

Waystone Fund Management (IE) Limited

Remuneration Policy

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| Owner | Compliance Dept. |

Version History

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1. Background

Both Directive 2009/65/EC as amended by 2014/91/EU on the coordination of laws, regulations and administrative provisions relating to Undertakings for Collective Investment in Transferable Securities (“UCITS V”) and the Alternative Investment Fund Managers Directive (“AIFMD”) require Waystone Fund Management (IE) Limited (the “Company”) to have in place remuneration policies and practices for those certain categories of Identified Staff (the “Policy”). This Policy takes account of the European Securities Markets Authority (ESMA) Consultation Paper “Guidelines on sound remuneration policies under the UCITS V Directive and AIFMD” (“ESMA’s Consultation Paper”) and ESMA’s Guidelines on Sound Remuneration Policies under the AIFMD dated 3 July, 2013 (ESMA/2013/201) (“ESMA’s AIFMD Guidelines”) and ESMA’s Guidelines on Sound Remuneration Policies under the UCITS Directive dated 1 April, 2016 (ESMA/2016/575) (“ESMA’s UCITS Guidelines”).

2. Objective

The objective of the remuneration requirements is to ensure common, uniform and consistent application of the provisions on remuneration in UCITS V and AIFMD, to ensure that practices do not encourage risk taking which is inconsistent with the risk profiles of the fund rules which govern the relevant UCITS or AIF and to act in the best interest of clients and to develop, implement and maintain a culture of ensuring the client’s best interests are met.

This Policy together with an implementation process and ongoing monitoring is a tool which the Company uses to implement and comply with best practice and to eliminate and mitigate against behaviours which could lead to failure to act in the client’s best interest.

3. Governance

The Board of Directors, whose members are all non executive directors with the appropriate expertise in risk management and remuneration, are the Company’s management body and will have overall responsibility for the Policy. The design and implementation of the Policy shall be the responsibility of the Board of Directors and shall include input from; relevant senior management including Compliance and Risk and external legal counsel where relevant.

The Board of Directors shall review and approve the Remuneration Policy at least annually or more frequently where required.

The Non-Executive members of the Board of Directors receive a fixed fee set at industry standard. In addition Non-Executive members will be re-imbursed for appropriate expenses associated with their role as outlined in each Director’s Letter of Engagement.

4. Identified Staff

ESMA’s Consultation paper and ESMA’s AIFMD and UCITS Guidelines require that the Policy apply to certain “Identified Staff” as defined in the relevant Directive including but not limited to:

- Executive and Non-Executive members of the management body of the Management Company (“ManCo”) e.g. CEO, Directors, Executive and Non-Executive partners
- Senior management
- Risk takers – staff who can exert material influence on the ManCo or on the UCITS or AIFs it manages
- Those in control functions: Operations, HR, Compliance, Money Laundering Reporting Officer, Finance, Company Secretary, where applicable

- Staff whose total remuneration takes them into the bracket of senior management and risk takers, whose professional activities have a material impact on the ManCos risk position or those of the UCITS and/or AIFs it manages and
- Categories of staff of the entities to which portfolio management or risk management activities have been delegated and whose professional activities have a material impact on the ManCos risk position or those of the UCITS and/or AIFs it manages.

5. Forms of Remuneration

Both UCITS V and AIFMD define the forms of payments or benefits which fall within the category of Remuneration. These are further described in ESMA's Consultation Paper and ESMA's UCITS Guidelines to include:

- All forms of payments or benefits paid by the ManCo
- Any amount paid by the AIF or UCITS itself including performance fees
- Any transfer of units or shares of the AIF or UCITS
- Payments paid directly by the AIF or UCITS to the ManCo for the benefit of the relevant categories of identified staff for services rendered
- Variable and fixed portions of remuneration
- Cash, shares, options, pension benefits, mobile phone, health insurance
- Retention bonus
- Golden Parachute payments /termination payments
- Remuneration paid by the AIFM / UCITS Manager or the AIF / UCITS itself

6. Proportionality

UCITS V and AIFMD allow the application of the proportionality principle as required for the Capital requirements Directive ("CRD") and AIFMD in a way and to an extent that is appropriate to their size, nature, internal organisation, scope and complexity. On an exceptional basis proportionality may lead to the disapplication of certain requirements including:

- Formation of a remuneration committee
- The remuneration pay-out process

The Company will not automatically trigger disapplication but shall internally assess on an annual basis whether the disapplication can be applied.

In assessing proportionality the Company will consider the following:

- Size
- AUM
- Number of staff
- Liabilities of the Company
- Number of branches
- Risk appetite
- Listed
- Where aggregate set of UCITS or AIFs leads the Company to become more complex or systemically important
- Nature Scope and complexity

- Authorisation in place
- Investment policies and strategies managed
- National or cross border/EU vs Non-EU
- Management of multiple product types
- Identified staff
- Percentage of variable vs fixed remuneration
- Size of obligations they may undertake

7. Assessment

The Company is authorised by the Central Bank of Ireland as a Fund Manager of 56 UCITS and as an Alternative Investment Fund Manager of 15 AIFs, predominantly domiciled in Ireland and in aggregate make up €7.760 million under management. The largest AIF or UCITS under the Company's management has a net asset value of €1,300 million. The Company has total capital of €2,000,000, does not have any borrowings and is not listed.ⁱ

The Company's investment objectives and activities are set out in the UCITS and AIF Prospectus and are considered by the Board of Directors to be complex. The Company operates a delegated model and as such has no direct employees.

The Company has determined that the Board of Directors, the Designated Persons, the Company Secretary and the Money Laundering Reporting Officer fall within the scope of the requirements. As all of these categories receive only fixed remuneration thus removing any conflicts of interest, the remuneration rules will not apply. The Company's organisational structure allows for the delegation of portfolio management and risk management activities to external 3rd party delegates including the Investment Manager and a number of sub-Investment Managers. The Company has assessed that the procedures and controls outlined in section 8 are sufficient to ensure that the remuneration conditions of any identified staff within the 3rd party delegates are compliant with the AIFMD and UCITS guidelines.

Having considered the criteria set out in Section 6, Proportionality, and having regard to the ESMA Consultation Paper and AIFMD & UCITS Guidelines, the Board of Directors is satisfied that it may disapply the requirement to have a Remuneration Committee in place and may disapply the pay out process in full.

8. Delegation

The ESMA UCITS Guidelines make clear that the remuneration rules should not be circumvented through the delegation of activities by the Company to external service providers. They extend the definition of identified staff to include categories of staff of the entity to which investment management activities have been delegated by the Company, whose professional activities have a material impact on the risk profile of the UCITS & AIFS that the Company manages.

The ESMA UCITS Guidelines provide that:

- i. the entity to which investment management activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under these

guidelines

or

- ii. appropriate contractual arrangements are put in place with the entity to which investment management activities have been delegated in order to ensure that there is no circumvention of the remuneration rules set out in the guidelines.

The Company's Policy is to ensure that all the relevant delegates (the Investment Manager and the Sub-Investment Managers) to whom investment management activities have been delegated comply with the criteria outlined in i) or ii) above.

9. Monitoring

The Board will review the Policy and the implementation of procedures on an annual basis for the Company. The annual review of the Policy is intended to ensure the effectiveness of the Policy and the effectiveness of any policy and arrangements in place with any of the Company's delegates. The annual review will also consider the implementation of the Policy for compliance with requirements. Additionally, the Board will request at least annual assurance from relevant delegates that the remuneration arrangements in place within the delegates Company are equivalent and that the implementation of the remuneration arrangements is in compliance with requirements. In order to avoid conflicts of interest monitoring should not be carried out by an individual subject to the same scheme.

10. Disclosure

The Company will comply with the disclosure requirements set out in ESMA's Consultation Paper and ESMA AIFMD and UCITS Guidelines to include the Company's Annual Financial Statements, the AIF and UCITS Annual Financial Statements, the UCITS KIIDs, all fund Prospectuses and the Company's Policy Statement.

Any Identified Staff shall be informed of the criteria associated with variable remuneration.

11. Effective Date

The ESMA UCITS Guidelines provide that the guidance on rules relating to variable remuneration should first apply for the calculation of payments relating to new awards of variable remuneration to identified staff of the first full performance period after 1 January 2017.

The Company, the AIFs and the UCITS have different accounting year ends so the effective date for the implementation of the ESMA UCITS guidelines will be for all annual accounting periods ending after 31 December 2017.

ⁱ As at 31 January 2021