



Remuneration Policy

Capital Fund Management SA

Introduction

Capital Fund Management S.A. (the “**Company**”) has designed and implemented a remuneration policy (the “**Remuneration Policy**”) in line with applicable regulation (being the UCITS Directive¹, ESMA Guidelines², and GRAMF³). These provisions apply to the Company acting in a capacity as the management company of UCITS funds or, under a delegation agreement, as the portfolio manager of UCITS funds.

The Company is committed to align the interests of its clients, employees and directors with a view to deliver performance within the constraints of a strict risk framework. The Company seeks to avoid any remuneration schemes that could generate excessive risks, and retains the capacity to reduce bonuses materially if significant losses are incurred during a financial year. The Remuneration Policy is designed to allow the Company to navigate a competitive environment, particularly in terms of staff retention.

The Company does not intend to use any remuneration mechanism that would directly be correlated to the performance of any fund or investment mandate.

In line with the above-mentioned rules and regulations, the Company has developed and implemented a Remuneration Policy that:

- promotes and is consistent with sound and effective risk management of the UCITS funds it manages;
- does not encourage risk-taking which is inconsistent with the risk profiles of or the rules governing the UCITS funds; and
- does not impair the Company’s ability to act in the best interest of the UCITS funds and ultimately their investors.

¹ Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (“**UCITS**”) as regards depositary functions, remuneration policies and sanctions (the “**UCITS Directive**”)

² ESMA Guidelines on sound remuneration policies under the UCITS Directive and Alternative Investment Fund Manager Directive (AIFMD) and ESMA Guidelines on sound remuneration policies under UCITS Directive dated 14 October 2016 (the “**ESMA Guidelines**”)

³ General Regulation of the French *Autorité des marchés financiers* (the “**GRAMF**”)

Identified Staff

In line with applicable regulation, the Company has established a list of employees and directors of the Company whose professional activities may have a material impact on the risk profile thereof and the UCITS under management (the “**Identified Staff**”). This list of Identified Staff is reviewed and updated annually by the committee in charge of remunerations (the “**Remuneration Committee**”).

Remuneration Committee

The Board of the Company has established a Remuneration Committee to oversee the implementation of the remuneration arrangements and to exercise competent and independent judgment on remuneration policies and practices applicable to the Identified Staff.

The Remuneration Committee is responsible for assessing, overseeing and reviewing the remuneration arrangements of the Company, in line with the provisions of the UCITS Directive, ESMA Guidelines and GRAMF.

Remuneration Principles

Rules applying to all employees of the Company

Remuneration of the Company’s employees consists of one or several of the following elements: (i) a fixed remuneration, (ii) an employee profit sharing and incentive scheme (in French “*intéressement et participation*”) and (iii) a bonus determined on the basis of individual and/or collective performance criteria (the “**Variable Compensation**”). The Variable Compensation of Identified Staff may be subject to deferral.

Rules applying to Identified Staff

As required under the UCITS Directive, the Company has set up specific rules regarding the payment of the Variable Compensation to the Identified Staff. These rules shall apply to the Variable Compensation which originates from revenue derived from the management of UCITS portfolios.

The following rules apply to the Variable Compensation of the Identified Staff:

- Variable Compensation is announced at the end of each year;
- a part (or all, depending on the amount) of the Variable Compensation is paid as cash in the beginning of the following year; and
- the remainder of the Variable Compensation is deferred over three years and indexed to the performance of a reference UCITS fund, as required under the UCITS Directive (the “**Deferral**”).

The payment of the Variable Compensation subject to the Deferral may be reduced or withheld subject to certain conditions (e.g. resignation or termination of the Identified Staff prior to the payment date, severe financial strain to the Company’s assets, or material errors or misconduct by the Identified Staff).

Dated: May 2018