

Remuneration Policy

Version	Author	Action taken	date	Validated by	Validation date	Approved By	Approval date
1.0	-	Creation of the Policy	N/A	N/A	N/A	BoD	28.04.2017
2.0	A. Bombardieri	Annual review	14.03.18	CP meeting	17.04.2018	BoD	17.04.2018
3.0	A. Bombardieri	Annual review	19.08.2019	CP meeting	19.08.2019	BoD	19.08.2019

1. INTRODUCTION

1.1 Interpretation

In addition to the terms defined elsewhere in the remuneration policy (the “**Remuneration Policy**”), the definitions in **Annex 1** (Interpretation) apply throughout this Remuneration Policy, unless otherwise set forth herein.

1.2 Legal framework

This Remuneration Policy has been developed in accordance with the requirements of Directive 2009/65/EC, as amended by Directive 2014/91/EU (“**UCITS V Directive**”), CSSF circular 12/546 and 10/437 and any other implementing measures of the UCITS V Directive (including in particular the ESMA guidelines on sound remuneration policies under the UCITS V Directive and AIFMD effective as of 1st January 2017) and will evolve together with any other laws, regulations, administrative circulars and guidelines that may apply from time to time to the Company (together the “**Applicable Laws**”).

1.3 Scope

1.4 The Remuneration Policy applies to persons who are members of the administrative and management bodies of Zeus Asset Management S.A. 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 (hereinafter referred to as the “Identified Staff”, as listed in Annex 2).The Company

The Company is a management company set up pursuant to Chapter 15 of the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended (the “**2010 Law**”). The Company is authorised under articles 101 (1) and (2) of the 2010 Law.

The Company does not belong to a group of companies.

The Company is in charge of the investment management function but may outsource – upon approval of the Board of Directors – part of the control functions as and where appropriate, under the supervision of the relevant conducting persons. In particular, the internal audit functions may be delegated to competent external providers; if so, the Company will ensure that proper remuneration rules apply within said external providers. Indeed, due to the small size of the Company, a delegation may be deemed more appropriate and in the best interest of the Company’s stakeholders, so as to ensure the utmost performance and functioning of these functions, in a fast evolving regulatory environment where highly technical skills and sharp knowledge of the market are required.

The Company is managed by a Board of Directors (the “**BOD**”) and conducted by three conducting officers. The BOD is composed of one executive member and two non-executive members. The two non-executive members of the BOD are in charge of the supervisory function of the board.

1.5 Nature of the relationship between the Company and the Staff Members

Nothing contained in this Remuneration Policy shall be construed or have effect as giving rise to an employment relationship of employer and employee where a specific employment contract has not been

concluded with the Staff Member. By no means shall this Remuneration Policy be used to alter the nature of the relationship existing between the Staff Member and the Company.

2. PURPOSE

The Remuneration Policy reflects the objectives for good corporate governance as well as sustained and long-term value creation for investors. In addition, it ensures that:

- The Company is able to attract, develop and retain high-performing and motivated Staff Members in a competitive international market;
- Employees are offered a competitive remuneration package;
- Employees feel encouraged to create sustainable results in line with the interests of the Company, the UCITS managed and the investors.

The Remuneration Policy ensures a sound and effective risk management, amongst others through:

- A stringent governance structure;
- Payment of an appropriate and reasonable amount of Variable Remuneration as compared to Fixed Remuneration.

3. PERFORMANCE MANAGEMENT PRINCIPLES

3.1 Individual performance

In order to attract, develop and retain a highly qualified and competent workforce, the Company has implemented an individual performance evaluation program (the “**Performance Program**”). The Performance Program is designed to recognise, develop and reward Staff Members in a fair and equitable manner based upon demonstrated job performance, in compliance with Applicable Laws.

(a) General principles

- (i) Performance objectives that are linked to the strategy of the Company and the UCITS managed are set at the start of the performance period;
- (ii) Performance is assessed based on pre-defined quantitative and qualitative criteria;
- (iii) Individual performance will be assessed based on quantitative and qualitative criteria that will participate to the determination of the Variable Remuneration;
- (iv) Performance assessments will be properly documented and recorded.

(b) Performance Program – Criteria for individual performance assessment

- (i) The Variable Remuneration will be determined based on performance;
- (ii) The individual performance assessment is based on assessing performance against the requirements of the role and specific annual objectives;
- (iii) The following quantitative criteria are taken into account (where relevant to the individual’s role):

- (A) Investment performance;
 - (B) Performance fees received;
 - (C) Improvement in profits/margin;
 - (D) Improvement in productivity;
 - (E) Capital raised.
- (iv) The following qualitative criteria are also taken into account:
- (A) Achievement of strategic targets;
 - (B) Investor satisfaction;
 - (C) Adherence to risk management policy and code of ethics;
 - (D) Leadership;
 - (E) Compliance with internal and external rules and policies;
 - (F) Team work;
 - (G) Innovation;
 - (H) Cooperation with colleagues, including control functions.
- (v) For control functions, the following qualitative criteria are taken into account:
- (A) Appropriateness of internal policies;
 - (B) External and internal audit results;
 - (C) Detection of breaches and appropriate report to the BOD/the supervisory authority;
 - (D) Compliance checks and verification of alignment of investment decisions to the UCITS policies;
 - (E) Appropriateness of risk profile;
 - (F) Appropriateness and update of AML/KYC policies and processes;
 - (G) Detection of non-compliance with AML and KYC procedures;
 - (H) Due report and resolution of investor's complaints.

3.2 Company and UCITS performance

The Variable Remuneration will also depend on the Company's long-term strategy and performance so as to limit Identified Staff's potential incentives in terms of risk taking and to align personal objectives with the objectives of all stakeholders involved.

The Company will determine pools of Variable Remuneration based on overall performance, taking into account all current and potential risks. To measure the profitability of the Company, its business units and the UCITS, the measurement will be based on net revenues where all direct and indirect costs related to the activity will be included.

The bonus pool will then be allocated between Staff Members in line with individual performance (assessed pursuant to section 3.1) and the remuneration principles set out in section 4.1.

4. REMUNERATION

4.1 Remuneration principles

The Company undertakes, in particular in relation to Identified Staff, to:

- constantly maintain a remuneration policy that is consistent with and promotes sound and effective risk management and does not encourage risk taking;
- ensure that the Remuneration Policy is in line with the business strategy, objectives, values and interests of the Company, the UCITS it manages and of the investors in the UCITS;
- avoid or at least mitigate conflicts of interest and implement any necessary measures to keep this commitment;
- compensate control functions in accordance with the objectives linked to their function, independent of the business areas that they control;
- keep guaranteed variable remuneration, if ever paid, exceptional, only in the context of hiring new staff and limited to the first year of engagement;
- ensure that payments relating to the early termination of a contract above the legal requirements are justified based on reasonable grounds, designed in a way that does not reward failure but instead reflect performance achieved over time;
- maintain an appropriate balance between the Fixed Remuneration and the Variable Remuneration and ensure that the Fixed Remuneration represents a sufficiently high proportion of the Remuneration;
- enable vesting/pay of Variable Remuneration only if it is sustainable according to the financial situation of the Company as a whole; depending on the financial situation, Variable Remuneration can be contracted, even down to zero;
- ensure that the Variable Remuneration takes into account all current and future risks and is based on the performance of the Staff Member, the business unit or the UCITS managed and the overall results of the Company;
- assess the performance in a multi-year framework appropriate to the holding period recommended to the investors of the UCITS managed by the Company so as to ensure that the assessment process is based on the longer-term performance of the UCITS and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same

period; in any case, the right to receive the Variable Remuneration will not be earned at the end of an accrual period of less than one year;

- ensure the prohibition of vehicles or methods which aim at artificially evading the remuneration regulations;
- apply clawback if and where appropriate, including in case of evidence of misbehaviour or serious error, significant downturn in the financial performance of the Company/the UCITS, significant failure of risk management, significant changes in the Company's overall financial situation.

4.2 Remuneration components of Staff Members

The Company will pay Fixed Remuneration determined in the respective individual contract as well as a reasonable amount of Variable Remuneration to its Staff Members.

The Fixed Remuneration will be determined in line with the Staff Member's role, job complexity, rank and responsibilities as well as with local market conditions.

The Fixed Remuneration components are:

- Base Compensation;
-
- Other contractual benefits aligned with market practice;

The other contractual benefits granted are part of a general, company-wide, non-discretionary policy and do not pose any incentive effects in terms of risk assumption.

The Staff Members may be eligible to receive discretionary Variable Remuneration, mainly in the form of a bonus.

4.3 Specific remuneration components for Identified Staff

In addition to their Fixed Remuneration determined in the respective individual contract and intended to compensate the individual level of responsibility and his/her particular set of competencies Identified Staff may be eligible to receive Variable Remuneration in the form of bonus (including sign-on bonus, if any), stock options or a Performance Fee. In addition to the risk assessment, the Variable Remuneration will be based on a combination of the assessment of the performance at individual level, the performance of the UCITS managed as well as the overall results of the Company. The total Variable Remuneration (being the sum of all Variable Remuneration granted for each individual function to the Identified Staff, when applicable) may not exceed 40% of the Fixed Remuneration. In case of a sign-on bonus, the Company will not include the amount of that guaranteed variable remuneration in the calculation of the ratio between the fixed and variable components of the total remuneration for the first performance period, where the guaranteed variable remuneration is awarded when hiring new staff before the first performance period starts. Indeed, the Company will always ensure that the Fixed Remuneration is sufficiently high to remunerate the services rendered, without the need for Staff Members to rely on Variable Remuneration. The Company will further ensure that the Variable Remuneration is decreased, even down to zero, in case of negative performance.

- (a) Remuneration of the supervisory function of the Board of Directors

Members of the BOD could receive a fixed fee reflecting the importance of the role and responsibilities, in alignment with market practice. They do not receive other type of Remuneration.

(b) Remuneration of the Executive Board of Directors/the Conducting Officers

The Executive Board receives Fixed Remuneration, the amount of which is determined (i) to ensure the Company's continued ability to attract and retain talents and (ii) base on the market evolutions in terms of level of compensation.

The Conducting Officers may also be eligible for the payment of Variable Remuneration in the form of a bonus or stock options. The Remuneration of the Conducting Officers is further detailed in [Annex 2](#).

The Remuneration of the executive members of the BOD and the Conducting Officers will be determined by the supervisory function of the BOD.

(c) Remuneration of control functions

In addition to a Fixed Remuneration, control functions may also be eligible for the payment of Variable Remuneration in the form of a bonus or stock options. The Remuneration of control functions is further detailed in [Annex 2](#).

The Remuneration of control functions will be determined by the supervisory function of the BOD.

(d) Remuneration of investment managers

In addition to their Fixed Remuneration, investment managers may receive:

- a Performance Fee;
- Variable Remuneration in the form of a bonus.

The Remuneration of the investment managers will be determined by the Conducting Officers.

(e) Remuneration of other employees covering certain conditioned

The remuneration policies and practices shall apply also to any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the management companies or of the UCITS.

In addition to a Fixed Remuneration, this category of employees may also be eligible for the payment of Variable Remuneration in the form of a bonus. The Remuneration of this category of employees is further detailed in [Annex 2](#).

The Remuneration of this category of employees will be determined by the supervisory function of the BOD.

5. IDENTIFIED STAFF

The Company's Identified Staff is listed in [Annex 2](#).

The Company adopts a careful position especially in relation to the Remuneration of Identified Staff, including control functions.

Once a year, the BOD identifies Staff Members who may take material risks. This includes amongst others:

- Staff Members in charge of investment management;
- Executive and non-executive members of the Board of Directors;
- Control functions;
- any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profile of the management company or of the UCITS.

As stated above, Variable Remuneration paid to Staff Members, including Identified Staff, is performance-related, aligned with market practice and reasonable as compared to the Fixed Remuneration.

6. PROPORTIONALITY

The present remuneration framework has been designed in line with the UCITS regulations taking into account the size, the nature, the scope and the absence of complexity of the Company's activities, and in particular (i) the limited number of Staff Members (below 20), (ii) the Company manages a limited number (below 20) of Funds mainly investing in plain vanilla assets and (iii) the limited value of the portfolio of UCITS managed (which does not exceed EUR 10 billion or equivalent), the Company can reasonably invoke the application of the proportionality principle so as to neutralise the following principles:

- (a) Pay-out process
 - (i) The payment of variable remuneration in instruments linked to the Fund(s) in relation to which Identified Staff performs its activities;
 - (ii) Retention periods;
 - (iii) Deferral requirements;
 - (iv) Ex-post incorporation of risk for Variable Remuneration (malus).
- (b) Establishment of a remuneration committee

7. CORPORATE GOVERNANCE

• BOARD OF DIRECTORS

The Remuneration Policy is adopted by the BOD in its supervisory function; it is responsible for approving and maintaining the Remuneration Policy.

The BOD, in its supervisory function, annually oversees and monitors compliance with the Remuneration Policy and verifies that it operates as intended and that it is compliant with Applicable Laws. The supervisory members of the BOD can be assisted in this task by Staff Members specialised in risk management, compliance and remuneration, unless this would likely create conflicts of interests. In any case, it will always be ensured that the supervisory function has sufficient risk management and remuneration expertise and, where appropriate, the Company will seek review/advice from legal counsels.

Where a review of the Remuneration Policy reveals that the Remuneration Policy and/or the remuneration system do not operate as intended or prescribed, the BOD, in its supervisory function, will ensure that a timely remedial plan is put in place.

The BOD annually reviews, ratifies and approves the global amounts allocated to the increase of the fixed remuneration and to the variable remuneration of staff member as well as the Identified Staff. The Remuneration Policy will be annually subject to independent review for compliance with policies and procedures for Remuneration adopted by the BOD in its supervisory function. In case of outsourcing of some of the control functions such as internal compliance and audit functions, the independent review will be accomplished by the external providers carefully selected by the Company while the ultimate responsibility will remain on the supervisory function.

Any material exemption or changes to the Remuneration Policy will be approved by the supervisory function.

• **CONDUCTING OFFICERS**

The Conducting Officers represented by the Conducting Officer having in charge the Human Resources are 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 variable remuneration once the global amounts are approved.
- evaluating the results of the audits concerning remuneration matters on this policy.

• **OTHER FUNCTIONS**

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

- preparation/update of the Remuneration Policy;
- monitoring the consistent application of the Remuneration Policy and evaluating its operation;
- 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.

8. MEASURES TO AVOID CONFLICTS OF INTERESTS

Conflicts of interests in relation to Remuneration should be non-existent or at least highly mitigated as:

- the Variable Remuneration paid, if any, will not exceed 40% of the Fixed Remuneration;
- the implementation, oversight and adjustments to the Remuneration Policy require involvement of the supervisory function, potentially assisted by the control functions;
- control functions will be independent and will not be compensated pursuant to mechanisms that could unduly influence their decisions.

In any case, the BOD undertakes to adopt measures that may be necessary to prevent or mitigate any potential risk of conflict of interest whatsoever, taking into account the Company's size, structure and organisation.

9. DISCLOSURE OBLIGATION

• 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 3.

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.

- **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 Annex 2);
- 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.

This information related to remuneration has been disclosed in relation to all full financial years that start after the date of 18 March 2017, i.e. for the first time in 2018.

A remuneration policy statement can be at disposal of the investors at the office premises upon request.

10. IMPLEMENTATION

The present remuneration policy is applicable and affect any and all payments made to the Identified Staff as of 20th August 2019. The present remuneration policy replaces and supersedes any Remuneration Policy applicable before.

ANNEX 1

INTERPRETATION

In addition to the terms defined elsewhere in the remuneration policy (the “**Remuneration Policy**”), the following words shall have the following meaning:

Base Compensation means the contractual gross base compensation (paid monthly for Employees) in exchange for professional services, at the exclusion of other components of the Fixed Remuneration as well as (guaranteed) Variable Remuneration.

Company means Zeus Asset Management S.A.

Conducting Officers means the persons authorised by the CSSF to conduct the business of the Company, who, as the case may be, can be Employees.

Employees means the Staff Members bound to the Company by means of an employment contract.

Fixed Remuneration means all contractually agreed Remuneration that is not linked to performance and, for the avoidance of doubt, which excludes guaranteed Variable Remuneration and contractually agreed severance payments.

Identified Staff means the Staff Members of the Company who can exert a material influence on the Company’s risk profile or on the UCITS it manages.

Performance Fee means a variable fee linked to the performance of the UCITS.

Remuneration means all forms of awards, payments or benefits paid in exchange for professional services rendered by Staff Members as consideration for the carrying out of their duties pertaining to the Company.

Staff Member(s) means the Company’s workforce including the members of the Company’s Board of Directors, irrespective of the nature of their relationship with the Company.

Variable Remuneration means Remuneration consisting of awards, payments or benefits based on performance, or in certain cases, other contractual criteria.

ANNEX 2**IDENTIFIED STAFF****1. BOARD OF DIRECTORS****1.1 Luxembourg-based Directors**

- (a) S. Bortolazzi – Executive member of the BOD (e-mail address: s.bortolazzi@zeus-am.lu; mobile: +352691150130)

1.2 Directors located abroad

- (a) P. Tortorella – Chairman/supervisory member of the BOD (e-mail address: p.tortorella@zeus-am.lu; mobile: +352691301071)
- (b) R. Rossetti – supervisory member of the BOD (e-mail address: raffaele.rossetti@studiolegale.ch)

1.3 Compensation

The members of the BOD will not receive any Variable Remuneration in relation to the discharge of their duties as directors of the Company.

The supervisory members of the BOD (Mr Tortorella and Mr Rossetti) could receive a fixed fee in alignment with market practice.

Mrs Bortolazzi is not compensated for his duties as member of the BOD.

2. CONDUCTING OFFICERS**2.1 Individuals**

The Company has appointed three Conducting Officers to conduct the business of the Company in the meaning of the 2010 Law, two of them are Employees of the Company.

- (a) Mrs. S. Bortolazzi (e-mail address: s.bortolazzi@zeus-am.lu; mobile: +352691150130)
- (b) Mr. A. Bombardieri (e-mail address: a.bombardieri@zeus-am.lu; mobile: +352661369013)

Moreover, the third Conducting Officer who is in charge of Risk Management through a secondment agreement with Zeus Capital SA is:

- (c) Mr. Di Tuccio (e-mail address: m.dituccio@zeus-am.lu; mobile +352691220279).

2.2 Compensation

The Conducting Officers will receive a Fixed Remuneration as well as a Variable Remuneration in the form of a bonus and stock options of the UCITS the purpose of which are to align their performance with the performance of the UCITS; the Company will ensure a proper vesting of the options and a retention might

be applicable so as to ensure risk alignment in line with the risk profile of the UCITS managed. No dividends or interests will ever be paid on instruments before vesting.

3. CONTROL FUNCTIONS

The Company has identified the following Employees falling within the definition of Control Function:

- (a) Mr. A. Bombardieri (e-mail address: a.bombardieri@zeus-am.lu; mobile: +352661369013)
- (b) Mr Di Tuccio (e-mail address: m.dituccio@zeus-am.lu; mobile +352691220279. Mrs Bortolazzi's and

3.2 Compensation

Mr Bombardieri's and Mr. Di Tuccio's Remuneration is as described under section 4.3 (c) above, i.e. they receive a Fixed Remuneration and a Variable Remuneration in the form of a bonus and stock options as further detailed in said section.

4. STAFF MEMBERS IN CHARGE OF INVESTMENT MANAGEMENT

4.1 Individuals

The Company has identified the following Employees falling within the definition of Identified Staff:

- (a) Mr. V. Fang, (e-mail address: v.fang@zeus-am.lu; mobile +352661369012), hired as investment manager as of 2nd January 2019.
- (b) Mr. D. Petrillo (e-mail address: d.petrillo@zeus-am.lu mobile +393386388720), hired as investment manager as of 1st November 2017
- (c) Mr. E. Capriotti (e-mail address: e.capriotti@zeus-am.lu), hired as investment manager as of 1st August 2019.

4.2 Compensation

The investment managers, i.e. Mr. Fang Mr. Petrillo and Mr. Capriotti, may be eligible to receive a Performance Fee based on the performance of the UCITS and/or a Variable Remuneration, in accordance with section 4.3 (d) above.

5. OTHER EMPLOYEES COVERING CERTAIN CONDITIONED

The Company has identified anybody falling within the definition of Identified Staff

6. LIMIT TO VARIABLE REMUNERATION OF IDENTIFIED STAFF

In any case, the total Variable Remuneration of Identified Staff (whatever its form, i.e. bonus, stock options, Performance Fee) will not exceed 40% of the Fixed Remuneration.