

REMUNERATION POLICY

Author: Compliance Officer

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I. GENERAL DISPOSITIONS

This remuneration policy sets out the legal and regulatory requirements, as well as the related actions which Fuchs Asset Management S.A. (hereafter, “FAM”) complies with in order to meet its obligations, in the area of remuneration policy, as Management Company (hereafter, “Manco”) authorised under Chapter 15 of the Law of 17 December 2010 relating to undertakings for collective investment (the “2010 Law”) and Alternative Investment Fund Manager authorised under the Law of 12 July 2013 (the “AIFM Law”), which manages undertakings for collective investment subject to Part I of the 2010 Law and other types of funds which qualify as alternative investment funds.

The remuneration policy promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile, rules or documents of incorporation of the funds managed.

The remuneration policy is in line with the interests of the Company and the funds it manages and with the interest of investors of such funds in order to avoid conflicts of interest.

The policy and its appendices might be modified in the future to take into account evolutions in the regulatory framework.

II. APPLICABLE REGULATIONS

Luxembourg Law	Law of 17 December 2010 relating to Undertakings for Collective Investment
	Law of 12 July 2013 on Alternative Investment Fund Managers
CSSF Circular	CSSF Circular 18/698 relating to authorisation and organisation of investment fund managers incorporated under Luxembourg law
	CSSF Circular 10/437 guidelines concerning the remuneration policies in the financial sector
	CSSF Circular 11/505 on details relating to the application of the principle of proportionality when establishing and applying remuneration policies that are consistent with sound and effective risk management
Directive	No 2014/91/EU of 23 July 2014
	No 2011/61/EU of 8 June 2011
ESMA guidelines	2016/579 Guidelines on sound remuneration policies under the AIFM Directive
	2016/575 Guidelines on sound remuneration policies under the UCITS Directive
	2016/411 Final report on guidelines on sound remuneration policies under the UCITS directive and AIFMD
	2013/232 Guidelines on sound remuneration policies under the AIFMD

III. SCOPE OF THE POLICY

The remuneration policy outlines the philosophy and governing principles for remuneration at FAM that acts independently in its investment decisions.

In the event of any conflict between this Policy and the local laws and regulations, the latter shall prevail to the extent where such conflict exists. Any discrepancy in standards shall entail application of the more stringent.

The policy covers the remuneration which consists of one or more of the following:

- All forms of payments of benefits paid by FAM;
- Any amount paid by the Funds, including any portion of performance fees that are paid directly or indirectly for the benefit of Identified Staff (as defined below);
- Any transfer of units or shares of the Funds.

1. Identified staff

Please refer to the organisation chart of FAM. All the staff and members of the management are subject to this procedure.

2. Proportionality principles

The Company's size is limited and the activities that it performs are not complex, as explained below:

- The Company has less than 20 full-time employees;
- The Company has a well-organised internal governance and a straightforward legal structure;
- The Company manages a limited number of Funds and does not provide any discretionary management or investment advisory services;
- The Funds managed by FAM are AIFs and UCITS that have been incorporated in Luxembourg or EEA countries;
- The investment policy of the managed funds does not foresee complex instruments and the Company is not engaged in high level of risk taking.

By applying the principles of proportionality as foreseen under the CSSF Circular 11-505 and under ESMA Guidelines 2016/575, the following requirements are not applicable:

- Deferral of part of the variable remuneration;
- Retention policy;
- Ex post incorporation of risk in the variable remuneration (malus);
- The requirement to establish a remuneration committee.

IV. REMUNERATION STRUCTURE OVERVIEW

The remuneration policy of FAM is aimed at aligning remuneration with prudent risk-taking. The design of the remuneration system is consistent with the objectives set out in the Company's strategy and lies in:

- A proper balance of variable to fixed remuneration;
- The measurement of performance.

Changes that could appear in the strategy of FAM will be reflected in this policy.

In that context, FAM offers remuneration packages based on the following components:

- Fixed salary (i.e. base salary);
- Variable pay;
- Benefits.

FAM ensures that:

- The balance between fixed and variable remuneration does not impair the interests of the Company, the interests of the funds and their investors;
- The remuneration system prevents from any excessive risk-taking.

1. Base salary

At FAM, the base salary represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy, on variable remuneration components, including the possibility to pay no variable remuneration component.

Indeed, the base salary is certainly considered sufficient and it forms an adequate salary which guarantees reasonable standards of living in Luxembourg for the personnel without obliging them to rely on the payment of a variable remuneration and shall be assessed against the benchmark of the functions performed.

All members of the staff of FAM receive a base salary which is line with their functions, responsibilities and professional qualifications.

The annual fixed remuneration refers to 12 instalments per year.

2. Variable pay

The Company has a performance based culture and as such rewards its employees through variable pay. This is designed to attract, retain and motivate its staff without encouraging the taking of inappropriate risk.

The below principles shall apply to remuneration of any type paid by the Company, to any amount paid directly by the fund itself, including carried interest, and to any transfer of units or shares of the fund, made to the benefits of Identified Staff.

The variable remuneration is paid only if it is sustainable according to the financial situation of the Company as a whole, and justified according to the performance of the business unit, the fund and the individual concerned.

Variable remuneration should not be paid through vehicle or methods that are employed at artificially evading the remuneration provisions of the Law including the outsourcing of professional services to firms that fall outside of the scope of the Law and the setting up of structures or methods through which the remuneration is paid in the form of dividends or similar pay outs.

The variable remuneration can consist of cash, warrants and stock-options, and is defined for a one-year period. The variable remuneration reflects the personal contribution of the staff to the overall performance of the company. The variable remuneration is consistent with the risk management and governance processes.

3. Short-term incentives

Discretionary bonus – annual cash bonus

The purpose of the discretionary bonus is to annually reward and incentivise excellent performance and to align the success of the Company with that of the employee. Discretionary bonuses are intended to reflect contribution to the overall success of the Company and are designed to take a long term view of the Company's development.

All employees are eligible to receive a discretionary bonus.

Appraisal process within the Company

Where remuneration is performance related, the total amount of variable remuneration is based on a combination of the assessment of the performance of the individual and, in exceptional cases, the performance of the fund concerned and of the overall financial results of the Company.

The assessment of the performance is set in a multi-year frame work appropriate to the life-cycle of the funds managed by the Company in order to ensure that the assessment process is based on longer term performance and that the actual payment of performance-based components of remuneration is spread over a period which takes into account of the redemption policy of the funds it manages and their investment risks.

Such assessment must include financial/quantitative (e.g. fund performance, internal rate of return, earnings before interests, EBITDA, etc.) and non-financial/qualitative criteria (compliance with rules of conducts, compliance with the fund investment policy, compliance with risk management policy, leadership, team work, etc.).

The measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and futures risks.

FAM ensures at all times that its financial situation shall not be affected by the overall pool of variable remuneration.

4. Long term incentives

Employees can receive, as part of their variable pay, the right to buy preferred shares of the Company, which contributes to aligning their interest with the interests of the Company.

5. Specific provisions applicable

Remuneration of the Members of the Board

Board members do not receive any remuneration for their work as Board member.

Remuneration of the Conducting Officers

The Members of the Management Committee may receive a variable remuneration linked to the performance and applying the principles set out in this policy.

Performance measures used to calculate the remuneration of the Conducting Officer in charge of portfolio management are different from the ones used for the Conducting Officer in charge of the Compliance and Risk management.

Remunerations of the Conducting Officers and risk manager are directly overseen by the Board of Directors.

Remuneration of the controlling functions

Performance measures for employees responsible for control function will be based on the achievements and objectives of the functions, and their remuneration will be determined independently from the performance of the specific business areas they support, therefore helping to prevent any potential conflicts of interest.

Employees who fall under this arrangement include employees in Compliance, Risk Management, and Internal Audit.

Remuneration of sales functions

The sales function canvasses institutional customers and makes business proposals to the Management of the Company. The decision to accept customers comes solely under the authority of the Management, within the framework of the policy of acceptance that it has defined. The sales function is not involved in any way in the operations of fund management or risk management. In view of the limited powers and duties of the function, the variable remuneration is determined, within the limits of the "bonus pool", based on the profitability of the assets contributed based on a scale fixed by the company (quantitative criterion). The scale is set in a conservative manner so as to permit application of the general principles of the present remuneration policy and approved by the Board of Directors of the Company.

The bonus calculated based on the quantitative criterion specified above is adjusted, if applicable, upward or downward, relying on a system of bonus/malus based on qualitative criteria of evaluation on a scale of evaluation set by the company; the following criteria of evaluation are applied:

- Respect of internal procedures;
- Respect of rules of compliance (laws, regulations and prudential provisions, internal code of conduct);
- Development of the image and reputation of the company;
- Proactivity in implementing recommendations from the internal audit concerning their function.

6. Benefits

In addition to the fixed and variable pay, the Company offers a range of benefits including:

- Luncheon vouchers;
- Company car;
- Parking place;
- Mobile phone;
- Laptop.

7. Payment of carried interest to Identified Staff

As third party Manco, the payment of carried interest to Identified Staff is not applicable to FAM.

8. Performance fees

The Funds do not intend to pay performance fees, i.e. performance related payments made directly by FAM or the Funds itself for the benefit of Identified Staff.

9. Guaranteed variable remuneration

There is no fixed bonus.

Guaranteed payments (e.g. welcome bonus) will only be used in exceptional circumstances (i.e. only when hiring new staff) and will be limited to the first year of employment.

The payments related to the early termination of a contract, which are awarded on a contractual basis, are designed in a way that corresponds to the employee effective performances during the employment period and that does not reward failure (e.g. Golden parachute).

V. GOVERNANCE

1. Board of Directors of the Company

The Board of Directors of the Company will be required to approve and annually review the remuneration policy.

It states on the remuneration of the Conducting Officers of the Company and approves the variable remuneration of the risk management function, if any.

2. Conducting Officers of the Company

The Conducting Officers of the Company are in charge of making sure that the remuneration policy is implemented.

They inform the relevant employees about the principles set out in the current policy, including the criteria used to determine their remuneration and the terms governing their appraisal.

3. Control functions

The control functions have been involved in the elaboration of this policy. The control functions should be closely involved in reviewing the remuneration system of the Company.

In case of major deviation, they will report on the findings from their review to the Board of Directors. A copy of such report (if applicable) can be consulted by the CSSF upon request.

The risk management function assesses how the variable remuneration structure affects the risk profile of the Company.

The compliance function assesses the compliance of the remunerations structure with the legislation, regulations and internal policies.

The audit functions will be informed about reward policies and will perform regular checks in order to verify that the policy works as intended and it is applied consistently.

4. Remuneration Committee

Not applicable considering the principles of proportionality.

5. Updating policy

The remuneration policy is reviewed on an annual basis and it will be updated whenever needed by FAM management with the support of the Company's control functions to take into account evolutions in the applicable laws and regulations, in group policies or in FAM's organisation.

Any update made to the policy will be subject to the approval of FAM Board of Directors.

VI. DISCLOSURE

1. External Disclosure

The Company will issue on an annual basis its annual report covering the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the Company to its staff, and number of beneficiaries, and, where relevant, carried interest paid by Funds.

Moreover, the remuneration policy is available on FAM's website.

2. Internal Disclosure

The Remuneration Policy is part of the Company's policies and procedures and as such the main principles are available to all staff.

The employees are regularly informed about their remuneration, criteria used to measure performance and the link between performance and pay.