



FAGUS MULTIMANAGER
Société d'Investissement à Capital Variable
2-4 rue Eugène Ruppert
L-2453 Luxembourg

REMUNERATION POLICY

The company

Fagus Multimanager (www.sicavfagus.com) is an investment company with variable capital (SICAV) incorporated in Luxembourg and registered under part I of the law of 17 December 2010 relating to Collective Investment Undertakings. It is a self-managed Sicav authorized by the Commission de Surveillance du Secteur Financier (CSSF).

Currently, the company is structured as “umbrella fund” with three separate sub-funds:

- International Balanced Flexible
- International Bond
- International Equity Dynamic

Background

According to the UCITS V Directive¹, management companies and self-managed investment companies are required to establish and apply remuneration² 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 Undertakings for collective investment in transferable securities (UCITS) that they manage nor impair compliance with the management company/self-managed investment company’s duty to act in the best interest of the UCITS.

¹ Directive 2014/91/EU of the European Parliament and of the Council of July 23, 2014

² Remuneration includes fixed and variable components of salaries and discretionary pension benefits. For the sake of clarity, for remuneration is intended every form of payment or benefit of any type paid by the company, any amount paid directly by the UCITS itself, including performance fees, and any transfer of units of the UCITS in exchange for professional services rendered by the company’s “Identified staff”

The European Securities and Markets Authority (ESMA), in accordance with Article 16 of Regulation (EU) No. 1095/2010, has issued a document³ containing guidelines on sound remuneration policies under the UCITS Directive and Alternative Investment Fund Managers Directive (AIFMD) addressed to competent authorities or to financial market participants.

This policy reflects the requirements of the UCITS V Directive as well as the ESMA guidelines.

Purpose

The purpose of the policy is to describe the remuneration practices of the company in relation to its “identified staff”. The “identified staff”, as per the UCITS V Directive, comprises 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 management companies/self-managed investment companies or of the UCITS they manage.

The company, that is responsible for identifying the members of staff who fall within the definition of “identified staff”, has determined that the following staff members would fall within the definition of “identified staff”:

- Members of the Board of Directors
- Conducting Officers

The policy, although does not set down specific monetary remuneration for individual staff members as each remuneration package remains primarily the result of negotiation between a staff member and the company, through adoption and implementation of the policy contained in this document, the company demonstrates how it complies with the requirements set forth by the UCITS Directive and UCITS Regulations.

Framework

Remuneration principles

According to the UCITS directive, the company must comply with the principles reported below, in a way and to the extent appropriate to their size, internal organization as well as the nature, the scope and the complexity of its activities:

- (a) the remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the UCITS that the management company manages;
- (b) the remuneration policy is in line with the business strategy, objectives, values and interests of the management company and the UCITS that it manages and of the investors in such UCITS, and includes measures to avoid conflicts of interest;
- (c) the remuneration policy is adopted by the management body of the management company in its supervisory function, and that body adopts, and reviews at least annually, the general principles of the

³ ESMA/2016/411 – Guidelines on sound remuneration policies under the UCITS Directive and AIFMD

remuneration policy and is responsible for, and oversees, their implementation; the tasks referred to in this point shall be undertaken only by members of the management body who do not perform any executive functions in the management company concerned and who have expertise in risk management and remuneration;

- (d) 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;
- (e) staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;
- (f) the remuneration of the senior officers in the risk management and compliance functions is overseen directly by the remuneration committee, where such a committee exists;
- (g) where remuneration is performance-related, the total amount of remuneration is based on a combination of the assessment as to the performance of the individual and of the business unit or UCITS concerned and as to their risks and of the overall results of the management company when assessing individual performance, taking into account financial and non-financial criteria;
- (h) the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the UCITS managed by the management company in order to ensure that the assessment process is based on the longer-term performance of the UCITS and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period;
- (i) guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year of engagement;
- (j) 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;
- (k) payments relating to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure;
- (l) 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 future risks;
- (m) subject to the legal structure of the UCITS and its fund rules or instruments of incorporation, a substantial portion, and in any event at least 50 %, of any variable remuneration component consists of units of the UCITS concerned, equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments with equally effective incentives as any of the instruments referred to in this point, unless the management of the UCITS accounts for less than 50 % of the total portfolio managed by the management company, in which case the minimum of 50 % does not apply. The instruments referred to in this point shall be subject to an appropriate retention policy designed to align incentives

with the interests of the management company and the UCITS that it manages and the investors of such UCITS. Member States or their competent authorities may place restrictions on the types and designs of those instruments or ban certain instruments as appropriate. This point shall apply to both the portion of the variable remuneration component deferred in line with point (n) and the portion of the variable remuneration component not deferred;

- (n) a substantial portion, and in any event at least 40 %, of the variable remuneration component, is deferred over a period which is appropriate in view of the holding period recommended to the investors of the UCITS concerned and is correctly aligned with the nature of the risks of the UCITS in question. The period referred to in this point shall be at least three years; remuneration payable under deferral arrangements vests no faster than on a pro-rata basis; in the case of a variable remuneration component of a particularly high amount, at least 60 % of the amount shall be deferred;
- (o) the variable remuneration, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the management company as a whole, and justified according to the performance of the business unit, the UCITS and the individual concerned. The total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the management company or of the UCITS concerned occurs, taking into account both current compensation and reductions in payouts of amounts previously earned, including through malus or clawback arrangements;
- (p) the pension policy is in line with the business strategy, objectives, values and long-term interests of the management company and the UCITS that it manages. If the employee leaves the management company before retirement, discretionary pension benefits shall be held by the management company for a period of five years in the form of instruments referred to in point (m). In the case of an employee reaching retirement, discretionary pension benefits shall be paid to the employee in the form of instruments referred to in point (m), subject to a five-year retention period;
- (q) staff are required to undertake not to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements;
- (r) variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the requirements laid down in this Directive.

Delegation

Remuneration policy and practices should apply, in a proportionate matter, to any third party which takes investment decisions that affect the risk profile of the UCITS.

The company will ensure that such third party applies in a proportionate manner the remuneration rules outlined above or, alternatively, are subject to equally effective remuneration policies under their home authorization.

Proportionality principle

The company must comply with the remuneration principles in a way and to the extent appropriate to its size and the size of the UCITS it manages, its internal organization and the nature and scope of its activities. In considering in what way and to what extent the company must comply with the UCITS

directive's remuneration principles, we used as support the ESMA/2016/411 – Guidelines on sound remuneration policies under the UCITS Directive and AIFMD.

Taking into account the size, the internal organization nature, the scope and complexity of the activities of the company, the following decisions have been taken:

- The company can disapply the pay-out process rules requirements of payment of variable remuneration in instruments, retention, deferral and ex post incorporation of risk for variable remuneration;
- The company has not established a remuneration committee.

Remuneration components

As set out above, the "Identified Staff" of the company are the members of the Board of Directors and the Conducting Officers.

The Executive Board Members and the Conducting Officers receive fixed remuneration only, in line with market practices and reflecting the qualifications and the time involved in the activities carried out for the company.

Neither variable remuneration nor pension contributions are envisaged.

The Non – Executive Board Members do not receive any remuneration from the Company.

This policy is consistent with the aim of reducing the SICAV's expenses and preserve the interests of the shareholders.

Adoption and Review

The remuneration policy has been adopted by the management body of the company in its supervisory function. Specifically, it has been drafted by members of the management body who do not perform any executive functions in the company concerned and who have expertise in risk management and remuneration.

The general principles of the policy will be reviewed, at least annually by the non-executive members of the management body.

Disclosure

The remuneration policy is disclosed internally to the staff members to whom it applies. In addition, as per the UCITS directive requirements, the following disclosures are required:

1. The **prospectus** shall include either the details of the up-to-date remuneration policy, including, but not limited to, a description of how remuneration and benefits are calculated, the identities of persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, where such a committee exists or a summary of the remuneration policy and a statement to the effect that the details of the up-to-date remuneration policy, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee where such a committee exists, are available by means of a website –

including a reference to that website – and that a paper copy will be made available free of charge upon request.

The company has resolved to include in the prospectus a summary of the remuneration policy and a statement to the effect that the details of the up-to-date remuneration policy, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee where such a committee exists, are available on the website www.sicavfagus.com and that a paper copy will be made available free of charge upon request.

2. **Key investor information** (KIID) of each sub-fund shall also include a statement to the effect that the details of the up-to-date remuneration policy, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, where such a committee exists, are available by means of a website – including a reference to that website – and that a paper copy will be made available free of charge upon request

3. The **annual report** will disclose:
 - the total amount of remuneration for the financial year, split into fixed and variable remuneration paid by the company to its staff, and the number of beneficiaries, and where relevant, any amount paid directly by the UCITS itself, including any performance fee;
 - the aggregate amount of remuneration broken down by categories of employees or other members of staff;
 - a description of how the remuneration and the benefits have been calculated;
 - the outcome of the reviews referred to in points (c) and (d) of Article 14b(1) of the UCITS Directive, including any irregularities that have occurred;
 - material changes to the adopted remuneration policy.

Updated as at 26 September 2016