

KB Associates

**KBA Consulting Management Limited
Remuneration Policy**



INDEPENDENCE - COMMITMENT - EXPERTISE

1 Remuneration Policy

1.1 Scope

This Policy applies to KBA Consulting Management Limited (“the ManCo”) in discharging its own regulatory obligations and its regulatory and/or contractual obligations to the fund.

1.2 Purpose

The purpose of the Policy is to describe the remuneration practices of the ManCo in relation to its identified staff, namely board members and senior management. The board of directors of the ManCo (the “**Board**”) has established these practices to promote sound and effective risk management, to discourage inappropriate risk taking and to ensure that remuneration practices are consistent with, and promote, effective risk management and align with the risk profile of the ManCo or the risk profiles and constitutional documents of the alternative investment funds (“AIFs”) and UCITS funds (“UCITS”) under the ManCo’s management (together, the “Funds”).

1.3 Designated Person

The primary Designated Person who maintains this Policy and oversees its implementation is the Designated Person with responsibility for Regulatory Compliance, Tom O’Connor. The ManCo Board has appointed the Designated Person to this role based on their experience, knowledge and skills and receives reports from the Designated Person detailing key developments and issues warranting consideration and handling.

1.4 Statutory Obligations

The ManCo has drafted and implemented the Policy to align with the provisions of the European Union (Alternative Investment Fund Managers) Regulations 2013 and the European Commission Delegated Regulation No 231/2013 (together the “AIFM Regulations”) and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended, consolidated or replaced from time to time (the “UCITS Regulations”) (the AIFM Regulations and UCITS Regulations, collectively the “Regulations”). This Remuneration Policy has also been drafted in accordance with the European Securities Markets Authority (“ESMA”) Guidelines on Sound Remuneration Policies under the AIFMD (ESMA/2013/232) (the “ESMA AIFMD Guidelines”) and the ESMA Guidelines on Sound Remuneration Policies under the UCITS Directive (ESMA/2016/575) (the “ESMA UCITS Guidelines”) (the ESMA AIFMD Guidelines and the ESMA UCITS Guidelines, collectively the “ESMA Guidelines”) (the Regulations and the ESMA Guidelines, collectively, the “Remuneration Requirements”). Further, consideration has been given to the requirements as outlined in Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the “SFDR Requirements”).

1.5 Identified Staff

The categories of staff, including senior management, risk takers and control functions whose professional activities have a material impact on the ManCo's risk profile and the risk profile of the Funds are identified in Schedule 1 to this Policy (the **Identified Staff**).

Types of Remuneration subject to the ESMA Guidelines

This Policy applies to all forms of payments or benefits paid by the ManCo to the Identified Staff in exchange for professional services. Such forms of payment or benefit will include:

1. fixed remuneration (payments or benefits without reference to performance); and
2. variable remuneration (additional payments dependent on performance or other contractual criteria as described below).

Both fixed and variable remuneration include monetary payments and benefits (such as cash and pension contributions). Ancillary payments or benefits which form part of a general non-discretionary, company-wide policy and pose no incentive effects in terms of risk assumption are excluded from this Policy.

1.6 General Provisions

The ManCo's Policy is to pay Identified Staff a fixed component with the potential for Identified Staff to receive a variable component as described below. It is intended that the fixed component will represent a sufficiently high proportion of the total remuneration of the individual to allow the ManCo to operate a fully flexible policy, with the possibility of not paying any variable component.

When the ManCo pays a variable component as performance related pay, the following requirements will be applied:

1. Where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual, the ManCo a. When assessing individual performance, financial as well as non-financial criteria are taken into account;
2. The assessment of performance is set in a multi-year framework appropriate to the life cycle of the ManCo in order to ensure that the assessment process is based on longer term performance;
3. The ManCo does not pay guaranteed variable remuneration, except in exceptional circumstances, occurring only in the context of hiring new staff and limited to the first year;

4. In the event of severance resulting from performance related issues, no severance payments shall be made beyond those to which an employee is contractually entitled;
5. No pension benefits are currently provided by the ManCo but if they are they shall be in line with the business strategy, objectives, values and long-term interest of the ManCo;
6. The ManCo requires that staff undertake not to use personal hedging strategies or remuneration and liability related insurance to undermine the risk alignment effects embedded in the remuneration arrangements. The ManCo Personal Trading Policy requires staff to notify the ManCo of all trading activity including derivatives transactions. As the ManCo does not envisage making payments in units/shares of the Funds nor currencies other than EUR, it is not anticipated that circumstances shall arise in which it may be advantageous for staff to engage in such hedging practices.
7. The ManCo will ensure the variable remuneration is not paid to entities or in such a manner as may facilitate the avoidance of the requirements of the Regulations.

The various remuneration components are combined to ensure an appropriate and balanced remuneration package that reflects the relevant member of staff's rank and professional activity as well as best market practice.

1.7 Proportionality

Taking into account the size, nature and scope of its activities, the ManCo Board has decided to dis-apply certain elements of the ESMA Guidelines. The following ESMA AIFMD guidelines, have been dis-applied by the ManCo:

1. Payment of variable remuneration in units/shares of AIFs managed by the ManCo;
2. Retention/deferral; and
3. Clawback.

The dis-application of the above requirements is appropriate with the risk profile, risk appetite and the strategy of the ManCo and the Funds it manages.

With regard to the ESMA UCITS Guidelines, the ManCo Board notes that these guidelines (unlike the ESMA AIFMD Guidelines) do not offer any guidance as to whether the application of the proportionality principle may enable management companies to dis-apply the specific requirements above. However, in a letter to the European Union law-making institutions published alongside the ESMA UCITS Guidelines (the “**ESMA Letter**”), ESMA set out its view that it should be possible to dis-apply the Pay-out Process Rules under specific circumstances and that it should also be possible to apply lower thresholds whenever minimum quantitative thresholds are set for the Pay-Out Rules. In the absence of legislative amendment at European level, or clarification at member state level, the ManCo has made its own assessment as to the application of the proportionality principle and in doing so has deemed it appropriate to have regard to ESMA’s views in the ESMA Letter regarding the circumstances in which the principle of proportionality may be relied upon.

This determination to disapply the Pay-out Process Rules will be reviewed regularly by the ManCo Board and at a minimum on an annual basis as part of the overall Remuneration Policy review.

1.8 Variable Remuneration Component

The ManCo will provide the opportunity for Identified Staff to receive variable remuneration based on the performance of the individual and the ManCo.

The extent of the variable component will depend on the following factors:

1. the performance of the individual; and
2. the performance of the ManCo;

Although the performance of the Funds managed by the ManCo could ultimately affect the performance of the ManCo by virtue of its operations, the performance of the Funds does not directly impact the remuneration of the individuals.

Assessment of performance will consider both financial and non-financial factors. Particular consideration will be given to risk related factors. The above will be considered in a multi-year framework.

Payment of the variable remuneration component is not guaranteed and will be determined by the Executive Directors, with the relevant affected director absenting themselves from such discussions.

When delegating portfolio management or risk management activities the ManCo will ensure that:

- a) the relevant delegates are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Guidelines; or
- b) appropriate contractual arrangements are put in place with delegates in order to ensure that there is no circumvention of the remuneration rules set out in the ESMA Guidelines.

The ManCo acknowledges that delegates may be able to disapply the Pay-out Process Rules or the requirement to establish a remuneration committee under the ESMA Guidelines on the basis of proportionality and details of any such proportionality analysis will be provided by the delegate to the ManCo for review. The ManCo maintains remuneration details relating to the delegation arrangements for each Fund managed by the ManCo.

The ManCo Board requires each delegate to provide them with an annual confirmation that its remuneration policies and practices are in line with the applicable Remuneration Requirements.

1.9 Remuneration of Non-Executive Directors

The non-executive directors receive a fixed fee only and do not receive performance-based remuneration, therefore avoiding a potential conflict of interest. The basic fee of the non-executive directors is set at prevailing market levels that reflect the qualifications and contribution required in view of the ManCo's complexity, the extent of their responsibilities and the number of board meetings. No pension contributions are payable on the non-executive directors' fees.

1.10 Disclosure

The ManCo will comply with the disclosure requirements set out in the Regulations. The total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the ManCo to its Identified Staff will be disclosed as required, as must the aggregate amount of remuneration broken down by senior management whose actions have a material impact on the risk profile of the Funds. The ManCo is not required to report to the Central Bank as to whether it complies with the ESMA Guidelines. The Board considers that this Policy is in line with the strategy, objectives, values and interests of the ManCo and the Funds. The ManCo will publish this Remuneration Policy on its website.

1.11 Management and Oversight of Sustainability Risks

Under Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the "SFDR"), the ManCo is required to include in its Remuneration Policy information on the integration of sustainability risks and how the remuneration structure is consistent with the integration of sustainability risks. Pursuant to SFDR, the ManCo has adopted its Sustainability Risk Policy Statement which sets out the ManCo's Policy with regard to the integration of sustainability risks in the ManCo's decision-making process.

The ManCo provides management services to a variety of Funds. It has delegated investment management activities, including portfolio management, with respect to such Funds to a variety of investment managers (the "Investment Managers") in accordance with the requirements of the Regulations and the Central Bank.

The ManCo has delegated the integration and management of sustainability risks to its Investment Managers and will perform ongoing oversight of its Investment Managers to ensure sustainability risks are managed as promoted on an ongoing basis. This ensures that the ManCo's Remuneration Policy promotes sound and effective risk management, taking into account the long-term interests and strategy of the ManCo and the risks presented to it (including, for example, sustainability risks).

The ManCo shall ensure that its Investment Managers also address sustainability risks in their respective remuneration policies, where relevant.

1.12 Remuneration Committee/ManCo Board Oversight

Based on an analysis of the application of proportionality under the ESMA Guidelines, the ManCo has determined not to constitute a separate remuneration committee and for remuneration matters to be determined by the Executive Directors. The ManCo will keep this under review and, at a minimum, on an annual basis as part of the overall Remuneration Policy review.

1.13 Record Keeping

The ManCo will maintain records, including transaction records to demonstrate compliance with the regulatory requirements and policy provisions detailed above. These records will be maintained for a period not less than seven years following the termination of the business relationship.

1.14 Review

This Policy will be reviewed and updated on an annual basis or more frequently where warranted.

Schedule 1

Identified Staff

Under the ESMA Guidelines, Identified Staff are classified as categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls into the remuneration bracket of senior management and risk takers, whose professional activities have a material impact on the ManCo's risk profile or the risk profiles of the Funds and categories of staff of the delegates to which investment management activities or risk management have been delegated by the ManCo, whose professional activities have a material impact on the risk profiles of the Funds.

On the basis of the ESMA Guidelines, the ManCo has determined the following ManCo Directors and employees to be Identified Staff for the purposes of this Remuneration Policy:

1. All Designated Persons;
2. All Members of the Board;
3. All Members of the Risk Committee; and
4. All Members of the Investment Committee.

KB Associates

The background of the page is composed of several overlapping geometric shapes, primarily triangles, in various shades of red and beige. The top-left corner is a light beige triangle. Below it, a large dark red triangle covers most of the upper and middle sections. In the lower half, there are several overlapping triangles in lighter shades of red and beige, creating a layered, abstract effect.