

REMUNERATION POLICY		
		Date: 27/06/2017
Redactor: Alexandre Hecklen	Review: Mazars FAS S.A.	Replacing the Remuneration Policy dated on 09/12/2016 and 12/02/2013

INTRODUCTION

The aim of this policy is to define the conditions relating to the remuneration and assessment of the employees of MC Square S.A. (“MC Square”) in its capacity as management company governed by chapter 15 of the Luxembourg law of 17 December 2010 on undertakings for collective investments and as authorized alternative investment fund manager under the Luxembourg law of 12 July 2013 on alternative investment fund managers.

This policy applies to all employees of MC Square benefiting from an employment contract of indefinite or definite duration, full time or part time.

MC Square established a remuneration policy which is consistent and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile and articles of incorporation/management regulations of the UCITS and AIFs (the “Funds”) that MC Square manages.

This Policy is designed with a view to comply with the requirements set out in:

- The Law of 5 April 1993 on the financial sector, as amended (the “LFS”);
- CSSF Circular 10/437 related to the guidelines concerning the remuneration policies in the financial sector (the “CSSF Circular 10/437”);
- CSSF Regulation N° 10-4 of December 20th, 2010, transposing Commission Directive 2010/43/EU of July 1st, 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council, as regards organizational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a Depositary and a Management Company (the “CSSF Regulation N° 10-4”);
- CSSF Circular 12/546 of October 24th, 2012, regarding authorization and organization of Luxembourg Management Companies subject to Chapter 15 of the aforementioned December 17th, 2010 Law (the “CSSF Circular 12/546”);

- European Commission Delegated Regulation (EU) N° 231/2013 of December 19th, 2012, supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (the “Delegated Regulation”);
- European Securities and Markets Authority’s Guidelines 2015/ESMA/1172 of the 23 July 2015 on sound remuneration policies under AIFM (“the ESMA Guidelines”);
- Law of 10 may 2016 transposing 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;
- Law of 12 July 2013 on Alternative Investment Fund Managers, transposing Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers (the “July 12th, 2013 Law”).

1. Resort to the Proportionality Principle

This Remuneration Policy is designed by applying the principle of proportionality.

The application of the principle of proportionality is motivated by the following elements:

- Size: as at 31/12/2016 MC Square has capital of EUR 500,000.- and EUR 67,627 profit brought forward. As at 15 August 2017, MC Square manages UCITS funds for a total of EUR 3.3 million assets under management (“AuM”) (excluding any assets acquired through the use of leverage however average leverage used is generally below 100%). Since MC Square is also an AIFs management company the overall AuM managed is EUR 16 million. MC Square has a staff of 6 members, and MC Square has no branches and is not listed;
- Internal organization: Internal organisation of MC Square is relatively straightforward such that the main activities performed by MC Square, portfolio management and risk management are clearly separated with distinct reporting lines. The risk management function is fully dedicated to measuring, monitoring and managing the risk exposure borne by the managed funds including the operational risks.
- Nature, scope and complexity of the activities: MC Square manages UCITS and AIFs mostly investing in traditional asset classes with straightforward investment strategies and no exotic instruments. MC Square does not actively market the managed UCITS and AIFs.

In this context, as defined in the ESMA Guidelines, MC Square decided not to apply the following requirements:

- Requirement to pay out a part of the variable remuneration in instruments and, de facto, the related instrument retention obligations;
- Requirement to pay out at least 40% of the variable remuneration through a deferral scheme of minimum 3 years and, de facto, the related ex-post risk adjustment obligations;
- Requirement to set up a Remuneration Committee.

2. Definitions

Internal Control Functions:	Refers to Compliance, Risk Management, and Internal Audit of MC Square which are closely involved in the design, update and follow up of this Policy
Remuneration:	Refers to either Fixed or Variable Remuneration (see below); it may include monetary payments or benefits (such as cash, shares, options, loans to staff members, pension contributions, remuneration by the Funds e.g. through carried interest models) or non (directly) monetary benefits (such as discounts, fringe benefits or special allowances for car, mobile phone, etc.), as per the definition of Article 11 of the ESMA Guidelines
Fixed Remuneration:	Refers to payments or benefits without consideration of any performance criteria, as per the definition of Article 11 of the ESMA Guidelines
Risk:	Refers to risks relating to MC Square's business and the Funds, including all relevant types of current and future risks
Risk-Takers:	Refers to an employee that when performing his/her job assignments can have a material impact on the risks of MC Square and a Fund
Service Providers:	Refers to all companies providing services to MC Square pursuant to outsourcing agreements, specifically with regard to the accounting, central administration agency, custodian, information technology, internal audit, investment management and payroll management functions
Variable Remuneration:	Refers to additional payments or benefits depending on performance, or in certain cases, other contractual criteria, as per the definition of Article 11 of the ESMA Guidelines

Definition of the Identified Staff

MC Square has performed a detailed analysis as prescribed by the ESMA Guidelines in order to identify its members of staff whose professional activities, job functions and responsibilities have a material impact on its risk profile or on the risk profiles of the Funds it manages. These members of staff are referred to as the “Identified Staff”.

The list of Identified Staff includes:

- Executive and non-executive members of the Board of Directors of MC Square;
- Senior Management/Conducting Officers;
- Persons in charge of the Internal Control Functions (i.e. the Risk Management Officer, the Compliance Officer, and the Chief Internal Auditor);
- Persons in charge of the Asset Management of the Funds;
- Other Risk-Takers such as: staff members whose professional activities – either individually or collectively as members of a unit or department – can exert a material influence on the risk profile of MC Square or on a Fund it manages, including persons capable of entering into contracts/positions and taking decisions that materially affect the risk positions of MC Square or the Fund it manages. Such staff can include, for instance, sales persons, individual traders and specific trading desks;
- Other employee/persons who have a material impact on the risk profile of MC Square or of the Funds it manages and whose total remuneration takes them into the same remuneration bracket as Senior Managers and Risk-Takers.

This list of Identified Staff can be amended at any time.

3. General requirements

Remuneration and Risk

In accordance with the general principle on sound promotion and effective risk management, this remuneration policy does not encourage risk-taking that exceeds the level of tolerated risk of the Funds managed.

The Board of Directors of MC Square (the “Board”) aims to reward performance based on profitable, compliant behaviours and not on excessive risk taking. MC Square’s risk officer shall monitor such behaviours and report to one of MC Square’s day-to-day managers in this respect. The Board decides remuneration based on sound remuneration principles in line with the business strategy, objective, value and interests of the Funds managed or its investors including measures to avoid conflicts of interest.

MC Square has established a conflicts of interest policy which allows it to prevent or where conflicts cannot be prevented, appropriately monitor any arising conflicts. The Board has

appointed Mr. Karl Heinz Dick, independent Board member, to supervise the appropriate application of MC Square's remuneration policy.

The business strategy of MC Square is to grow revenue from the sound and prudent management of the Funds. Any growth in revenue from assets under management is subject to consistent compliance with investment objectives, strategies and inherent risks applicable.

The long-term interests of MC Square are the continued growth in revenue from assets under management with a view to profitably liquidate such assets at the divestment period taking into account the best interests of its investors.

The Fixed Remuneration

MC Square shall remunerate its employees primarily with a salary, i.e. a fixed amount of pay per month. This fixed remuneration which is determined on the basis of the role of the staff member, including level of responsibility, job complexity and general market practices, includes the annual base salary which is paid monthly in 12 instalments.

MC Square does not offer other fringe benefits and does not have any internal pension scheme policy.

However, it is to be noted that MC Square may, at its own discretion, offer additional fringe benefits to some employees such as parking places, company cars, scholarship costs, representation allowances and accommodation costs.

The Variable Remuneration

Some employees may be granted with a variable part of remuneration based on the turnover realised by MC Square pursuant to an introduction of the Employee or based on the criteria listed in the following sections hereunder. The Board considers individual entitlement based on performance across a range of metrics having regard to all relevant types of current and future risk and long term performance of the Funds managed.

Variable Remuneration is granted on the basis of the results of the performance assessment process. It shall be based on relevant, pre-determined and measurable criteria linked to MC Square's corporate values, business strategy goals, long-term interests of its shareholders and clients, and risk management. There shall be an appropriate balance between Fixed and Variable Remuneration as determined in Section 5.

Specifically, Variable Remuneration for Identified Staff shall be based both on the individual performance of the employee and of MC Square. Both financial and non-financial criteria (such as achievement of strategic targets, internal and external audit results, adherence to the risk management policy, compliance with internal and external rules, cooperation with other business units and with control functions, etc.) shall be considered when assessing the

employee's performance. These financial and non-financial criteria shall be specified and documented for each employee of the Identified Staff.

Additional payments are subject to the entire discretion of the Board and shall only be awarded if and on the basis that the individual has contributed to the long term well-being of the UCITS managed as measured across a range of factors including compliance with legal, regulatory and CSSF requirements as regards risk management principles, policies and procedures, training and competence outcomes as well as any other factors considered relevant by the Board from time to time.

Assessment of the results of MC Square shall be conducted using a multi-year perspective in order to ensure that the assessment process is based on longer term performance.

MC Square does not offer any guarantee on the Variable Remuneration of its staff members. Furthermore, employees cannot receive any professional or personal compensation for the partial or total loss of their variable remuneration, neither from any personal risk hedging strategies nor from any insurances scheme.

For confidentiality reasons, each employee shall only receive information relating to his/her own remuneration.

4. The Variable Remuneration Principles

4.1 Considerations for specific categories of employee

Board members (Executive Directors)

The Board's approach to variable remuneration is that in principle, no variable remuneration will be given to the Board members as any performance related remuneration shall be reinvested into MC Square. The Board members shall be remunerated on the basis of fixed amounts. Every year the general meeting of the shareholders shall determine a global amount being granted to the Board which shall decide the allocation between the members.

The Board shall under no circumstances approve variable remuneration which prejudices MC Square's current regulatory capital position or any identified risk that would require MC Square to strengthen its capital base.

Non-Executive Directors

No variable remuneration is granted to Non-Executive directors for the exercise of their mandate. The fixed remuneration granted to Non-Executive Directors is decided by the Board of Directors and the Ordinary General Meeting of MC Square.

Executive and Senior Management

Executive and Senior Management have both fixed and variable remuneration, based on their role in the organization and their performance. The fixed and variable remuneration granted to Executive and Senior Management is decided by the Board of Directors.

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 role, independently of the performance of the operational departments. MC Square shall ensure that the employees who are engaged in Internal Control Functions:

- a) are independent from the business units they oversee;
- b) have appropriate authority and resources to monitor and control the risks associated with MC Square's remuneration of staff; and
- c) are remunerated in accordance with the achievement of their own objectives linked to their position, functions, which shall be independent from the performance and result of the business areas they control.

However, the balance of fixed and variable remuneration of staff members in Internal Control Functions is weighted in favour of fixed remuneration. The variable remuneration, if any, granted to Internal Control Functions is decided by the CEO of MC Square, reviewed by the Board of Directors and approved by the members of the Board of Directors who do not perform any executive functions.

Other Risk-Takers

The variable remuneration granted to the Identified Staff is subject to the criteria and restrictions set out in this Policy. The variable remuneration granted to other Risk-Takers is proposed by the CEO of MC Square and approved by the members of the Board of Directors who do not perform any executive functions.

4.2 Specific Pay-Out Provisions

MC Square has to maintain a sound financial situation and has to take into consideration any negative financial result and performance of MC Square and/or the Funds.

Ex post risk adjustments shall always be performance or risk related. They shall respond to the actual risk outcomes or changes to persisting risks, business line or staff's activities of MC Square.

Should a malus or clawback adjustment be decided by the Board of Directors, MC Square shall analyse whether risks have been omitted or underestimated, new risks were identified or unexpected losses occurred.

Malus Clause

Variable remuneration is awarded to Identified Staff based on their performance and on the premise that he/she has been fully compliant with the regulatory framework and internal procedures of MC Square.

In the event of inappropriate behavior of the employee, such as harassment or failure to comply with the Code of Ethics and Standards of Conduct of MC Square or in any case a clear misalignment with the values of the Company, MC Square may consider a partial or total reduction of the bonus paid to the employee. Malus event must be defined as fraud, lack of capital, regulatory issues or liquidity or solvency breaches.

In case MC Square needs to strengthen its financial situation, the Board of Directors can exceptionally decide to reduce or eliminate the Variable Remuneration to employees as appropriate.

Clawback

In certain circumstances as follows, MC Square's Board of Directors can decide that an employee shall pay back the Variable remuneration he/she received:

- In case of established fraud or misleading information;
- Misbehavior or serious error, such as breach of MC Square's policies.

Adjustment and Cancellation

Variable Remuneration, if any, shall be based on the employee's actual working hours. Hence, if the employee has been absent from work or worked part-time during the relevant remuneration year, the Variable Remuneration is adjusted accordingly.

In the event an employee gives or receives notice of termination of his or her employment with MC Square, regardless of the reason hereof, before any Variable Remuneration has been paid out, the employee is not entitled to Variable Remuneration, even if the amount of Variable Remuneration for the preceding year and which is to be paid out to the employee, has been determined and communicated to the employee, prior to notice of termination. This shall apply also during the employee's period of notice.

5. Balance between Fixed and Variable Remuneration

Remuneration that is comprised of both Fixed and Variable Remuneration shall be appropriately balanced. Fixed Remuneration shall represent a large enough portion to be able to, if necessary, set any or all Variable Remuneration to zero.

As a general principle, MC Square does not pay any variable component exceeding 100% of the fixed component to any of its employees. On an exceptional basis, MC Square may apply a higher maximum level of the ratio between the fixed and variable components which would in no case exceed 200% of the fixed component. In this case, a detailed recommendation describing the reasons for, and the scope of, the approval sought (incl. the number of staff affected, their functions and the expected impact on the requirement to maintain a sound capital base) shall be submitted by the Board of Directors to the shareholders of MC Square in the general meeting.

Regarding the proportion of the variable remuneration, the following limits apply to MC Square's Identified Staff:

	Maximum Variable remuneration in % of the annual fixed remuneration
Executive Directors	100%
Senior Management	100%
Portfolio Managers	100%
Internal Control Functions	30%
Other identified staff	100%

6. Yearly performance review:

MC Square ensures that where remuneration is performance-related:

- a) The total amount of remuneration is based on a combination of the assessment of the performance of:
 - the individual;
 - the business unit concerned; and
 - the overall results of MC Square; and
- b) The assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors
- c) When assessing individual performance, financial as well as non-financial criteria are taken into account.

MC Square ensures that total variable remuneration does not limit MC Square's ability to strengthen its capital base.

7. Hiring a new employee:

The Individuals' remuneration is in accordance with general market practices.

If the remuneration is above the market, the difference should be explained by the experiences and the soft skills of the individuals.

8. Principles on delegated activities

This Remuneration Policy does not apply to fees and commissions to intermediaries and external service provider in case of outsourced activities.

Specifically, compliance (or, as the case may be, non-compliance) with these principles shall be assessed by MC Square through its oversight function, in accordance with the rules set out in Article 18 of the July 12th, 2013 Law.

9. Review

The Remuneration Policy can be reviewed and modified at any time, under the approval of the Board's independent members who do not perform any executive functions, in order to comply with the sound and prudent principles.

- MC Square is reviewing periodically the general principles of the remuneration policy and is responsible for its implementation:
 - o Annually;
 - o Every time a significant change to the business activities of MC Square or of the Funds occurs;
 - o Every time a significant new business relationship which forms a material part of the business of MC Square is formed;
 - o At such other point as the Board considers necessary from time to time.
- The implementation of the remuneration policy of MC Square, although under the responsibility of the Board, shall at least once a year be reviewed by the Board's independent member, Mr. Karl Heinz Dick in order for the latter to verify that MC Square complies with the policies and remuneration procedures adopted by the Board.
- Compliance and Internal audit have to review this process

10. Disclosure

10.1. Disclosure in the Annual Report

The Annual Report of MC Square shall indicate the way the Remuneration Policy is structured and applied. This Report shall include:

- The total remuneration of the entire staff of MC Square and the number of beneficiaries;
- The total remuneration of employees who are fully or partly involved in the activities of the Funds, including the number of beneficiaries;
- The proportion of the total remuneration which attributable to the Funds and the number of beneficiaries.
- Where relevant, the total remuneration for the financial year shall also mention the carried interest paid by the Fund.

MC Square shall provide general information relating to the financial and non-financial criteria and practices of remuneration of relevant categories of staff in order to enable the investors to assess the incentives, to understand the risk profile of the AIF and the measures adopted to avoid or manage conflicts of interest.

MC Square shall ensure that the following information is disclosed to the investors:

- Information concerning the decision-making process used for determining the remuneration policy;
- Information on linkage between pay and performance;
- Information on the criteria used for performance measurement and the risk adjustment;
- Information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based;
- The main parameters and rationale for any annual bonus scheme; and
- The main parameters and rationale for any other non-cash benefits.

The information is disclosed in the Annual Report of the relevant Funds. It is to be noted that all the aforementioned information shall only be disclosed from the accounting period commencing January 1st and ending December 31st of the considered year.

For confidentiality reasons, the information must be published in such a manner that the economic conditions of individuals are not revealed.

10.2. Disclosure to the employees

The Compliance Officer of MC Square shall inform the relevant personnel of this Policy, and any change thereto. He/she shall also inform in advance those staff members of the criteria that will be used to determine their remuneration.

11. Reporting

If there is any change on the remuneration policy, MC Square needs to inform the CSSF of those changes and explaining the reasons.

André Lecoq
Director

Alexandre Hecklen
Director