

Remuneration Policy

July 2019



Table of Contents

1	<i>Definitions</i>	3
2	<i>Preamble</i>	4
3	<i>Definition of remuneration</i>	5
4	<i>Proportionality Principle</i>	6
5	<i>Main functions of the different bodies of the Company involved in the remuneration process</i>	6
5.1	The Shareholders	6
5.2	The Board	7
5.3	The Group Head of Human Resources	7
5.4	The Senior Management	9
5.5	The Internal control functions	9
6	<i>Identified Staff</i>	9
7	<i>Variable Remuneration</i>	10
7.1	Criteria used to determine the variable remuneration of the Identified Staff	10
7.2	Remuneration of the Board members	12
7.3	Remuneration of all Identified Staff other than the Board members	12
7.3.1	Remuneration of the Senior Management and of the persons heading the control functions	12
7.3.2	Remuneration of the Rest of the Identified Staff	12
7.4	Remuneration Principles	13
7.5.	Risk mitigating features and risk alignment of variable remuneration	16
8	<i>Review and implementation of the Policy</i>	16
9	<i>Measure in case of delegation of portfolio management or risk management activities</i>	18
10	<i>Disclosure</i>	18
	<i>Appendix 1: List of Funds under management</i>	20
	<i>Appendix 2 : Identified Staff</i>	21

Document version	• Version 1.1: Annual review	
Review	• Last review date: 30/01/2019 • Next review date: 30/06/2020	
Document owner	HR Manager	
Reviewed by	EHP – Legal Advisor	27/07/2019
Approved by	Senior Management	28/07/2019
	Board of Directors	29/07/2019
Applicable to	AZ Fund Management S.A.	

1 Definitions

AIFM Law	The Law of 12 July 2013 on alternative investment fund manager, as amended.
Board	The board of directors of the Company.
Company	AZ Fund Management S.A.
ESMA Guidelines	The ESMA Guidelines on sound remuneration policies under the UCITS Directive and the AIFM Directive.
Fund(s)	The funds managed by the Company as listed under Appendix 1.
Group	Azimut Holding SPA and its affiliates.
Identified Staff	The members of the different categories of staff listed under section 6 of the Policy.
Instruments	The units or shares of the Funds.
Investor	The investors in the Funds.
Policy	AZ Fund Management S.A.'s remuneration policy.
Rest of the Identified Staff	The Identified Staff other than the Board members, the Senior Management members and the persons heading the control functions.
Senior Management	The persons in charge of the day-to-day management of the Company (i.e. the conducting officers of the Company).
Shareholders	The Shareholders of the Company.
UCI Law	The Law of 17 December 2010 on undertakings for collective investment, as amended.
Welcome Bonus	Means exceptional variable remuneration (for the first year of employment) in the context of hiring a highly qualified new staff.

2 Preamble

The Policy purports to fulfil the requirements of (i) Articles 111 a. and 111 b. of the UCI Law, (ii) Article 12 and Appendix II of the AIFM Law, and (iii) the ESMA Guidelines.

It has been approved by the Senior Management and by the Board on the dates specified above.

The Policy is consistent with and promotes sound and effective risk management, through measures that do not induce excessive risk taking. Additionally, the purpose of the Policy is to ensure that the

remuneration practices and procedures are aligned with Investors protection and that the total variable remuneration, which the Company might pay out, will not undermine the Company's ability to achieve and maintain a sound capital base.

With due regard to the above, the objective of this Policy is also to attract, retain, develop and reward the employees who contribute to the value creation of the Company and/or the Group and thereby support its performance-oriented culture.

The Policy is in line with the business strategy, the objective, the value and the interests of the Company and of the Funds as well as of the Investors and includes appropriate measures to avoid conflicts of interest.

The below provisions apply for the first full financial year after 1 January 2019 (i.e. the financial year of 1 January to 31 December 2019) and therefore to the remuneration paid in 2020.

3 Definition of remuneration

For the purposes of this Policy, "remuneration" consists of:

- all forms of payments or benefits made by the Company,
- any amount paid by a Fund itself, including performance fees, and
- any transfer of units or shares of a Fund,

in exchange for professional services rendered by the Company's identified staff.

Remuneration can be divided into:

- fixed remuneration (payments or benefits without consideration of any performance criteria); and
- variable remuneration (additional payments or benefits depending on performance or, in certain cases, other contractual criteria).

Both components of remuneration (fixed and variable) may include:

- monetary payments or benefits (such as cash, shares, options, cancellation of loans to staff members at dismissal, pension contributions);
- non (directly) monetary (such as discounts, fringe benefits or special allowance for car, mobile phone, etc.).

This Policy applies to all staff of the Company to the extent they qualify as Identified Staff.

4 Proportionality Principle

The Company shall comply with the UCI Law and the AIFM Law requirements as well as ESMA Guidelines in a way and to the extent that is appropriate to its size, its internal organisation, the nature, and the scope and the complexity of its activities.

The Company has assessed its own characteristics and developed remuneration policies and practices which appropriately align the risks faced and provide adequate and effective incentives to its staff.

Based on this assessment, the Company decided (i) not to apply the proportionality principle at the level of the Company due to, among others, the size and internal organisation of the Company (ii) but to invoke on a case-by-case basis with respect to the members of the different categories of staff whose professional activities may have an impact on the risk profile of the Company (i.e. the Identified Staff), the proportionality principle.

The Board is responsible to determine when the proportionality principle applies to a member of the Identified Staff other than the Board members based on recommendations made by the Group Head of Human Resources. The Shareholders will determine when the proportionality principle applies to a Board member based on recommendations made by the Group Head of Human Resources.

Please refer to Appendices 2. and 3. for a description of the Identified Staff for which the proportionality principle applies.

By application of the proportionality principle to a member of the Identified Staff, exemption is enforced with regard to, among others:

- the payment of variable remuneration component in instruments;
- retention periods;
- deferral requirements and
- ex-post incorporation of risk for variable remuneration.

When the variable remuneration of a member of the Identified Staff is less than a certain threshold, (Eur 80.000,00 for 2019), the Board may decide not to apply the remuneration principles such as deferral described under section 7.4 to the payment of its variable remuneration. When deciding whether the proportionality principle shall apply to a member of the Identified Staff, the Board shall take into account criteria such as but not limited to the amount of the variable remuneration and the influence the member of the Identified Staff has on the management company's risk profile or on the fund managed

5 Main functions of the different bodies of the Company involved in the remuneration process

5.1 *The Shareholders*

The Shareholders will fix the remuneration of the members of the Board. The Shareholders may decide to allocate a global envelope to the Board rather than allocating a fix sum to each Board member. In such case, the envelope will be allocated between the Board members by the Board itself.

Welcome Bonuses will be subject to the prior approval of the Shareholders of the Company, upon recommendation of the Group Head of Human Resources.

5.2 The Board

In case a global envelope has been allocated to the Board by the Shareholders, the envelope will be allocated between the Board members by the Board itself on the basis of the powers, tasks, expertise and responsibilities of each Board member. In case the Board deliberates on the remuneration of one of its members in accordance with the foregoing, the member whose remuneration is discussed shall abstain from voting and from participating to the deliberations regarding its remuneration.

The Board will have the prerogative to assess and fix the remuneration of the Senior Management and of the persons heading the control functions (i.e. compliance officer, risk manager and internal auditor). This will be decided based on the Group Head of Human Resources suggestion which is based on the Group head of human resources proposal.

The Board is also responsible to fix the global envelope for the variable remuneration component of the Rest of the Identified Staff. This envelope will be allocated between the Rest of the Identified Staff by the Senior Management.

5.3 The Group Head of Human Resources

The Group Head of Human Resources will be responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the Company or the Funds concerned and which are to be taken by the management body in its supervisory function. The Group Head of Human Resources shall take into account the long-term interest of Investors and the public interest.

Given the scope, nature and complexity of the activities of the Company and the internal organisation of the Company as well as the integration of the Company within the Group, the Board and the Senior Management consider that no remuneration committee is needed to be set up within the Company.

In principle, the Group Head of Human Resources benefits from a position in the Group which enables him to have an independent judgment on remuneration policies, practices and the incentives created for managing risk.

He does not perform executive functions and is independent from operational unit.

He has sufficient expertise and professional experience concerning risk management and control activities, namely with regard to the mechanism for aligning the remuneration structure to the Company's risk and capital profiles.

He may seek expert advice internally (e.g. from risk management) and externally. His remuneration is aligned with remuneration rules equivalent to the principles defined in this policy which permits to avoid conflict of interest.

The Group Head of Human Resources will:

- be responsible for the preparation of recommendations as further detailed in this policy;
- provide its support and advice on the design of the Policy;
- have access to advice, internal and external, that is independent of advice provided by or to the Senior Management;
- review the appointment of external remuneration consultants that the Board may decide to engage for advice or support;
- support the shareholders, the Board and the Senior Management in overseeing the remuneration system's design and operation ;
- approve the variable remuneration of the Rest of the Identified Staff which is determined by the Senior Management;
- devote specific attention to the assessment of the mechanisms adopted to ensure that:
 - the remuneration system properly takes into account all types of risks and liquidity and assets under management levels, and
 - the overall Policy is consistent with the business strategy, objectives, values and interests of the Company and the Funds it manages and the Investors; and
- formally review a number of possible scenarios to test how the remuneration system will react to future external and internal events, and back test it as well.

As part of the performance of its tasks, the Group Head of Human Resources will in particular:

- have unfettered access to all data and information concerning the decision-making process on the remuneration system's design and implementation;
- have unfettered access to all information and data from risk management and control functions, to the extent such access will not hinder the Company's ordinary activities;
- ensure the proper involvement of the internal control and other competent functions (e.g. human resources and strategic planning). The Group Head of Human Resources will collaborate with other board committees whose activities may have

an impact on the design and proper functioning of this Policy and practices deriving therefrom (e.g. risk audit, and nomination committees); and

- provide adequate information to the Senior Management and the Board, and, where appropriate, to the Company's shareholders' meeting about the activities performed.

5.4 The Senior Management

The Senior Management will have the responsibility to assess and fix the remuneration of the Rest of the Identified Staff.

5.5 The Internal control functions

The risk management function will assess how the variable remuneration structure affects the risk profile of the Company. The risk manager will notably validate and assess the risk adjustment data and will attend relevant meetings of the Group Head of Human Resources for this purpose.

The internal audit function will periodically carry out an independent audit of the design, implementation and effects of the Company's remuneration policies.

The compliance officer will carry out the duties detailed in sections 8 and 9.

6 Identified Staff

This Policy applies to the following categories of staff which are employees of AZ Fund Management S.A.:

- Board members;
- Senior Management members;
- heads of the Internal control functions (meaning the risk manager, compliance officer and internal auditor).;
- any similar functions to the ones mentioned in the previous point such as the chief financial officer (CFO) to the extent he/she is responsible for the preparation of the financial statements;
- staff responsible for heading the department/function of investment management, administration, marketing, human resources, IT;
- portfolio managers in charge of portfolio management of the Funds and their sub-funds;
- analysts.

As of the date of this Policy, there are no other risk takers.

An updated list of all Identified Staff is enclosed in [Appendix 2](#).

7 Variable Remuneration

7.1 *Criteria used to determine the variable remuneration of the Identified Staff*

a) Company's performance

When fixing the variable remuneration component of a member of the Identified Staff, the performance of the Company and of the relevant business unit and the forecast for the future performance shall be taken into account.

b) Additional criteria

To determine individual remuneration, the following criteria are taken into account:

- seniority and professional experience;
- commitment and individual effort;
- reputational criteria;
- long term profitability; and
- achievement of the personal objectives set year on year.

(i) Seniority and professional experience

To assess the experience criteria, the assessing person will review:

- theoretical experience attained through education and training;
- practical experience gained in previous occupations;
- specific skills and technical knowledge: banking, fund management, economic, finance, marketing, IT, accounting, regulatory, investment firm business strategy, risk management, compliance, audit, legal; and
- career criteria: length of the career, numbers of previous jobs, nature/type/complexity of the previous occupation, responsibilities, number of subordinates.

(ii) Commitment and individual efforts

To assess the commitment and individual efforts, the assessing person will review:

- the availability of the relevant staff member;

- ability to work with other members of the team as well as interact with other internal and external stakeholders; regular and active participation in departmental and inter-departmental meetings.

(iii) Reputational criteria

The reputation criteria will notably be assessed based on:

- criminal records, previous employers reputation, potential regulatory sanctions, analysis of the administrative sanctions, current and past investigation, non-compliance breach declared by regulatory or professional bodies as well as potential refusal of authorisation by a supervisory authority or professional;
- any evidence that the member has not been transparent, open, and cooperative in his dealings with supervisory or regulatory authorities or with his hierarchy; and
- the reasons for any dismissal from employment or any position of trust, fiduciary relationship, or similar situation, or having been asked to resign from employment in such a position.

The following situations regarding past and present business performance and financial soundness of a member with regard to their potential impact on the member's reputation should be considered:

- inclusion on the list of unreliable debtors or any negative records on this kind of list conducted by a recognised credit bureau if available;
- declaration of personal bankruptcy; and
- civil lawsuits, administrative or criminal proceedings, large investments or exposures and loans taken out, insofar as they can have a significant impact on the financial soundness of the member.

(iv) Long term profitability

To assess the profitability, the assessing person will analyse:

- The influence of the relevant staff member on the profits of the Company;
- The influence of the relevant staff member on the profits of his/her business line or the Funds concerned; and
- The relevant staff member's profitability.

(v) Achievement of the objectives

Each year the performance of the members of the identified staff will be assessed.

7.2 Remuneration of the Board members

The remuneration of the Board members is fixed by the shareholders and will in no case be linked to the short-term returns of the Company.

7.3 Remuneration of all Identified Staff other than the Board members

7.3.1 Remuneration of the Senior Management and of the persons heading the control functions

The remuneration of the Senior Management and of the internal control functions is fixed by the Board based on recommendation of the Group Head of Human Resources and will be based on function-specific objectives and the outcome of the analysis of the criteria mentioned in section 7.1.

7.3.2 Remuneration of the Rest of the Identified Staff

The Senior Management assesses and fixes the remuneration of the Rest of the Identified Staff.

The Board fixes the global envelope for the variable remuneration component of the Rest of the Identified Staff upon proposal of the Group Head of Human Resources. This envelope will be allocated between the Rest of the Identified Staff by the Senior Management after assessment of the rest of the Identified Staff made by the Senior Management with the support of the Group Head of Human Resources pursuant to section 7.1 .

The Senior Management will report to the Group Head of Human Resources and to the Board on a yearly basis. The report will precede the payment of the variable component of the remuneration so as to enable the Group Head of Human Resources and the non-executive Board members (or the compliance officer as the case may be) to make comments before payment.

The Senior Management will hold, on an annual basis, a meeting to assess the performance of each member of the Rest of the Identified Staff during the year and to define the parameters of evaluation for the following year. At the occasion of this meeting, they also fix quantitative and qualitative objectives to the staff. They will do this with the support of the Group Head of Human Resources who will review the conclusions. Depending on the outcome of the assessment and on the performance of the Company, the Senior Management will determine the variable component of the remuneration, the quantum of which will be validated together with the Group Head of Human Resources.

Quantitative objectives defined as:

- Company earnings or earnings of a specific unit
- Efficiency/cost saving
- Long term profitability

- Adequate performance

Qualitative objectives defined as:

- Compliance; value and ethics follow up
- Team Work/leadership
- Customer satisfaction
- Learning attitude
- Risk governance

The objectives are weighted as following:

- Quantitative: 25%
- Qualitative: 75%

7.4 Remuneration Principles

Any payment of remunerations and bonuses under any form whatsoever paid directly by the Company or, to the extent applicable, a Fund itself (including performance fees) and any transfer of units or shares of a Fund to Identified Staff, where and if applicable, should in all cases, except if such payment constitutes a reimbursement of expenses or a pro-rata return on investment within the meaning of the ESMA Guidelines, follow the principles set forth hereinafter:

- The appropriate balance of remuneration components may vary across staff members, depending on their functions, activities, seniority and their personal achievements.
- In case the proportionality principle cannot be invoked at the level of a member of the Identified Staff:
- At least 50% of the variable remuneration shall consist of units or shares of the Fund concerned or equivalent interests or share-linked investments or non-cash instruments. The Identified Staff will receive instruments related mainly to the Funds in relation to which they perform their activities and the Company will make sure that this attribution does not lead to an excessive concentration of the holding of the relevant staff, which may encourage excessive risk taking. The Company will require its employees to retain such instruments for at least 12 months;
 - At least 40%, of the variable remuneration component shall be deferred over a period of 3 years so as to reward the staff for the sustainability of the performance in the long term and remain in a position to adjust the remuneration to ex-post risks.

- Before paying out the deferred part of the remuneration, a reassessment of the performance and, if necessary, a risk adjustment will be performed by the Group Head of Human Resources based on the risk management conducting officer's advice in order to align variable remuneration to risks and errors in the performance and risk assessments that have appeared since the staff members were awarded their variable remuneration component.
- The variable remuneration, including the deferred portion (if any), will only be paid if it is sustainable according to the financial situation of the Company as a whole, and justified according to the performance of the business unit, the Funds and the individual concerned. As a result, the variable part of the remuneration shall never be guaranteed and the Company reserves the right to not pay it (or to reduce it) if it is not sustainable.
- The Company may nevertheless, on exceptional basis, decide to guarantee the payment of an exceptional variable remuneration (for the first year of employment) in the context of hiring a highly qualified new staff. In such a case, the Company will set the terms and conditions of such exceptional bonus taking into consideration the financial soundness of the Company and the Funds managed by it. Any such arrangement will be subject to the prior approval of the shareholders of the Company, upon recommendation of the Group Head of Human Resources.
- Once a variable remuneration component has been awarded to Identified Staff, and an upfront part has already been paid, the Company will be entitled to adjust such variable remuneration taking into account the outcomes of Identified Staff's actions (the "Adjustment")¹. The Adjustment shall always be related to the performance of Identified Staff, based on an analysis of the initial and ex-post performance measurement. The variables used to assess Identified Staff's performance will measure outcomes as close as possible to the level of the decisions made by Identified Staff member that is subject to the Adjustment.

The Adjustment, e.g. by lowering cash remuneration or by awarding a lower number of units or shares of the Funds managed by the Company, may take the following forms:

- malus clauses, enabling the Company to prevent the vesting of all or part of the deferred remuneration award (being either the cash portion or the Instruments portion thereof). The effect of maluses shall not be inflated by paying out artificially high interest (above market rates) on the cash deferred parts to the Identified Staff member. Maluses operate by affecting the *vesting point* and cannot operate after the end of the *deferral period*; and

¹ The Company shall be in a position to make ex-post risk adjustments. An "ex-post risk adjustment" should imply that once an initial variable remuneration component has been awarded to the staff member, and an upfront part has already been paid, the Company is still able to adjust, by way of a reduction, the variable remuneration as time goes by and the outcomes of the staff member's actions materialize. Please see items 150 and following of the ESMA Guidelines.

- clawback clauses, pursuant to which Identified Staff agrees to return ownership of an amount of remuneration to the Company under certain circumstances, including risk outcomes. A clawback should typically operate in the case of established fraud or misleading information, and, where applicable, in case of remuneration received in breach of the legal and regulatory framework.

The Company will utilize specific criteria whereby malus and clawbacks would apply, including:

- evidence of misbehaviour or serious error by the Identified Staff (e.g. breach of code of conduct, and other internal rules, especially concerning risks);
- whether the Funds managed by the Company and/or the Company and/or the business unit subsequently suffers a significant downturn in its financial performance (specific indicators should be used);
- whether the Funds managed by the Company and/or the Company and/or the business unit in which the Identified Staff works suffers a significant failure of risk management; and
- significant changes in the Company's overall financial situation.

The Adjustment shall in particular be subject to the following principles:

- as regards the Instruments portion of the variable remuneration, the evolution of the net asset value of the Funds or, for listed Funds, the evolution of the share price will not be considered sufficient as a form of Adjustment;
 - a retention period (defined as a period during which Instruments vested to Identified Staff as part of its remuneration may not be sold) on its own can never be sufficient to design an Adjustment for Instruments and may not be a substitute for a longer deferral period;
 - the explicit Adjustment (both for cash and Instruments) may not lead to an increase of the deferred part; and
 - the Company will not compensate the Adjustment made on a year by awarding, paying out or vesting on the following year(s) a greater amount of variable remuneration than it otherwise would have done, unless it becomes obvious in subsequent years that the Company's financial results justify such actions.
- All payments related to the early termination of a contract will reflect performance achieved over time and will not be designed in a way that rewards failure.

- "Golden parachute" arrangements for Identified Staff who are leaving the Company and which generate large pay-outs without any performance and risk adjustment are inconsistent with the principle set forth in Article 111 b. of the UCI Law, in Appendix II of the AIFM Law and in the ESMA Guidelines. Any such payments will, the case being, be related to performance achieved over time and designed in a way that does not reward failure. This should not preclude termination payments in situations such as early termination of the contract due to changes in the strategy of the Company or of the Funds it manages, or in merger and/or takeover situations.

7.5. Risk mitigating features and risk alignment of variable remuneration

- the variable remuneration will be both performance-based and risk adjusted, as per the principles outlined in section 7.4. here above;
- staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performances of the business areas that they control;
- where remuneration is performance-related, the total amount of remuneration is based on a combination of (i) the assessment as to the performance of the individual and of the business unit or Funds concerned and as to their risks and of (ii) the overall results of the Company when assessing individual performance, taking into account financial and non-financial criteria; and
- fixed and variable components of total remuneration are appropriately balanced and the fixed remuneration component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable components, including the possibility to pay no variable remuneration component.
- all Identified Staff will be required to undertake not to use personal hedging strategies or remuneration and liability related insurance to determine the risk alignment effects embedded in their remuneration arrangements. In accordance with the ESMA Guidelines, insurances designed to cover personal payments such as healthcare and mortgage instalments should in principle be allowed. In order to avoid any circumvention of the remuneration principles set forth herein, any insurance of such a kind shall be notified to the Group Head of Human Resources, who shall, on a case-by-case basis, make sure that the latter is in line with the requirements set forth in the UCI Law and the AIFM Law, the case being, take appropriate measures to regularise the situation.

7.6. Recording of the determination of the overall variable remuneration

- The Company will document the award process and ensure that records of the determination of the overall variable remuneration pool are maintained.

8 Review and implementation of the Policy

The internal control functions will assist the shareholders, the Group Head of Human Resources, the Board and the Senior Management in determining the overall remuneration strategy of the Company having regard to the promotion of effective risk management.

Without prejudice to the overall responsibility of the Board, the implementation of this Policy will be subject to the annual review of the compliance officer under the supervision of the Senior Management.

In the design and oversight of the Company's remuneration policies, the compliance officer will take into account the inputs provided by all competent corporate functions (i.e. risk management, internal auditor, human resources, legal officer, strategic planning, etc.).

At the occasion of his/her review, the compliance officer will ensure that:

- the Policy is consistent with and promotes sound and effective risk management and:
 - is in line with the business strategy, objectives, values and interests of the Company;
 - does not encourage excessive risk taking as compared to the investment policy of the Funds managed by the Company; and
 - enables the Company to align the interests of the Funds and the Investors with those of the identified staff that manages such Funds, and to achieve and maintain a sound financial situation.
- the Company's overall corporate governance principles and structures, as well as their interactions with the remuneration system are considered within the design and implementation of the Company's remuneration policies and practices;
- the following elements are taken into account: the clear distinction between operating and control functions, the skills and independence requirements of members of the management body, the role performed by internal committees, including the Group Head of Human Resources, the safe-guards for preventing conflicts of interests and the internal reporting system and the related parties' transactions rules; and
- The delegates comply with section 9 of this Policy.

The compliance officer will report on the outcome of his/her review to the Senior Management and to the Board.

Based on this report, on the gap analysis the case being provided therein and on the feedback of the Senior Management, the Board will determine whether it shall further investigate or whether the gap analysis and recommendations of the compliance officer are sufficient to enable it to take adequate measures and to adapt (the case being) this Policy.

If the Board, the Group Head of Human Resources or the shareholders, as the case may be, come to the conclusion that a remuneration has been paid in breach of this Policy, it/they will be entitled to request the reimbursement of the variable component of the remuneration paid in breach of this

Policy or to take any other corrective measure it/they may deem appropriate depending on the context.

In addition to the aforementioned annual review, the compliance officer will examine all new remuneration arrangements to be entered into between the Company and any material risk taker so as to make sure that the relevant agreement is in line with this Policy.

9 Measure in case of delegation of portfolio management or risk management activities

When delegating investment management functions (including risk management) according to Article 110 of the UCI Law and Article 18 of the AIFM Law, the compliance officer will ensure that:

- the entities to which investment management activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under this Policy; or
- appropriate contractual arrangements are put in place with entities to which portfolio management or risk management activities have been delegated in order to ensure that there is no circumvention of the remuneration rules set out in the ESMA Guidelines.

The compliance officer will escalate any question to the Senior Management and to the Board.

10 Disclosure

10.1. Internal disclosure

The Policy will be accessible to all staff members, which will know in advance the criteria that will be used to determine their remuneration. Confidential quantitative aspects of the remuneration of staff members will remain confidential and will thus not be internally disclosed.

The information provided to staff members will contain the following elements:

- information on linkage between pay and performance;
- information on the criteria used for performance measurement and the risk adjustment; and
- information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based.

10.2. External disclosure

The information provided externally - available on the Company's website - will contain the following elements:

- information on the decision-making process used to determine the Policy for the individuals to which it applies;
- information on linkage between pay and performance;

- information on how the Company takes into account current and future risks to which it is exposed when implementing remuneration methodologies and what these risks are, including the criteria used for performance measurement and the risk adjustment, and the ways in which it seeks to adjust remuneration to take account of longer-term performance; and
- information on the quantitative and qualitative performance criteria on which the entitlement to variable components of remuneration is based.

Appendix 1: List of Funds under management

The Company acts as management company or alternative investment fund manager for the following Funds:

Name	Country of authorisation
AZ Fund 1 (UCITS)	Luxembourg
AZ Multi Asset (UCITS)	Luxembourg
AZ Fund 3 (UCITS)	Luxembourg
AZ Fund K (SIF)	Luxembourg
AZ Pure China (SIF)	Luxembourg
AZ Eskatos (SIF)	Luxembourg

Appendix 2 : Identified Staff

1. The Identified Staff of the Company is as follows:

- Board members*;
- Senior Management members**;
- Compliance officer;
- Internal auditor;
- Risk manager;
- Finance manager;
- HR Manager **;
- Legal Manager;
- Head of Trading Desk;
- Portfolio Managers;
- Analysts / Junior Portfolio Managers

* Some Board members do not receive any remuneration for this function and are therefore out of the scope of the Policy.

** relevant persons who do not receive any remuneration from the Company are out of scope of the Policy

2. For 2019, the following Identified Staff of the Company will benefit from the proportionality principle and will therefore not be subject to all remuneration requirements regarding payment in units, deferral (etc.) as detailed in the Policy:

- a. Analyst / Junior portfolio managers
- b. Other Identified staff may also not be subject to the remuneration principles such as deferral if their level of variable remuneration is below the threshold.