

Remuneration policy

Policy Owner

This Policy is owned by Salvino Ferrante, Conducting Officer of KBA Fund Consulting S.A. supervising the human resources function .

Name: Salvino Ferrante
Function: Conducting Officer
Tel.: +352 2645 4245

Confidentiality Level

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Version History and Document Approval

Version	Written or updated by:	Description of Action (changes/approval)	Date	Validated by	Date of validation	Approved by: Name / Committee	Date of approval
1.0	Simona Bortolazzi	Creation of Policy	18/12/15	Conducting Officers	18/12/15	Board of Directors	18/12/15
1.1	Marisa de Castro (BSIE/HR)	Alignment with UCITS V provisions and reallocation of functions between Conducting Officers	19/12/16	Conducting Officers	19/12/16	Board of Directors	19/12/16
2.0	Marisa de Castro (BSIE/HR)	Review further to BSI Europe S.A.'s decision to abolish its Remuneration Committee and as a result ours.	23/03/17	Conducting Officers	23/03/17	Board of Directors	23/03/17
3.0	Stephanie Sion	Review further to the integration within EFG Bank Luxembourg	04/04/2018	Conducting Officers	25/04/18	Board of Directors	06/06/18
3.1	Stephanie Sion	Annual fee	Nov. 2020	Conducting Officers	Nov 2020	Board of Directors	10/12/20
4.	Salvino Ferrante	Review further to the integration within Waystone	Oct. 2022	Conducting Officers	Oct. 2022	Board of Directors	Oct. 2022

I. Introduction

KBA Fund Consulting S.A. (hereafter “**KBA**”, formerly known as EFG Fund Management S.A.) is a management company (hereafter “**ManCo**”) pursuant to Chapter 15 of the Law dated 17 December 2010 relating to undertakings for collective investments and is also an alternative investment fund manager (hereafter “**AIFM**”) pursuant to Chapter 2 of the Law dated 12 July 2013 relating to AIFMs.

This remuneration policy, in line with the Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, applies to KBA and to its appointed investment managers and advisors (the Delegates) in the context of managing undertakings for collective investment (“**UCITS**”) and alternative investment funds (“**AIFs**”) located either in Luxembourg or Ireland (jointly hereafter referred to as collective investment schemes or “**CIS**”), and sets out principles applicable to the remunerations of the senior management, all staff members having a material impact on the risk profile of the financial undertakings as well as all staff members carrying out independent control functions.

II. Background

This policy aims to:

- ensure that KBA’s remuneration structure is in line with the business strategy, objectives, values and interests of KBA and the CIS it manages as well as the investors of such CIS;
- not encourage risk-taking which is inconsistent with the risk profiles, rules or articles of incorporation or management regulations of the CIS KBA manages nor impair compliance by KBA with the obligation to act in the best interest of CIS it manages;
- ensure consistency with and promotion of sound and effective risk management to avoid excessive risk taking, including sustainability risk aspects;
- avoid or manage conflicts of interest.

The ESMA guidelines on sound remuneration policies under the AIFMD (ESMA/2013/232 as amended by ESMA/2016/579) as well as the recital 66 of the CRD IV maintains the principle of proportionality: *“The provisions of this Directive on remuneration should reflect differences between different types of institutions in a proportionate manner, taking into account their size, internal organization and the nature, scope and complexity of their activities. In particular it would not be proportionate to require certain investment firms to comply with all of those principles.”*.

In addition, the ESMA guidelines on sound remuneration policies under the UCITS Directive (ESMA/2016/575) also confirm that *“In taking measures to comply with the remuneration principles management companies should comply in a way and to the extent that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities”* and provide further clarification on the criteria of size, internal organisation, nature, scope and complexity of activities to be assessed from a proportionality perspective. It shall also be noted that this policy takes into account Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector and regulatory guidance published by relevant authorities in relation to it.

III. Variable elements of remuneration at KBA

The variable component of remuneration should at all times be reasonable compared to the fixed component of the remuneration. Remunerations to be applied shall always provide for appropriate balance between fixed and variable remuneration elements and should be in line with the business strategy, objective, value and interest of KBA. The maximum limit of the variable component of the remuneration does in principle not exceed 100 % of the annual gross salary of the employee. Exceptions may be possible subject to the approval of the Remuneration Committee.

The total amount of remuneration is based on a combination of the assessment of the performance of the individual, the business unit concerned and the overall results of KBA.

KBA may perform an “ex-post risk adjustment” of the variable remuneration, in presence of certain factors (such as for example but not limited to, evidence of misbehaviour or serious error by the person in scope; significant downturn in the financial performance or a significant failure of risk management in KBA or in its relevant business unit; significant change in KBA’s financial situation and in general when the bonuses have been based on fraudulent data) which may lead to the reimbursement (clawback) or the total or partial cancellation (malus) of bonuses awarded to the person in scope.

Bonus shall not be offered if they cause conflicts of interest, specifically regarding the ability of KBA to have sound risk management and clients’ and investors’ protection principles in place.

IV. Appointed portfolio managers of AIFs and investment managers of UCITS

Any appointed portfolio manager of AIF and investment manager of UCITS (if and to the extent required by applicable laws and regulations) appointed as delegate of KBA must demonstrate that it has adopted a remuneration policy applicable to its staff and senior management and that such policy is subject by law to equivalent remuneration requirements and principles as defined either (i) in Annex II of the EU Directive 2011/61/EU on Alternative Investment Fund Managers for portfolio managers of AIFs (as well as in the Law of 2013) or (ii) in article 1 (1) of the EU Directive 2014/91/EU for investment managers of UCITS (as well as in the Law of 2010). Delegates may also have to demonstrate relevant inclusion of sustainability risk factors criteria in their remuneration policy as the case may be.

KBA may accordingly have the right to be provided with such remuneration policy upon request, or alternatively, to the extent that KBA is legally required to ensure compliance of its delegates with applicable laws and regulations, request the relevant portfolio manager of AIF or investment manager of UCITS to provide a written certification that its remuneration policy is in line and equally as effective as this Policy and with applicable laws and regulations. As another alternative, KBA may request to be provided with an appropriate written confirmation and/or relevant documents and information from the relevant portfolio manager of AIF or investment manager of UCITS for the purpose of assessing the applicability of the proportionality principle to such appointed delegate.

V. KBA Dublin Remuneration Committee

The Remuneration Committee is a standing committee of the Board of KBA. The purpose of the Remuneration Committee is to exercise competent and independent judgment on the remuneration policy and on its implementing practices and incentives created for managing risk, capital and liquidity.

When preparing such decisions, the Remuneration Committee shall take into account:

- the long-term interests of KBA’s investors; and
- applicable legal requirements.

The final decisions are taken by the Board of KBA. The Chair and the members of the Remuneration Committee shall be members of the management body who do not perform any executive function in KBA.

The Remuneration Committee shall be responsible for the preparation of decisions regarding remuneration. The decisions are taken by the Board of KBA in its supervisory function. The Remuneration Committee shall in particular:

- oversee the implementation of this Policy and of its principles in a way that is proportionate to the size and internal organisation of KBA and to the nature, scope and complexity of its activities, in line with generally accepted market practices;

- define the financial and non-financial criteria, i.e. the parameters to assess the performance of an individual in scope of this Policy;
- perform the performance assessment of the Chief Executive Officer (and any other individual) whose variable remuneration exceeds 100% of its fixed remuneration;
- assess whether or not variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the principles of this Policy;
- assess the efficiency of this Policy and propose changes if and when required.

The assessment of the proportionality of the remuneration principles applied within KBA is performed by the Remuneration Committee by taking into account objective criteria.

The remuneration principles in place at KBA mainly take into account the performance of the relevant individuals, is not fully correlated to the performance of the funds managed or other purely economic criteria, and is deemed appropriate to the size, organisation and the nature, scope and activities of KBA as a third-party management company.

VI. Monitoring and review of the policy

This remuneration policy shall be subject, at least on an annual basis, review by the Remuneration Committee and may be updated by the permanent compliance function of KBA. The Remuneration Committee shall report on the outcome of this review to the Board.

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.

Appendix B

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 C

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 %