

REMUNERATION POLICY. UPDATED AS OF APRIL 2017

I. Introduction

MDO Management Company S.A. (hereafter “**MDO**”) 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 MDO 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 MDO’s remuneration structure is in line with the business strategy, objectives, values and interests of MDO 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 MDO manages nor impair compliance by MDO 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;
- avoid or manage conflicts of interest.

The ESMA guidelines on sound remuneration policies under AIFMD 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.

III. Variable elements of remuneration at MDO

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 MDO. 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 MDO.

MDO 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 MDO or in its relevant business unit; significant change in MDO’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 MDO 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 MDO 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).

MDO may accordingly have the right to be provided with such remuneration policy upon request, or alternatively, to the extent that MDO 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, MDO 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. MDO Remuneration Committee

The Remuneration Committee is a standing committee of the Board of MDO. 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 MDO's investors; and
- applicable legal requirements.

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

The following persons have been appointed:

- Géry Daeninck, Chair
- John Li, member
- Yves Wagner, member

The Remuneration Committee shall be responsible for the preparation of decisions regarding remuneration. The decisions are taken by the Board of MDO 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 MDO 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.

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 MDO. The Remuneration Committee shall report on the outcome of this review to the board of directors.



Appendix A: Roles in scope:

- Chief Executive Officer
- Chief Operating Officer
- Head of Legal
- Head of Sales and Marketing
- Head of Portfolio Management
- Chief Financial Officer
- Chief Risk Officer/Permanent representative of the risk management function
- Compliance Officer
- General Manager of MDO's Irish branch
- Any other conducting officer of MDO who is not listed above