

Link Fund Solutions (Luxembourg) S.A.

Remuneration Policy – Executive Summary

Link Fund Solutions (Luxembourg) S.A. (“LFSL”) has established and applies a remuneration policy (the “Remuneration Policy”) and practices that are consistent with, and promote, sound and effective risk management and that never encourage risk taking which is inconsistent with the risk profiles, rules or articles of incorporation of the Funds it manages.

The Remuneration Policy sets out the legal and regulatory requirements, as well as the related actions, which LFSL has to comply with in order to meet its obligations, in the area of remuneration as a Management Company authorised under Chapter 15 of the Law of 17 December 2010 relating to undertakings for collective investment, as amended (the “Law of 2010”) and as an alternative investment fund manager (“AIFM”) authorised under the law of 12 July 2013 relating to alternative investment fund managers, as amended (the “AIFM Law”).

The Remuneration Policy integrates the provisions of the European directives and regulations and laws related to remuneration and corporate governance, the ESMA Guidelines 2013/232 of 3 July 2013 on sound remuneration policies (the “ESMA Guidelines”) under the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on alternative investment fund managers (the “AIFMD”), the ESMA final report 2016/411 of 31 March 2016 on the guidelines on sound remuneration policies (the “ESMA Final Report”) under the UCITS Directive and AIFMD.

The Remuneration Policy includes fixed and variable components of salaries and applies to those categories of staff, including senior management, risk takers, control functions and 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 LFSL or the Funds managed by LFSL (all the funds managed by LFSL are together referred to as the “Funds”).

The Remuneration Policy is in line with the business strategy, objectives, values and interests of LFSL, the Funds and their unitholders and includes measures to avoid conflicts of interest.

Delegation of Activities

LFSL is currently delegating portfolio management activities, and shall ensure that delegates are subject to regulatory requirements on remuneration that:

- are equally as effective as those under the AIFM Law and the Law of 2010; or
- appropriate contractual arrangements are enforced in order to ensure that there is no circumvention of the remuneration rules with respect to payments to identified staff within the delegate.

In an attempt to ensure the compliance of delegates with applicable laws and regulations, especially regarding variable remuneration provisions, LFSL incorporates such requirements into the contractual terms of the agreements entered into with its delegates.

Perimeter of Identified Staff

LFSL has determined all of its “Identified Staff” as per AIFMD and UCITS regulatory frameworks (including but limited to the various ESMA Guidelines on sound remuneration policies under the UCITS Directive and AIFMD), in order to capture all staff whose responsibilities and decision authority have a significant impact on the organisation’s risk profile.

Given that portfolio management activities have been delegated, “Identified Staff” may include the members of the Board of Directors of LFSL (the “BoD”), its senior management as well as key staff in operational risk management and control functions where relevant.

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The list is determined and reviewed on a yearly basis by LFSL. Such list is then discussed and validated during meetings of the BoD.

Assessment Process

The assessment of performance is set in a multi-year framework in order to ensure that the focus is set on the longer-term performance of the Management Company and its investment risks. Assessed criteria are both quantitative and qualitative to ensure that any risk-taking activities or behaviour is not fostered.

Fixed vs. Variable Remuneration

The fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

Compensation of the staff engaged in control functions is made in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control.

Compliance with AIFMD and UCITS Regulations in a Proportionate Manner

The organisation complies in a manner that is appropriate to the structure of the Management Company, taking into account its size, its limited perimeter of Identified Staff, and the nature and low complexity of the Funds' investment strategies.

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