

Remuneration policy

Policy Owner

This Policy is owned by Salvino Ferrante, Conducting Officer of EFG Fund Management S.A. supervising the human resources function delegated to EFG Bank Luxembourg S.A. as per the Service Level Agreement (SLA) in place between the Company and EFG Bank Luxembourg S.A.

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Confidentiality Level

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Version History and Document Approval

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2. Introduction

1.1 *Philosophy & aim*

The present Remuneration Policy takes into account the local laws and regulations in which the Management Company operates, in particular the CSSF Circular 10/437 and the ESMA guidelines 2016-575 on sound remuneration policies under the UCITS Directive (the “ESMA Guidelines”).

The aim of the present remuneration policy is to set up the remuneration regime compatible with a sound and efficient risk management, which encourages such management, which will not lead to an excessive risk taking by the staff members of the Company and which is in line with the Conducting Officers’ and the Board of directors’ decisions.

Furthermore, these regulations are set up in the interests of the clients of the Company in order to protect in the best ways their interests.

1.2. *Scope and validity*

The present remuneration policy applies to all members of staff of EFG Fund Management, independent of their place of work, hierarchical level or function. Specific provisions however are only applicable to persons who are members of the administrative and management bodies of EFG Fund Management SA including its branches and subsidiaries (hereinafter referred to as the “**Company**”) and employees whose professional activities have a material impact on the risk profile of the Company itself (hereinafter referred to as the “Identified Staff” see Appendix A).

The present remuneration policy has been discretionarily set up by the Company and may be modified at any time, without any notice and without any justification by the Company.

The present remuneration policy replaces and supersedes any applicable Remuneration Policy applicable before.

In case of any contradiction between the present remuneration policy and the ESMA Guidelines or any other relevant statutory or regulatory provisions, the latter shall prevail.

1.3 Proportionality principles

The Company's remuneration framework has been designed in line with the UCITS regulations in a way and to an extent deemed appropriate to its size, internal organisation and the nature, scope and complexity of its activities (see Appendix B).

1.3.1. By application of the proportionality, the following principles can be neutralized:

1. Set-up of a Remuneration Committee.

EFB Bank Luxembourg S.A., sole shareholder of the Company, to which the function of Human Resources has been delegated, has chosen to neutralize establishment of a Remuneration Committee at local level but however reports on behalf of the Company to the Group Remuneration Committee to ensure alignment with Group remuneration principles.

2. The requirements on pay-out processes for Identified Staff including:
 - The payment of variable remuneration in instruments related mainly to the Fund(s) in relation to which they perform their activities;
 - Deferral requirements;
 - Retention periods;
 - Ex-post incorporation of risk (Malus).

1.4. Internal & External Disclosure

1.4.1 Internal disclosure

The present policy is at the disposal of all staff members of the Company upon request, and Staff members will be informed about any amendments with respect to this remuneration policy and will be informed on due time about the criteria which will be considered for the determination of the variable payment as set forth in item 2.2.

The appraisal process should be properly documented and transparent to the member of staff concerned. Confidential quantitative aspects of the remuneration of staff members should not be subject to internal disclosure.

1.4.2 External disclosure

The following disclosures are required in the following documents:-

Prospectus of UCITS

The prospectus of each UCITS managed by the Company shall include either:

- (a) the details of the up-to-date remuneration policy, including, but not limited to, a description of how remuneration and benefits are calculated, the identities of persons responsible for awarding the remuneration and benefits; or

(b) a summary of the remuneration policy and a statement to the effect that the details of the up-to-date remuneration policy, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits are available by means of a website – including a reference to that website – and that a paper copy will be made available free of charge upon request.

It is agreed that a summary of the remuneration policy and a statement to the above effect will be disclosed in the prospectus of each UCITS and that such details will be made available on the Company web site

Key Investor Document (“KIID”) of UCITS

The KIID of each UCITS managed by the Company shall include the following statement or any similar statement as required by the CSSF:

“The details of the up-to-date remuneration policy, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits are available by means of a website – including a reference to that website – and that a paper copy will be made available free of charge upon request.”

Annual report of UCITS

The annual report of each UCITS managed by the Company shall include, inter alia, the following information:

- a. the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the Company or by the investment company to its staff, the number of beneficiaries and where relevant any amount paid directly by the UCITS itself, including any performance fee;
- b. the aggregate amount of remuneration broken down by categories of the Identified Staff (see Appendix A);
- c. a description on how the remuneration and the benefits have been calculated;
- d. the outcome of the review of the remuneration policy;
- e. material changes to the remuneration policy.

2. Fixed and Variable Remuneration payments

This policy 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;

The staff members of the Company, falling within the scope of the present remuneration policy may benefits from:

- Fixed remuneration and benefits;
- Variable remuneration.

2.1. Fixed remuneration and benefits

The amount of the fixed remuneration of the persons falling within the scope of the present remuneration policy is determined in the respective individual contracts.

Fixed remuneration is defined in line with the level of education, the degree of seniority, the level of expertise and skills required the constraints and job experience and the relevant business sector, in line with the Luxembourg Collective Bargaining Agreement for bank employees, where applicable.

The Company uses the performance reviews on an individual basis to review whether a salary increase is necessary or strongly advised for talent retention purposes. Salaries are reviewed on a yearly basis from manager level, through HR, until its Board approval.

The fixed compensation represents a substantial proportion of the total annual remuneration and sufficient not to create any kind of dependency of staff on variable remuneration.

Pursuant rules and policies of the Company, staff members of the Company may be eligible for benefits that are regulated in each individual employment contract (see Appendix C).

The following two categories of increase of fixed variable remuneration are defined:

- Mandatory Salary Increase
- Discretionary Salary Increase

The mandatory salary increases are linked to the indexation increase and any salary adjustments.

The Discretionary Salary Increase is defined every year according to EFG Group guidelines.

2.2. Variable remuneration

2.2.1. General principles

1. Variable remuneration reflects a sustainable and risk adjusted performance as well as performance in excess of that required to fulfil the employee's job description as part of the terms of employment.
2. The global amount allocated to the variable remuneration depends on the financial results of the Company and it will be determined according to the prudential rules and will effectively into account the exposure to risks of the Company and related risk appetite.
3. Considering the application of proportionality principle, it is envisaged to make payments of the variable remuneration under the form of cashor warrant (financial instrument) as foreseen in the Tax Authorities Circular L.I.R.n° 104/02 dated 20 December 2012. The warrant scheme beneficiaries will be requested to anticipate the relative taxes payment to the tax authorities once the warrants are transferred into the beneficiaries' personal account. After a blocking period of 6 months, close-out of the warrant scheme and payment of the proceeds into the beneficiaries' accounts.

4. The indicative total amount of the variable remuneration allocated for any financial year should be respected at any time; however exceptions should be authorized by the Board of Directors (see Appendix D).
5. The total amount of the variable remuneration allocated to a person falling in scope of the present policy, may not exceed the percentage as indicated in Appendix D (“Ceiling”).
6. The variable remuneration may at no moment in time lead to any vested right for the concerned person regardless of the amount, the frequency and the generality of such variable remuneration.
7. The Company will at no point in time be obliged to grant a variable remuneration.
8. Guaranteed variable remuneration (e.g. welcome bonus) may occur only when hiring new staff and where the institution has a sound capital base and is limited to the first year of employment.
9. The Company is in principle only supposed to attribute to the eligible persons falling within the scope of the remuneration policy a variable compensation, if the Company realizes for the concerned financial year a gross profit, whereas the gross profit is determined at a stage before the payment of taxes and elements of the variable remuneration. In special and important cases for the future development of the Company, the Board of Directors may consider as well a variable remuneration also in financial years where the Company is not producing a profit.
10. The remuneration will be paid to the concerned person at the latest 31 March following the end of the concerned calendar / financial year under the condition precedent that at that given moment neither the termination nor the resignation has been notified.
11. If disciplinary measures have been enforced during the year to persons falling under the present Remuneration Policy, the Company reserves the right to reduce or cancel the variable remuneration payment.
12. The Company reserves the right to request the repayment of the entire amount of the variable remuneration if the earning was based or related to fraudulent behaviour (Clawback).
13. Staff members are required to undertake not to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements. Variable Remuneration is not paid through vehicles or methods that facilitate the non-compliance with the requirements of the ESMA Guidelines (Hedging).
14. The payments / amounts allocated to the staff members will be treated in consideration of the relevant tax and social security provisions and, if relevant, the necessary withholdings will be operated by the Bank.
15. Payments related to the early termination of a contract reflect performance achieved over time and do not reward failure or misconduct. All rewards should be based on good (not failed) performance that is evidenced and in line with the ESMA Guidelines.

2.2.2. Performance measurement

a. Performance review overview

Salary review shall be based inter alia on the performance of the individual for the proceeding period. This review shall be conducted annually and documented in a formal way. Reviews are completed before salary planning and variable component allocation, i.e. ideally by the end of November of each year.

The performance assessment is performed in a multi-annual framework to guarantee that the assessment is based on long-term individual performances. The methodology /assessment forms used for carrying out the annual performance assessment are published on the intranet.

The performance criteria are qualitative and quantitative:

- Quality level (attention to details, accuracy);
- Quantity level (timeline, productivity);
- Technical and organizational skills;
- Compliance with regulatory requirements, internal procedures, interests of clients;
- Attitude, team work, social and image skills;
- Conduct of business rules, fair treatment of clients and Client satisfaction.

In addition for managers and supervisors:

- Leadership;
- Developing direct reports;
- Entrepreneurship.

Performance review shall ensure that:

- The individual's objectives are clearly defined and understood by both employee and employer;
- Appropriate verbal and written recognition is given for particular achievements in the preceding period;
- Career development plans, if any, are discussed and documented;
- Training needs are identified and documented in order to reduce the gap between the employee's skills and the required competence;
- Retention of key people is facilitated;
- Most efficient use of available funds is obtained;
- Low performers are identified and their progress tracked;
- Review process is transparent for staff;
- Shortcomings perceived by the employer in the preceding period are discussed and documented in a formal way.

b. Performance assessment of Control Functions

The performance assessment is performed in a multi-annual framework to guarantee that the assessment is based on a long-term individual performance. The performance of Control Functions is also assessed on a combination of quantitative and qualitative criteria by their functional line.

The quantitative criteria are worth 30% of the variable component and are based on the effective implementation of the tasks and responsibilities entrusted to the different Internal Control Functions.

The qualitative criteria are worth 70% of the variable compensation and are part of the assessment criteria for Internal Control functions.

The attribution of variable remuneration is not linked to the performance of areas/units they oversee.

c. Discretionary Bonus

The persons occupying the control functions (Chief Risk Manager, Chief Compliance Officer, and Chief Internal Audit) are affiliate to the category Discretionary Bonus.

The quantitative and qualitative objectives of the control functions have to be defined and evaluated independently from the objectives and performances of the specific business areas.

The determination of the Discretionary Bonus is based upon:

- a) the achievement of the overall results of the Company;
- b) the maximum cap set forth (as defined in Appendix D);
- c) the achievement of the quantitative and qualitative objectives ;
- d) the discretion of the Conducting Officers

d. Ex-post risk adjustment (Claw Back)

If not dis-applied (1.3 of the present policy), members of staff may be required to repay all or part of the bonuses that have been awarded and vested based on performance data which is subsequently proven to be fraudulent or seriously misleading.

Any serious disciplinary offence shall have a major impact on the variable compensation.

Staff contravening internal regulations or regulatory or legal requirements in particular and/or significant raising the organization's risk exposure shall have their variable compensation reduced or eliminated.

2.3. Remuneration for the Members of the Board of Directors

Members of the Board of Directors may receive a fixed fee. The fixed fee of a Board member reflects the qualifications and contribution required in view of the Company's complexity, the extent of the responsibilities and the number of board meetings.

Board members are not covered by incentive programmes and do not receive performance-based remuneration.

3. Governance

The Board of Directors, the Conducting Officer having in charge the Human Resources activities are involved in the governance of the present Remuneration Policy.

3.1. *The Board of Directors*

The Board of Directors is responsible for:

- establishing, amending, abolishing and reviewing periodically and at least once a year the on-going appropriateness and relevance of the present Remuneration Policy and practices considering internal and external rules (i.e. group policies/rules, local legislation), market practice;
- setting-up / ratification of any new form / regime of fixed or various remunerations / advantages, etc. to be granted in favor of the persons falling within the scope of the present Remuneration Policy;
- ensuring the good governance of the implementation and of the supervision of the present Remuneration Policy and that results of the periodic review are followed-up;
- reviewing, ratifying and approving the global amounts allocated to the increase of the fixed remuneration and to the variable remuneration;
- reviewing, ratifying and approving the amounts allocated to the increase of the fixed remuneration and to the variable remuneration of the Conducting Officers;
- reviewing, ratifying and approving the amounts allocated to the increase of the fixed remuneration and to the variable remuneration of Control Functions and rest of the staff, based on the Conducting Officers' opinion;
- taking all necessary measures in order to make the present remuneration policy compliant with laws/circulars/directives, as it may be amended, any further guidelines issued by any authorities and any requirements necessary for an healthy and efficient risk management of the activities of the Company;
- approving contractual termination payments exceeding twelve (12) months of salary of the concerned employee;
- ensuring that a timely remedial plan is put in place when periodic reviews reveal that the remuneration system does not operate as intended or prescribed;
- ensuring at all times with the confidentiality of the information / data of which they may become aware of in the scope of their office;
- considering the appointment of qualified, independent external consultants for advice or support, if deemed necessary;
- ensuring that the overall remuneration policy is consistent with the business strategy, objectives, values and interests of the management company and the UCITS it manages and the investors of such UCITS; and;
- implementing a remuneration system which properly takes into account all types of risks, liquidity and capital levels.

3.2. *The Conducting Officers*

The Conducting Officer having in charge the Human Resources activities, together with the Head of HR, and with the involvement of the Control Functions, are responsible for the compliance of this policy with laws and regulatory framework. Any regulatory or legal changes must be monitored, analysed and forwarded without delay to the Board of Directors for updating purposes.

The Conducting Officer having in charge the Human Resources activities is, responsible for:

- taking all necessary measures for implementing the present Remuneration Policy and keep the present policy and the remuneration falling within its scope under review in the light of legislative, regulatory and market developments;
- reporting as often as it deems necessary, but at least once a year, to the Board of Directors about the implementation and the supervision of the implementation of the present Remuneration Policy;
- proposing for approval to the Board of Directors the global amount to be allocated to the increase of the fixed remuneration and to the variable remuneration (budgeting phase);
- sharing with the Board of Directors the global amounts to be paid for the increase of the fixed and variable remuneration;
- defining the people and the amounts of the discretionary salary increases once the global amounts are approved;
- defining the people and the amounts for the discretionary bonuses once the global amounts are approved.
- evaluating the results of the audits concerning remuneration matters on this policy.

3.3. *Other Functions*

The HR function is responsible for:

- participating in and informing on the drawing up and the evaluation of the Remuneration Policy;
- monitoring the consistent application of the Remuneration Policy and evaluating its operation and assuring that the policy is aligned with the institution's risk profile
- custodian of all contractual terms.

The Risk Management Officer is responsible for:

- assessing how the variable remuneration structure affects the risk profile of the Company.

The Compliance Officer is responsible for:

- assessing if the remuneration structure is compliant with legislation, regulations and internal policies.

The Internal Audit function is responsible for:

- carrying out once a year an independent audit of the design, implementation and effects of the management company's remuneration policies

The control functions, (i.e. Risk, Compliance and Internal Audit) shall report on the outcome of this review to the Board of Directors. A copy of said reports shall be put at the disposal of the CSSF.

3.4. *Conflict of interests*

If any member of the Board of Directors, the Conducting Officers, shall have any conflict of interests, he/she shall indicate it to the members of the respective body and refrain from participating in any vote and decision making.

4. Delegation of activities

The Company ensures that the entities to which **portfolio management or risk management activities** have been delegated are subject to equivalent regulatory requirements on remuneration and that appropriate contractual arrangements are entered into to ensure there is no circumvention of the remuneration rules with respect to payments to identified staff within the delegate.

Appendix A

Personal scope of the remuneration policy – Identified Staff

Board Members (3):

Chairman

Board member

Board member

Conducting Officers (3):

Conducting Officer A

Conducting Officer B

Conducting Officer C

Heads of Control functions (2):

The Conducting Officer A is in charge of Internal Audit

The Conducting Officer B is in charge of Risk Management

The Conducting Officer C is in charge of Compliance

The Conducting Officers do not receive any variable remuneration for their position as responsible of risk management, internal audit and compliance.

Staff responsible for heading up portfolio management, administration, marketing and HR (4)

The Conducting Officer A responsible for Accounting, Central Administration, Portfolio Management and Marketing Functions

The Conducting Officer B responsible for IT.

The Human resources department of EFG Bank Luxembourg S.A. is responsible for the human resources of the Company.

Appendix B

Self-assessment of the application of the proportionality principle

As described in section 1.3, the present policy has been established based on the application of the proportionality principle taking into account the Company's size, internal organization as well as the nature, scope and complexity of its activities.

The proportionality principle aims to match remuneration practices consistently with the Company's risk profile, risk appetite and strategy, so that the objectives of the obligations are efficiently achieved.

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

- The projected total value of assets under management is below EUR 10 bio or equivalent;
- The Company has no more than 20 employees;
- The Company manages a limited number of Funds mainly investing in plain vanilla asset class.

The Company deems as eligible to apply the proportionality principle at institutional level and therefore neutralize the following elements:

- 50% portion of non-deferred variable remuneration to be paid in shares or similar instruments;
- A portion of the bonus to be deferred;
- Application of a retention period; and
- Ex-post risk adjustments to variable remuneration;
- The set-up of a remuneration committee.

Appendix C

Additional benefits could be included in individual employment contract:

- Supplementary pension scheme;
- Personal contribution to the pension plan possible;
- Supplementary health insurance;
- Company car for eligible staff;
- Meal vouchers.

None of the above mentioned benefits are linked to the performance of employees.
The Company does not grant any discretionary pension.

The Company could grant any other kind of discretionary benefit as negotiated from time to time.

Appendix D

Indicative Maximum Variable Remuneration Indicative current Variable Remuneration in % of the total annual remuneration of the staff.	20%
Ceiling Maximum Variable Remuneration in % of the fixed annual remuneration.	100%

In case the ceiling percentage is superior to 100% a specific authorization from shareholder and notification to the CSSF is necessary.

Appendix F

Control functions and criteria for the identification of quantitative/qualitative objectives

The control functions are:

- Head of Risk Management
- Head of Compliance
- Head of Internal Audit

These control functions have to receive objectives defined according to the following criteria and weight:

	Criteria	Weight
1.	Involvement in the setting up, updating and monitoring of internal policies, processes, procedures in respect of statutory and regulatory requirements	0-40 %
2.	Participation in training and support of employees in relation with regulatory and compliance matters	0-20 %
3.	Control, monitor, supervise of the activities and risks of the Bank	0-40%
4.	Prepare regulatory and internal reporting and participate to the management of the relationships with regulators/auditors	0-40 %
5.	Involvement in specific projects/activities of the Bank	0-40 %
6.	Discretion of the hierarchical manager	0-20 %