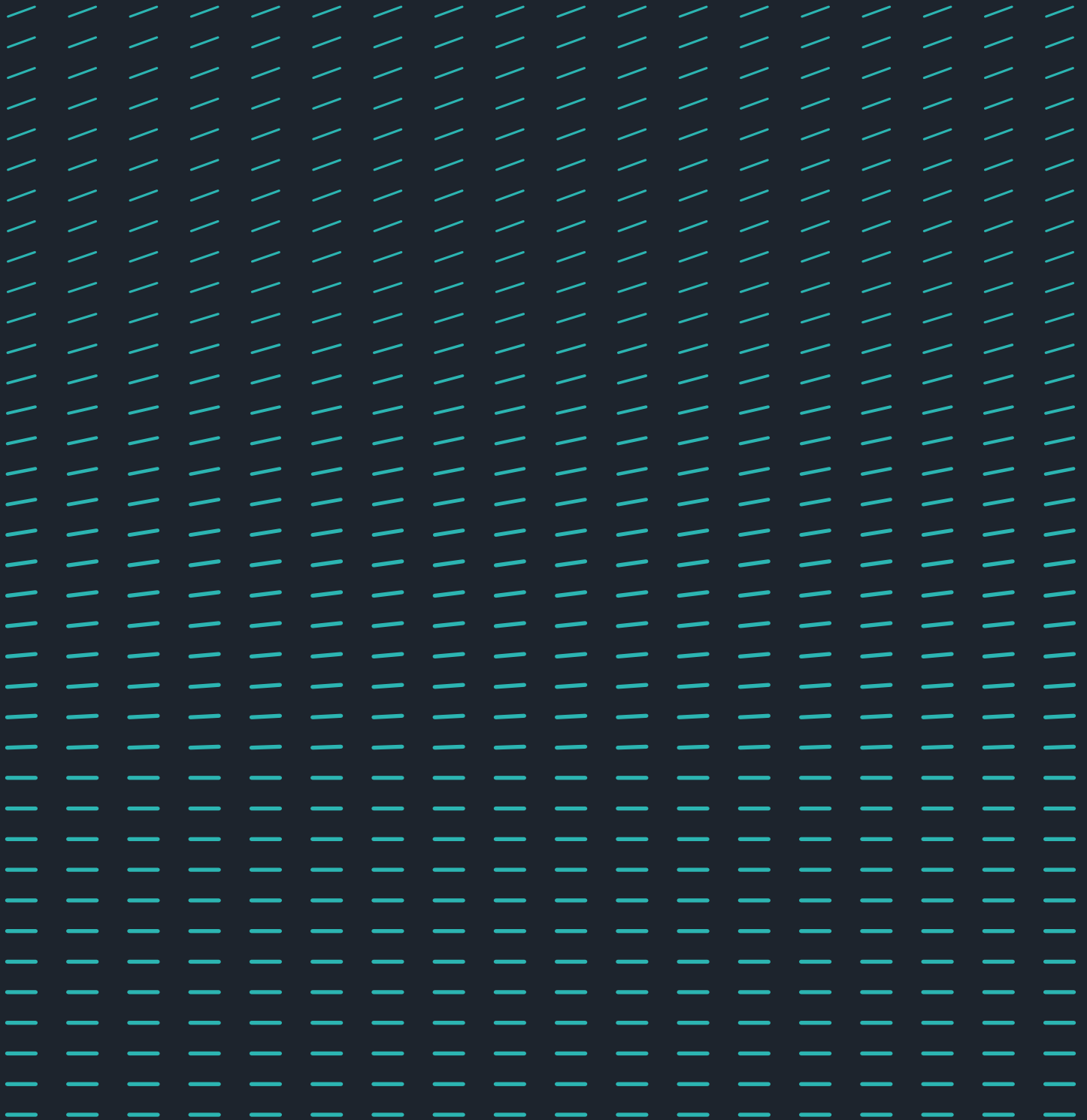


Carne Group Remuneration Policy



Document Owner	Organisational Function
Compliance Dept.	Group function

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1.0	11 July 2018	Compliance Officer	Creation

Carne Global Fund Managers (Luxembourg) S.A. (the “Company”) has designed and implemented this remuneration policy (the “Remuneration Policy”) in line with the provisions of the European Union (Alternative Investment Fund Managers) Regulations 2013 and the European Commission Delegated Regulation No 231/2013 (together the “AIFM Regulations”) and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended, consolidated or replaced from time to time (the “UCITS Regulations”) (the AIFM Regulations and UCITS Regulations, collectively the “Regulations”). This Remuneration Policy has also been drafted in accordance with the European Securities Markets Authority (“ESMA”) Guidelines on Sound Remuneration Policies under the AIFMD (ESMA/2013/232) (the “ESMA AIFMD Guidelines”) and the ESMA Guidelines on Sound Remuneration Policies under the UCITS Directive (ESMA/2016/575) (the “ESMA UCITS Guidelines”) (the ESMA AIFMD Guidelines and the ESMA UCITS Guidelines, collectively the “ESMA Guidelines”) (the Regulations and the ESMA Guidelines, collectively, the “Remuneration Requirements”).

This Remuneration Policy has been prepared in line with the business strategy, objectives, values and interests of the Company and the Funds or the investors of the Funds and ensures that the Company maintains and applies a sound and prudent remuneration process which does not impair compliance with the Company’s duty to act in the best interest of the Funds, which identifies and manages any conflicts of interest, promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profile of the Company or the risk profiles and constitutional documents of the alternative investment funds (“AIFs”) and UCITS funds (“UCITS”) under management (together, the “Funds”).

This Remuneration Policy has been adopted by the board of directors of the Company (the “Board”) and will be reviewed on an annual basis.

- Definition of remuneration
- For the purposes of this Remuneration Policy, remuneration consists of:
 - All forms of payments or benefits paid by the Company;
 - Any amount paid by a Fund itself, including carried interest (e.g. performance fees);
 - Any transfer of units or shares of a Fund,

in exchange for professional services rendered by the Identified Staff (as defined below).

All remuneration can be divided into:

- Fixed remuneration (payments or benefits without consideration of any performance criteria); and
- Variable remuneration (additional payments or benefits depending on performance or, in certain cases, other contractual criteria).

Both components of remuneration (fixed and variable) may include monetary payments or benefits (such as cash, shares, share options, cancellation of loans to staff members at dismissal, or pension contributions) or non-monetary benefits (such as discounts, fringe benefits or special allowances for car, mobile phone, etc.).



Ancillary payments or benefits that are part of a general, non-discretionary, Company-wide policy and which pose no incentive effects in terms of risk assumption are excluded from the definition of remuneration.

The Company ensures that variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the Remuneration Requirements and the Board of the Company retains the primary responsibility for ensuring that the ultimate goal of having a sound and prudent remuneration policy and structure is not improperly circumvented.

Definition of Identified Staff

This Remuneration Policy covers all staff whose professional activities have a material impact on the risk profile of the Company or of the Funds ("Identified Staff"). Under the ESMA Guidelines, Identified Staff are classified as categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls into the remuneration bracket of senior management and risk takers, whose professional activities have a material impact on the Company's risk profile or the risk profiles of the Funds and categories of staff of the entity(ies) to which investment management activities or risk management have been delegated by the Company, whose professional activities have a material impact on the risk profiles of the Funds.

The ESMA Guidelines provide further detailed guidance regarding the classification of Identified Staff. On the basis of same, the Company has determined the following persons to be Identified Staff for the purposes of this Remuneration Policy:

- all conducting officers;
- all members of the Board;
- the compliance officer;
- the risk officer; and
- the chief operating officer.

Where the investment management function is performed by the Company itself in respect of any Fund, additional members of the investment management function shall also be categorised as Identified Staff, where required and appropriate.

The Company's parent company is Carne Global Financial Services Limited ("Carne"). Carne operates through a shared services organisational model which provides that Carne employs all staff and enters into inter-group agreements with other Carne Group entities within the group to ensure such entities are resourced appropriately. With the exception of one individual acting as non-executive independent Director, who is external to the Company and who receives a fixed remuneration for his role as member of the Board, all other Directors of the Company are part of the Carne Group and as such receive no separate remuneration for their role within the Board of the Company.

All Identified Staff other than the independent director are remunerated as employees of other Carne Group companies with a combination of fixed and variable discretionary remuneration where the latter is assessed on the basis of their overall individual contribution to the Carne Group, with reference to both financial and non-financial criteria and not directly linked to the performance of specific business units or targets reached or the performance of the Funds.

Any performance related payment is assessed by Carne Group's human resources function in the context of longer term, multi-year performance and designed to not encourage short-term risk taking. Although the performance of the Funds could ultimately affect the performance of the Company because of its business model (the Company earns a basis point fee from certain Funds), the activities of the Identified Staff have no direct bearing on the performance capabilities of the Funds and the performance of the Funds does not directly impact the remuneration of the Identified Staff.



The investment and risk setting exercises of the Company occur in a collective collegiate framework which prevents any one Identified Staff exerting an inappropriate influence over the risk appetite and investment profile of the Funds.

The Principles affecting pay structure and risk alignment

The Regulations require the Company to comply with a detailed list of principles when establishing and maintaining its remuneration policies and practices.

Carne has implemented a remuneration structure whereby the fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration. As any variable remuneration portion is fully discretionary, Carne retains full flexibility in the operation of the flexible remuneration component as it has the possibility to award no variable pay. This means that any variable remuneration is paid only if it is sustainable according to the financial situation of the Carne Group, as a whole, and justified according to the performance of the Company together with the overall performance of the Carne Group and the individual concerned. Where there is subdued or negative performance of the Company, the award of any variable remuneration will take into account the current total compensation of the individual and his/her contribution to the Carne Group as a whole.

Carne does not offer guaranteed variable remuneration to any employees or directors. Carne is mindful that, should it in future offer guaranteed variable remuneration, that this may only be exceptional, occurring only in the context of hiring new staff and limited to the first year.

In light of the limited impact of the remuneration of the Identified Staff on the risk profile of the Funds and the nature of the business of the Company in its role as a third-party management company, the remuneration structure of the Identified Staff and the delegation of the portfolio management activity, the Company believes that it is not appropriate for any variable remuneration that is offered to Identified Staff to comprise units or shares of the Funds or equivalent ownership interests. Similarly, the Company does not deem appropriate that deferral of the variable remuneration policy should be implemented in view of the life cycle and redemption policy of the Funds, as the variable remuneration components are not based on the performance of the Funds and therefore there is no risk of misalignment with the nature of the risks of the Funds.

Where Identified Staff also receive pension benefit arrangements, these arrangements will be in line with the Company's risk appetite, business strategy, objectives, values and long-term interests including those of the Funds or the investors of such Funds.

Neither the Company's nor the Carne Group's remuneration framework currently provides for payments related to the early termination of a contract. In the event that such payments may be provided in future, the Company is mindful that such arrangements must be designed to reflect performance achieved over time and in a way that does not reward failure.

Proportionality

The Remuneration Policy has been drafted in line with the Remuneration Requirements in a way and to an extent deemed appropriate to its size, internal organisation and the nature, scope and complexity of its activities as a third-party management company. Taking into consideration the risk profile, appetite and risk strategy of the Company and each of the Funds together with a non-exhaustive combination of its size, internal organisation, and the nature, scope and complexity of its activities, together with any other relevant criteria and within the limits of the ESMA Guidelines, the Board has dis-applied the requirements of the ESMA Guidelines in relation to the following:



- variable remuneration in instruments;
- retention;
- deferral; and
- ex post incorporation of risk for variable remuneration (together, with the immediately foregoing bullets points, the “Pay-out Process Rules”).

With regard to the ESMA UCITS Guidelines, the Board notes that these guidelines (unlike the ESMA AIFMD Guidelines) do not offer any guidance as to whether the application of the proportionality principle may enable management companies such as the Company to dis-apply the specific requirements above, however, in a letter to the European Union law-making institutions published alongside the ESMA UCITS Guidelines (the “ESMA Letter”), ESMA set out its view that it should be possible to dis-apply the Pay-out Process Rules under specific circumstances and that it should also be possible to apply lower thresholds whenever minimum quantitative thresholds are set for the Pay-Out Rules. In the absence of legislative amendment at European level, or clarification at member state level, the Company has made its own assessment as to the application of the proportionality principle and in doing so has deemed it appropriate to have regard to ESMA’s views in the ESMA Letter regarding the circumstances in which the principle of proportionality may be relied upon.

This determination to disapply the Pay-out Process Rules will be reviewed regularly by the Board and at a minimum on an annual basis as part of the overall Remuneration Policy review.

Remuneration committee

The Company is mindful of the requirement that management companies that are significant in terms of their size or the size of the funds they manage, their internal organisation and the nature, the scope and the complexity of their activities must establish a remuneration committee responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the Company or the Funds and which are to be taken by the Board in its supervisory function. In this regard, due to the increased operational complexity of the Company and size of the Funds, the Company has established a Remuneration Committee in order to oversee the implementation of the remuneration arrangements and to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk.

The Remuneration Committee is responsible for assessing, overseeing and reviewing the remuneration arrangements of the Company as well as that of the delegates as relevant, in line with the provisions of the Remuneration Requirements. The Remuneration Committee consists of at least two directors, the compliance officer, internal legal counsel and such other individuals as the Board may appoint from time to time. The Remuneration Committee meets at least quarterly to review the Remuneration Policy and any issues arising in relation to the remuneration frameworks relating to the Company and the Funds.

Disclosure

The Company will disclose details of its remuneration arrangements through a periodic disclosure in the annual report of the Company and as part of the public disclosure in the financial statements of the Funds. The Company will ensure that the disclosure is clear and easily understandable and accessible. Without prejudice to confidentiality and applicable data protection legislation, the Company will also disclose detailed information regarding its remuneration policies and practices for members of staff whose professional activities have a material impact on the risk profile of the Funds, as well as providing general information about the basic characteristics of the Company’s remuneration policies and practices in line with the Remuneration Requirements. A copy of the Remuneration Policy will also be made available on <http://www.carnegroup.com/policies-and-procedures/>.



The prospectus for each Fund and key investor information document(s) for each UCITS fund shall also contain the disclosures required under the Remuneration Requirements.

Delegation of portfolio management/risk management

When delegating portfolio management or risk management activities according to the Regulations, the Company will ensure that:

- the entities to which portfolio management or risk management activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Guidelines; or
- appropriate contractual arrangements are put in place with entities 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 ESMA Guidelines. These contractual arrangements cover any payments made to the delegates' Identified Staff as compensation for the performance of portfolio or risk management activities on behalf of the Company and the Funds under the terms of the relevant delegation agreement.

The Company performs the above assessment as part of its client approval/take on process. The Company acknowledges that delegates may be able to disapply the Pay-out Process Rules or the requirement to establish a remuneration committee under the ESMA Guidelines on the basis of proportionality and details of any such proportionality analysis will be provided by the delegate to the Company for review. The Company maintains remuneration details relating to the delegation arrangements for each Fund managed by the Company.

The Board requires each delegate to provide them with an annual confirmation that its remuneration policies and practices are in line with the applicable Remuneration Requirements.

Review and implementation of the policy

The Remuneration Policy has been adopted by the Board and the Board is responsible for its implementation. The Remuneration Policy is subject to at least annual review by the Board and the Remuneration Committee. The Remuneration Policy is not subject to an independent external review.

The day-to-day implementation of the Remuneration Policy has been assigned to the compliance officer who is responsible for keeping the Remuneration Policy up to date in light of business and staff changes and in line with applicable regulatory requirements. The compliance officer is also responsible for the ongoing monitoring of the implementation of and compliance with the Remuneration Policy and, in this regard, the compliance officer will liaise with the Carne Group human resource function.



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