
Remuneration Policy

FundPartner Solutions (Europe) SA

Luxembourg, July 2024



Introduction

FundPartner Solutions (Europe) SA ("FPS"), is a Pictet Group Company and was established in January 2012. FPS is a Luxembourg UCITS Management Company governed by Section 15 of the Luxembourg Law of 17 December 2010 concerning undertakings for collective investment and since 21 January 2014 has been an AIFM governed by the Law of 12 July 2013 in accordance with Article 5 Section 2 of the Law of 12 July 2013.

FPS covers most areas related to investment fund administration, most notably fund accounting and NAV calculation, risk management, transfer agent functions, distribution and domiciliation support, as well as the monitoring of investment restrictions and governance support, and thus, offers the entire array of services in relation to risk, governance and legal support.

Management and distribution activities are delegated to external third-party managers and distributors respectively.

The aim of this Remuneration Policy is firstly to describe the Remuneration Policy as it is applied within FPS, as a Management Company subject to prudential supervision by the Commission de Surveillance du Secteur Financier au Luxembourg (CSSF), and secondly to meet the documentation and transparency requirements stated in:

- Law of 17 December 2010 concerning undertakings for collective investment;
- Law of 12 July 2013 on alternative investment fund managers;
- CSSF Circular 10/437; Guidelines concerning the remuneration policies in the financial sector;
- CSSF Circular 18/698 on authorisation and organisation of investment fund managers incorporated under Luxembourg law;
- The European Securities and Market Authority's Guidelines on sound remuneration policies under the AIFMD 2013/232, dated 3 July 2013.

hereinafter "the Directives"

This Policy is based on the same principles as the policy defined within the Pictet Group in terms of its underlying philosophy, the management and performance systems, and the principal remuneration components and structures used.

Proportionality principle

FPS has decided to use the principle of proportionality at the level of management activities for the following reasons:

- Most FPS employees work in fund administration roles covering the standard activities of net asset value calculation, transfer agent as well as legal support and governance support; at no time do these give rise to risk-taking as defined by the Directives with regard to the link between the activities and risks that employees may take within the scope of their work and that would affect the risks for investors or third parties in terms of their search for performance, i.e. returns on the assets under administration;

-
- Only a minority of FPS employees perform activities that are directly linked to the AIF and UCITS activities, hereinafter "the Funds", notably in the areas of risk management, monitoring of delegated activities and compliance under FPS Management;
 - FPS has no presence abroad, has no subsidiaries or branches, and is not listed;
 - The assets of the Funds under FPS Management do not exhibit a high degree of complexity;
 - The management and distribution activities are delegated to external third-party managers and distributors respectively.

Given these factors, the below requirements are neutralized:

- the payment of 50% of the variable remuneration in the form of financial instruments linked to the performance of the Fund;
- observing a retention period for variable remuneration paid in the form of financial instruments;
- the deferral of at least 40% of variable remuneration;
- the incorporation of ex-post risk adjustments (malus);
- establishing a Remuneration Committee at FPS.

An analysis of the proportionality factors shall be undertaken annually.

Identifying the risk takers

Having regard to the principles of the Directives and the ESMA guidelines, FPS conducts a detailed analysis in order to identify the persons whose professional activities are likely to have a significant impact on its risk profile.

Initiated by the Human Resources department, this analysis is then submitted to Risk Management and Compliance in order to draw up a list of material risk takers.

The list, which mainly comprises the Board members of the Company, the members of the Management Committee „the heads of the control functions and staff members whose professional activities can exert material influence on the risk profile of the Company or the Funds.,

The list is reviewed and updated on an annual basis.

Remuneration philosophy

In accordance with Luxembourg Labour market practice, a remuneration may include benefit, a fixed and a variable component or a bonus which may be performance-related or based on labour union collective agreements. While the fixed component of the remuneration is regarded as the assessment of the candidate's profile and level of expertise in the specific content in which the Company operates, the remuneration policy advocates for an appropriate balance between the fixed and variable remuneration components.

In general, the manner in which the staff and appointed representatives are remunerated must not prevent these persons for complying with their obligation to act in the best interest of clients.

The fixed component of the remuneration is deemed to represent a sufficiently high proportion of the total remuneration allowing the employer to operate a fully flexible bonus policy. The maximum limit on the variable component has been set at 100% of the total fixed remuneration.

1) Concept of remuneration “package”

The FPS remuneration philosophy is based on the concept of the "remuneration package". A package can comprise one or more of the items described below. The objective is to find for each employee the right combination and the appropriate allocation of these elements to create a package adapted to their function, profile, effort and results.

✓ **Fixed salary**

The base salary rewards the employee for the proper performance of his/her core tasks, as stated in the job description. It must allow the employee to maintain a quality of life that is reasonable and comparable to that offered by our main competitors.

✓ **Bonus**

The bonus is an element of variable remuneration that is paid in addition to fixed remuneration in accordance with performance criteria or individual or collective results over a given period.

The individual targets are determined in accordance with the nature of the activities of the division, the function of the employee and his/her role, as well as the expected results of the division, team and individual.

Bonuses are generally granted on the basis of an assessment of the employee's performance over a one-year period but may also form part of a long-term plan. The performance criteria typically taken into account in an assessment are:

- The targets defined, insofar as possible, in accordance with the SMART (Specific, Measurable, Achievable, Relevant, Temporally defined) methodology;
- Other discretionary criteria, for example following exceptional events or projects, or when specific targets have not been set at the start of the period under review.

Any bonus is paid at the employer's discretion and does not constitute a guaranteed payment, either in principle or amount. No bonus is considered fixed or quasi-fixed remuneration, even if an employee receives the same amount over several years.

Bonuses granted on the basis of activities that prove to be fraudulent shall be repaid in full or in part.

✓ **Profit sharing system**

The profit-sharing system enables the employee to participate in the success of the Pictet Group as a whole and encourages his/her long-term loyalty.

Where an employee becomes entitled to a share of profit, they are assigned a number of "units". Strictly speaking, the unit has no intrinsic value but may be likened to a share with no value (and with no asset rights) that pays a variable dividend.

The number of units held by the employee may be increased depending on factors such as his/her training, experience, skills, responsibilities, commitment and number of years' service with the Group; it may also be reduced.

The profit-sharing system is not guaranteed either in principle or amount. It may not lead to risk taking on the part of its beneficiary.

✓ **Other variable elements**

In exceptional cases, FPS pays a guaranteed bonus upon the conclusion of an employment contract or following a period negotiated with the new employee. Such a period may not exceed 12 months.

FPS may also pay a sign-on bonus at the end of the probationary period or a buy-out bonus as compensation for benefits accumulated under a former employer. These exceptional payments are unique, one-off payments and in all cases are paid in the 12 months following appointment.

✓ **Benefit in kind**

Benefits in kind, such as supplementary pension plans, company cars and meal allowances, are not granted in accordance with the same performance criteria but in relation to seniority, grade or other eligibility criteria.

2) Performance management

The aim is to encourage the alignment of personal targets for all employees with those of FPS and their function. The targets taken as the basis for the performance assessment may differ for each of these roles; however, under no circumstances shall performance be assessed on the basis of a single target: there are typically between 5 and 8 targets. The weighting of the targets also depends on the function performed.

It is important to note that even though performance versus the targets is clearly a factor determining the bonus attribution, the end-of-year process is based on the assessment of what we term the "4Ps" – performance (P1), profile (P2), promotion of values (P3) and progression (P4) – and that these four factors are discussed during the employee assessment interview.

3) Internal control functions

These functions are independent from the operational departments, have a suitable level of authority and are compensated in line with the achievement of objectives associated with their roles, independently of the performance of the operational departments.

4) Other risk takers

The variable remuneration granted to the identified Staff is subject to the criteria and restrictions set out in this Policy.

5) Delegation

Furthermore, FPS ensures that:

- The entities to which Portfolio Management activities have been delegated are subject to regulatory requirements on remuneration that are equally effective as those applicable under these guidelines; or
- Appropriate contractual arrangements are put in place to ensure that there is no circumvention of the remuneration rules in order to pay those individuals, from among the identified staff of the AIFM and the management company, whose professional activity may have a material impact on the risk profile.

6) Specific Pay-Out Provisions

Variable remuneration is awarded to identified Staff based on their performance and on the premise that the employee has been fully compliant with the regulatory framework and internal procedures of FPS. In the event of inappropriate behavior of the employee, in particular, of a dismissal for gross misconduct or facts uncovered after the end of the employment relationship, however terminated, which are directly associated with an erroneous or fraudulent assessment of the employee's performance resulting in variable remuneration unduly received (in any form whatsoever, including in the form of profit-sharing or shares), it is understood that Management and the Board of Directors may require the employee to reimburse all or part of the variable remuneration paid on the basis of information or performance that subsequently proves to be inaccurate or fraudulent.

Governance and control mechanisms

1) Control mechanisms

The remuneration levels, package structures and processes in place are reviewed on a regular basis and compared against internal and external benchmarks, the information available in the public domain and also the results of analysis performed by independent external consultants specialising in remuneration.

Payroll is consequently managed in a prudent manner so that the sustainable, long-term growth prospects of FPS are favored. We make a point of ensuring that our Remuneration Policy is aligned with the strategy of FPS, its targets and values, as well as its long-term interests. We consider that by placing the emphasis



on identifying an appropriate mix of fixed and variable elements for each function we will not encourage our employees to take excessive risks.

Our policy in terms of risk management aims to protect the management company, our employees and our clients, and must take account of the regulatory requirements and best practice in the market. The remuneration policy integrates sustainability risks by way of the policies and procedures which employees are bound to respect. Compliance with internal policies and procedures form a part of an employee's annual review, which may include ESG limitations and taking into account sustainability risks. In addition, employees are held to the Group's general engagement on sustainability and responsible investing, as relevant to their function."

2) Governance

✓ Role of Partners

As owners and managers of the firm, the Pictet Partners play a very active role in defining the Group's pay policy and the remuneration structures applied in various sectors of activity as well as in determining certain individual packages, in particular those for members of Management and senior executives within the Group's different legal entities.

✓ Role of line of management

The process of assessing each employee on an annual basis is the responsibility of his/her line manager: the latter assesses the performance of the employee versus the targets set at the beginning of the year, sets new targets for the year ahead and communicates these during the career progression interview.

The final stage in the end-of-year process is the "turnstile" meeting where each FPS employee sees his/her manager (often accompanied by the line manager's manager, the CEO of FPS and in some cases Partners), who informs him/her of the decisions taken with regard to his/her remuneration and any new appointment.

✓ Role of human resources and finances

The Human Resources department provides support to the Partners, the sector heads, the CEO of FPS and the managers in the areas related to remuneration.

The Chief Financial Officer ("CFO") and the Finance department ensure (together with Human Resources and the relevant risk control functions) the Group's capacity to fund and pay the different elements of the remuneration.

✓ Role of control functions

At Group level, the Partners' committee obtains verification at appropriate intervals that the implementation of the remuneration system complies with the policies and procedures defined by the control functions.

The implementation of the remuneration policy is subject to an internal assessment on an annual basis, without prejudice to shorter deadlines where necessary. The purpose of this internal assessment is to verify and demonstrate that FPS is complying with the remuneration policies and procedures adopted by the Board of Directors.

In practice, the Risk Control function is involved in the implementation and any substantial modification of this remuneration policy and acts as guarantor of the alignment of the Company's objectives and sound risk management.

The other control functions, namely Internal Audit and Compliance, ensure that the Company's remuneration policies and practices are reviewed annually. The result of this internal assessment is shared to the Partners Committee, the Board of Directors Committee and the Executive Committee responsible for implementing the remuneration policy, and is made available to the CSSF.

✓ **Role of local management**

Based on the general principles that the Partners' committee has drawn up governing the Remuneration Policy, the Board of Directors of FPS validates the Policy as well as any subsequent amendment or addition. A formal procedure is drawn up to report the various changes made to the Remuneration Policy.

The Management Committee of FPS is responsible for adoption, together with the implementation of this Remuneration Policy locally, while taking account of the requirements of the Directives.

3) Review

The Remuneration Policy is subject to review and modification at any time. However, any changes must be approved by the entire Board of Directors, ensuring adherence to the conflict of interest's policy.

FPS is reviewing periodically the general principles of the remuneration policy and is responsible for its implementation:

- Annually;
- Every time a significant change to the business activities of FPS or the funds under management occurs;
- Every time a significant new business relationship which represents a material part of the business of FPS is formed;
- At such other point as the Board of directors considers necessary from time to time.

The review and approval of the remuneration policy of FPS is under the responsibility of the Board of Directors and shall at least once a year be reviewed by the Board members.