors are all subject to re-election by shareholders at a maximum interval of three years.

This page was correct as at: 23 May 2019