



Remuneration policy

Eric Sturdza Management Company S.A. (the “Management Company”), a UCITS Management Company, has, as required by the Luxembourg regulatory framework, a remuneration policy that is defined, endorsed and implemented through a detailed procedure by the management.

The Management Company has aligned its remuneration policy with current best practice and the relevant Luxembourg regulatory framework such as Directive 2014/91/EU of 23 July 2014 (UCITS V), Commission Recommendation 2009/384/EC of 30 April 2009 on remuneration policies in the financial sector (Recital 5 UCITS V), ESMA guidelines on sound remuneration policies and practices in the asset management sector.

Institutions in scope have an express obligation to establish and maintain, for categories of staff whose professional activities have a material impact on their risk profile, remuneration policies and practices that are consistent with effective risk management. Such key requirement stemming from the financial crisis, perceived as a moral obligation for institutions by the public can also have adverse effect on the attractiveness of the institutions for young talent and can damage the retention policy of the institutions.

The remuneration policy concerns the categories of staff whose professional activities have a material impact on the risk profiles of the UCITS that Eric Sturdza Management Company S.A., a UCITS Management Company, manage.

1. Purpose

To address the potentially detrimental effect of a poorly designed remuneration structure on the sound management of risk and control of risk-taking behavior by individuals.

Requirement of a UCITS management company to establish and apply remuneration policies and practices that are consistent with, and promote, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the UCITS that they manage nor impair compliance with the Management Company’s duty to act in the best interest of the UCITS.

The remuneration policy shall be aligned with the risk appetite, values and long-term interests of the Management Company. For that purpose, the assessment of the performance-based component of remuneration should be based on long-term performance and take into account the current and future risks associated with that performance.

The remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the institution.

The remuneration policy is in line with the business strategy, objectives, values and long-term interests of the institution, and incorporates measures to avoid conflicts of interest.

The implementation of the remuneration policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the management body in its supervisory function;

The Board of Directors of Eric Sturdza Management Company S.A., in its supervisory function is required to approve and annually review the Remuneration Policy and for overseeing its implementation.

It recommends the remuneration of the Conducting Officers of the Company and approves the variable remuneration of risk management and compliance functions.

The Conducting Officers of the Company are in charge of making sure that the Remuneration Policy is implemented. They elaborate procedures to this effect and submit them to the Board of Directors of the Company. The control functions have been involved in the elaboration of this policy.

The remuneration policy, taking into account national criteria on wage setting, makes a clear distinction between criteria for setting basic fixed remuneration, which should primarily reflect relevant professional experience and organizational responsibility as set out in an employee's job description as part of the terms of employment; and variable remuneration which should reflect a sustainable and risk adjusted performance as well as performance in excess of that required to fulfill the employee's job description as part of the terms of employment.

2. Proportionality

The Company complies with the following principles in a way and to the extent that is appropriate to their size, internal organization and the nature, scope and complexity of their activities.

At level of the Company, the total value of assets under management amounts to around EUR 250 million; the Company has 3 employees (number may increase over time), the Company has no branches or subsidiaries.

Internal organization: the legal structure is a Société Anonyme, the internal governance structure is straightforward (a Board of Directors, the conducting officers and staff members) and the Company or the UCITS it manages are not listed on a stock exchange.

Nature, scope complexity of activities: the Company only provides collective management services; it will not perform discretionary portfolio management services on a client by client basis; the UCITS investment policies and strategies do not include, for now, private equity or real estate strategies; the Company is not providing collective management services to non-Luxembourg UCITS.

By application of the proportionality, the following principles will not be applied: the requirements on pay-out processes for Identified Staff including the payment of variable remuneration in instruments related mainly to the UCITS in relation to which they perform their activities; deferral requirements; retention periods: Ex-post incorporation of risk (Malus); the requirement to establish a remuneration committee.

Consequently, no specific Remuneration Committee has been established in the case of Eric Sturdza Management Company S.A. The Board of Directors will take final decisions regarding Remuneration aspects on behalf of the Company.

3. Remuneration structure overview

This policy is aimed at aligning remuneration with prudent risk-taking. The design of the remuneration system is consistent with the objectives set out in the Company's strategy and lies in a proper balance of variable to fixed remuneration and the measurement of performance;

The Company offers remuneration packages based on fixed salary (i.e. base salary) and benefits and variable pay. The base salary 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.

The Company has a performance based culture and as such rewards its employees through variable pay. This is designed to attract, retain and motivate its staff without encouraging the taking of inappropriate risk.

Variable remuneration is not paid through vehicle or methods that are employed at artificially evading the remuneration provisions of the UCITS Law including the outsourcing of professional services to firms that fall outside of the scope of UCITS Law and the setting up of structures or methods through which the remuneration is paid in the form of dividends or similar pay outs.

The purpose of the discretionary bonus is to annually reward and incentive excellent performance and to align the success of the Company with that of the employee. Discretionary bonuses are intended to reflect contribution to the overall success of the Company and are designed to take a long term view of the Company's development.

All employees are eligible to receive a discretionary bonus.

Performance measures for employees responsible for control function is based on the achievements and objectives of the functions, and their remuneration is determined independently from the performance of the specific business areas they support, therefore helping to prevent any potential conflicts of interest.

Employees who fall under this arrangement include employees in Compliance, Risk Management, and Internal Audit. The remuneration of the senior officers in the risk management and compliance function is directly overseen by the Board of Directors of the Company.

In addition to the fixed and variable pay, the Company may offer a range of benefits including pension plan (pension, death, and invalidity), complementary medical insurance and mobile telephone.

Guaranteed payments (e.g. welcome bonus) can only be used in exceptional circumstances (i.e. only when hiring new staff), and is limited to the first year of employment.

The payments related to the early termination of a contract, which are awarded on a contractual basis, are designed in a way that corresponds to the employee effective performances during the employment period and that does not reward failure (e.g. Golden parachute).

The Company monitors that employees do not use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

The Company guarantees that variable remuneration paid is not paid through vehicles or methods that facilitate the avoidance of the requirements of the UCITS Law.

As long as this is allowed by the applicable rules and regulations, the Company reserves the rights to withhold variable remunerations in specific conditions.

There is no discretionary pension benefit paid to employees. Pension contributions are not deductible from variable remuneration.

4. Appraisal process within the Company

Where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit or UCITS concerned and of the overall results of the Company. Such assessment includes financial and non-financial criteria.

The assessment of the performance is set in a multi-year frame work appropriate to the life-cycle of the UCITS managed by the Company in order to ensure that the assessment process is based on longer term performance and that the actual payment of performance-based components of remuneration is spread over a period which takes into account of the redemption policy of the UCITS it manages and their investment risks.

The measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and futures risks.

The annual appraisal process is used to evaluate and measure an employee's performance against defined objectives. The SMART objectives concept is utilised, requiring objectives to be - Specific Measurable Achievable Realistic and Time-bound".

An employee's primary annual objectives are agreed with his or her line manager at the start of each calendar year. Where agreed between the line manager and employee, weightings may be applied to these objectives.

This Remuneration policy enters into force as of 20th September 2017. It shall be reviewed by the Compliance Officer and validated by the Conducting Officers on an annual basis.

A detailed version of the Policy may obtained, upon request, from the Management Company.