Remuneration policy

History

Version	Release Date	Description	Amended by	Reviewed by
1	01.07.2017	Remuneration policy	AP	Conducting Officers
2	14.11.2018	Remuneration policy	BD	Conducting Officers
3	19.11.2019	Update	CT	Conducting Officers
4	01.07.2020	Update	BP	Conducting Officers
5	10.03.2021	Update (SFDR)	CT	Conducting Officers
6	15.04.2021	Update as per internal audit recommendation	CT	Conducting Officers
7	10.2021	AIFM update	JL	Conducting Officers
8	4.01.2023	SFDR update	JL	Conducting Officers
9	24.06.2024	License and name update	JL	Conducting Officers

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1. Introduction

Opportunity Fund Management (formerly, Eric Sturdza Management Company S.A.) (the "Management Company" or "Company",) a Management Company authorised pursuant to Chapter 15 of the law of 17 December 2010 on undertakings for collective investments and as Alternative Investment Fund Manager authorized under the law of 12 July 2013 on alternative investment fund managers, 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 i.e.:

- Luxembourg Law of 17 December 2010 relating to undertakings for collective investment (Article 111bis and 111ter)
- Luxembourg Law of 12 July 2013 on alternative investment fund managers (Article 12).
- Sustainable Finance Disclosure Regulation (EU) 2019/2088 of 10 March 2021 (SFDR)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;
- ESMA Final Report – Guidelines on sound remuneration policies and practices under the UCITS Directive and the AIFMD (ESMA/2016/411) of 31st March 2016
- CSSF Circular 18/698 on the authorization and organization of Luxembourg investment fund managers,

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, which includes consideration of sustainability risks. 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 Funds that Opportunity Fund Management manage.

2. 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 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 Funds that they manage nor impair compliance with the Management Company's duty to act in the best interest of the Funds.

3. Definitions

- Identified staff = although there are slight differences in the definition of the identified staff across the various regulations, broadly speaking the remuneration policy should cover at a minimum category of staff whose professional activities have a material impact on the risk profiles of the institutions that they manage. These would typically include categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management.

- Bonus cap (for entities subject to CRD IV only) = rules according to which the variable component of the total remuneration shall not exceed 100% of the fixed component of the total remuneration for each individual (or 200% if approved by shareholders or owners or members of the institution).

- Fixed components of remuneration include payments, proportionate regular pension contributions, or benefits (where such benefits are without consideration of any performance criteria) - recital 64 CRD IV.

- Variable components of remuneration include additional payments, or benefits depending on performance or, in exceptional circumstances, other contractual elements but not those which form part of routine employment packages (such as healthcare, childcare facilities or proportionate regular pension contributions).

- Proportionality principle = principle according to which entities may apply certain remuneration policies requirements in a manner and to the extent that is appropriate to their size, internal organization and the nature, scope and complexity of their activities.

- Remuneration committee = committee which is responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the institution concerned and which are to be taken by the management body.

- Retention period = period of time during which variable remuneration that has been already vested and paid out in the form of instruments cannot be sold.

- Accrual period = period during which the performance of the staff member is assessed and measured for the purposes of determining its remuneration.

- Deferral period = period during which variable remuneration is withheld following the end of the accrual period.

- Vesting period = an amount of remuneration vests when the staff member receives payment and becomes the legal owner of the remuneration. Once the remuneration vests, no explicit ex-post adjustments can occur apart from clawback clauses.

- Clawback = contractual agreement in which the staff member agrees to return ownership of an amount of remuneration to the employer under certain circumstances. This can be applied to both upfront and deferred variable remuneration. When related to risk outcomes, clawback is a form of ex-post risk adjustments.

4. Governance

The remuneration policy shall be aligned with the risk appetite, values and long-term interests of the Management Company and its shareholders. 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.

a. Governance principles

- The remuneration policy is consistent with and promotes sound and effective risk management which includes consideration of sustainability risks 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;

- Opportunity Fund Management's management body in its supervisory function adopts and periodically reviews the general principles of the remuneration policy and is responsible for overseeing its implementation;

1. 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;

- Staff engaged in control functions are independent from the business units they oversee, have appropriate authority, and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control;

- The remuneration of the senior officers in the risk management and compliance functions is directly overseen by the remuneration committee or, if such a committee has not been established, by the management body in its supervisory function;

- 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.

b. Remuneration Committee

Institutions that are significant in terms of their size, internal organization and the nature, the scope and the complexity of their activities shall establish a remuneration committee.

The Chair and the members of the remuneration committee shall be members of the management body who do not perform any executive function in the institution concerned. If employee representation on the management body is provided for by national law, the remuneration committee shall include one or more employee representatives. When preparing such decisions, the remuneration committee shall take into account the long-term interests of shareholders, investors and other stakeholders in the institution and the public interest.

No specific Remuneration Committee has been established in the case of Opportunity Fund Management. The Board of Directors will take final decisions regarding remuneration aspects on behalf of the Company.

5. Remuneration structuring

Remunerations concerned:

- Includes fixed and variable components of salaries and discretionary pension benefits;
- Any benefit of any type paid by the Management Company,

- Any amount paid directly by the Fund itself, including performance fees, and
- Any transfer of units or shares of the Fund, made for the benefit of the Identified Staff.

6. Disclosure

Following the trend of existing regulation on listed companies for example, the relevant remuneration rules applicable call for transparency on both the rules that an institution will apply but also the amounts that will be paid.

Such transparency is due both internally and externally i.e. to investors and stakeholders. There are nuances in the way and manner that such disclosures will apply (e.g. Institutions that maintain a website shall explain how they comply with the requirements regarding remuneration policies, where others may have to disclose in prospectus) but overall, the Management Company will have to think carefully on their communication strategy on this matter.

7. Proportionality and deferral

The Company complies with the UCITS Directive's remuneration principles and will consider SFDR in a way and to the extent that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities.

At least 50% of the variable components consists in instruments, unless the management of UCITS/AIFs accounts for less than 50% of the total portfolio managed by the Management Company, in which case the minimum of 50% does not apply. This applies equally to both the non-deferred and the deferred parts of the variable remuneration.

The instruments referred to in the previous point are subject to an appropriate retention policy designed to align incentives with the interest of the Management Company and the Funds it manages and the investors of the Funds.

40% of the variable component is deferred with a minimum deferral period of 3 to 5 years unless the lifecycle of the Fund concerned is shorter. Remuneration payable under deferral arrangements vests no faster than on a pro-rata basis. In the case of a particularly high amount, at least 60% of the amount is deferred.

1.) At level of the Company

Size

- The total value of assets under management amounts to around EUR 500 million;
- The Company has 4 employees (number may increase over time);
- The Company has no branches or subsidiaries.

Internal organization

- Legal structure is a "Société Anonyme";
- Internal governance structure is straightforward (a Board of Directors, the conducting officers and staff members);
- The Company or the UCITS /AIFs 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 Company provides marketing services to a non-Luxembourg UCITS
- 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:
  a. The payment of variable remuneration in instruments related mainly to the UCITS in relation to which they perform their activities.
  b. Deferral requirements
  c. Retention periods
  d. Ex-post incorporation of risk (Malus).

- The requirement to establish a remuneration committee.

2.) Remuneration structure overview

Under the UCITS V Directive and in consideration of the provisions of SFDR, the Company is required to establish and apply remuneration policies and practices for its Identified Staff 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 it manages, nor impair compliance with the Company's duty to act in the best interests of the Fund. In addition, under 14.2 (170) of ESMA's Guidelines, the Company shall be required to make accessible the Policy to its entire staff.

The remuneration paid to the Directors and the Identified Staff is paid in line with relevant labour market compensation and does not encourage excessive risk-taking including with respect to sustainability risks which is inconsistent with the risk profiles of the sub-funds the Company manages, thereby avoiding any potential conflicts.

Identified Staff

The Company is responsible for identifying the members of staff who fall within the definition of "Identified Staff" for the purposes of the UCITS Directive and AIFMD. The term "Identified Staff" is broadly defined in the UCITS Directive and AIFMD and includes but is not limited to:

- Senior Management;
- members of the governing body of the Company such as, directors, the chief executive officer, and executive and non-executive partners;
- those in control functions (other than Senior Management) responsible for risk management and compliance within the company;
- any staff responsible for heading the investment management, administration, marketing or human resources (as applicable);
- risk takers – staff who can exert material influence on the company or on the Funds it manages;
- staff whose total remuneration takes them into the bracket of Senior Management whose professional activities have a material impact on the company's risk position or those of the Funds it manages; and

- categories of staff of the entities to which investment management (including risk management) activities have been delegated whose professional activities have a material impact on the company's risk position or those of the Funds it managed.

Accordingly, the Company has determined that the following staff members would fall within the definition of "Identified Staff":

- (a) Members of the Board of Directors of the Company;
- (b) Senior Management;
- (c) Individuals responsible for managerial functions;
- (d) The *Responsable du contrôle du respect des obligations professionnelles en matière de LBC/FT* ("RC"); and
- (e) The Compliance Officer.

Names of Identified Staff are disclosed in Appendix I of this Policy.

Directors

The directors, as mentioned in Appendix I of this Policy, may receive a fixed fee set at industry standard and is reimbursed for appropriate expenses associated with the appointment. The basic fee of a Board member, if applicable, is set at a level that is on par with the rest of the market and reflects the qualifications and contribution required in view of the Management Company's complexity, the extent of the responsibilities and the number of board meetings.

Individuals responsible for managerial functions

Remuneration for individuals responsible for managerial functions as mentioned in Appendix 1 reflects the achievement of the objectives linked to their respective functions and the performance of the Company and is done so independently of the overall performance of the Funds. The main objectives taken into account to determine variable compensation are individual performance, contribution to the overall performance of the Company as well as compliance with internal procedures in terms of risk and compliance.

These individuals are paid a fixed monthly salary agreed as per the individual's employment contract. The only discretional amount is a performance bonus paid once annually in December of the following year and identified as a separate line in their payslip (as appropriate). Generally, this bonus never exceeds 100 percent of the individual's annual salary and is always payable in cash, as opposed to issuing shares in the Funds.

If the Company makes a bonus payment to an individual in respect of a particular financial year, it shall not be obliged to make subsequent bonus payments in respect of subsequent financial years.

Individuals shall have no right to a bonus or a time-apportioned bonus if his/her employment terminates for any reason or he/she is under notice of termination (whether given by the individual or the Company) at or before the date when a bonus might otherwise have been payable, however management may apply its discretion in certain circumstances.

Senior Management

Remuneration for the members of Senior Management as mentioned in Appendix 1 reflects the achievement of the objectives linked to their respective functions and the performance of the

Company and is done so independently of the overall performance of the Funds. The main objectives taken into account to determine variable compensation are individual performance, contribution to the overall performance of the Company as well as compliance with internal procedures in terms of risk and compliance.

These individuals are paid a fixed monthly salary agreed as per the individual's employment contract. The only discretional amount is a performance bonus paid once annually in December of the following year and identified as a separate line in their payslip (as appropriate). Generally, this bonus never exceeds 100 percent of the individual's annual salary and is always payable in cash, as opposed to issuing shares in the Funds.

If the Company makes a bonus payment to an individual in respect of a particular financial year, it shall not be obliged to make subsequent bonus payments in respect of subsequent financial years.

Individuals shall have no right to a bonus or a time-apportioned bonus if his/her employment terminates for any reason or he/she is under notice of termination (whether given by the individual or the Company) at or before the date when a bonus might otherwise have been payable, however management may apply its discretion in certain circumstances.

Compliance Officer and RC.

The Compliance Officer and the RC are internal appointments. The two roles are fulfilled by one individual who is paid a fixed monthly salary as per the individual's employment contract. The only discretional amount paid to the individual will be a performance bonus paid once annually in December of the following year and identified as a separate line in their payslip (as appropriate). The bonus will not exceed 100 per cent of the individual's annual salary and is always payable in cash, as opposed to issuing shares in the Funds. 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 and provided that the Company's results allow the payment of a discretionary bonus.

If the Company makes a bonus payment to an individual in respect of a particular financial year, it shall not be obliged to make subsequent bonus payments in respect of subsequent financial years.

Individuals shall have no right to a bonus or a time-apportioned bonus if his/her employment terminates for any reason or he/she is under notice of termination (whether given by the individual or the Company) at or before the date when a bonus might otherwise have been payable, however management may apply its discretion in certain circumstances.

Non-Identified Staff

The Company shall refer to all the other employees not falling in the definition of "Identified Staff" as being "Non-Identified Staff" and shall be referred to where applicable in this Policy. There are no Non-Identified Staff in the Company.

Consistent with the ethos of the Company, portfolio management is outsourced to third party investment manager who is charged with running a particular investment strategy on a discretionary basis, leaving the Company to provide the oversight required by the Funds structures and for the ultimate benefit of investors.

As such, the Company does not, per the ESMA Guidelines, qualify as having Identified Staff on whose professional activities have a material impact on the risk profile of the Company.

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;
- the measurement of performance;

The Company offers remuneration packages based on the following components:

- Fixed salary (i.e. base salary) and benefits;
- Variable pay.

8. Base salary

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.

9. Variable pay

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. Each year, the risk manager will assess how the variable remuneration structure affects the risk profile of the Company, in line with the ESMA Guidelines on sound remuneration policies under the UCITS Directive and AIFMD.

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

a. Short-term incentives: Discretionary bonus – annual cash bonus

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.

b. Long-term incentives

None.

c. Remuneration of Control Functions

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.

d. Benefits

In addition to the fixed and variable pay, the Company may offer a range of benefits including:

- Pension plan (pension, death, invalidity);
- Complementary medical insurance;
- Mobile telephone;
- Company car (if any

e. Guaranteed variable remuneration

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).

f. Hedging strategy

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 Directive and AIFMD.

g. Bonus withholding (ex post risk adjustments)

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

- Evidence of misbehaviour or serious error by the staff member (e.g. breach of code of conduct, if any, and other internal rules especially concerning risks);
- Whether the Company and/or the business unit subsequently suffers a significant downturn in its financial performance;
- Whether the Company and/or the business unit in which the staff member works suffers from a significant failure of risk management.

h. Claw back (ex post risk adjustments)

As long as this is allowed by the applicable rules and regulations, the Company reserves **the right to demand full or partial repayment from the individual** who has been awarded variable remunerations in the following conditions:

- Fraudulent conduct of staff member;
- Misleading information by a staff member,
- Breach of UCITS Directive, AIFMD or ESMA guidelines.

i. Pension policy

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

10. 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 Funds concerned and of the overall results of the Company.**

Such assessment includes **financial and non-financial criteria** (please see assessment forms in appendix).

The assessment of the performance is set in a multi-year framework appropriate to the life-cycle of the Funds 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 Funds 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.

11. SFDR requirements

As per Article 5 of SFDR, financial market participants (i.e. UCITS Management Companies and AIFMs) are required to include in their remuneration policies information on how those policies are consistent with the integration of sustainability risks and shall publish that information on their websites.

As outlined previously, all Identified Staff other than the independent directors are remunerated as employees of the company with a combination of fixed and variable discretionary remuneration where the performance of the Funds does not directly impact the remuneration of the Identified Staff. In light of the limited impact of the variable remuneration of the Identified Staff on the risk profile of the Funds and the nature of the business of the Company including the delegation of the investment management activity for Funds under management to the relevant entities appointed, the Company believes as the variable remuneration components are not based on the performance of the Funds, there is no risk of misalignment with the sustainability risks associated with the investment decision making process of the Company in respect of the Funds.

As noted above, the Company delegates portfolio management activity to a suitably qualified investment manager. Where delegated, the investment manager shall ensure that it adopts remuneration policies and procedures which are consistent with the integration of sustainability risks, if sustainability risks are integrated into the investment decision making process. The Company shall seek periodic confirmations from each delegate investment manager that these policies are being complied with and the remuneration structures are not encouraging excessive risk-taking with respect to sustainability risks and remuneration is limited to risk adjusted performance. In certain instances, and only for AIFs, the Company may retain portfolio management.

As noted previously, although the performance of the Funds could ultimately affect the performance of the Company because of its business model (the Company earns a basis point fee from certain Funds), the activities of the Identified Staff have no direct bearing on the performance capabilities of the Funds and the performance of the Funds does not directly impact the remuneration of the Identified Staff. Accordingly, the Company believes that where portfolio management is retained, its existing structures are sufficient to prevent excessive risk taking in respect of sustainability risks.

12. Current Governance

a. Board of Directors of the Company

At least, two Directors of the Company, in its supervisory function is required to approve and review the Remuneration Policy and for overseeing its implementation.

They recommend the remuneration of the Conducting Officers of the Company and approves the variable remuneration of risk management and compliance functions.

In addition, any bonus or salary increase has to be approved by the remuneration committee of the Sturdza group.

b. Conducting Officers of Company

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.

c. Control function

The control functions have been involved in the creation of this policy.

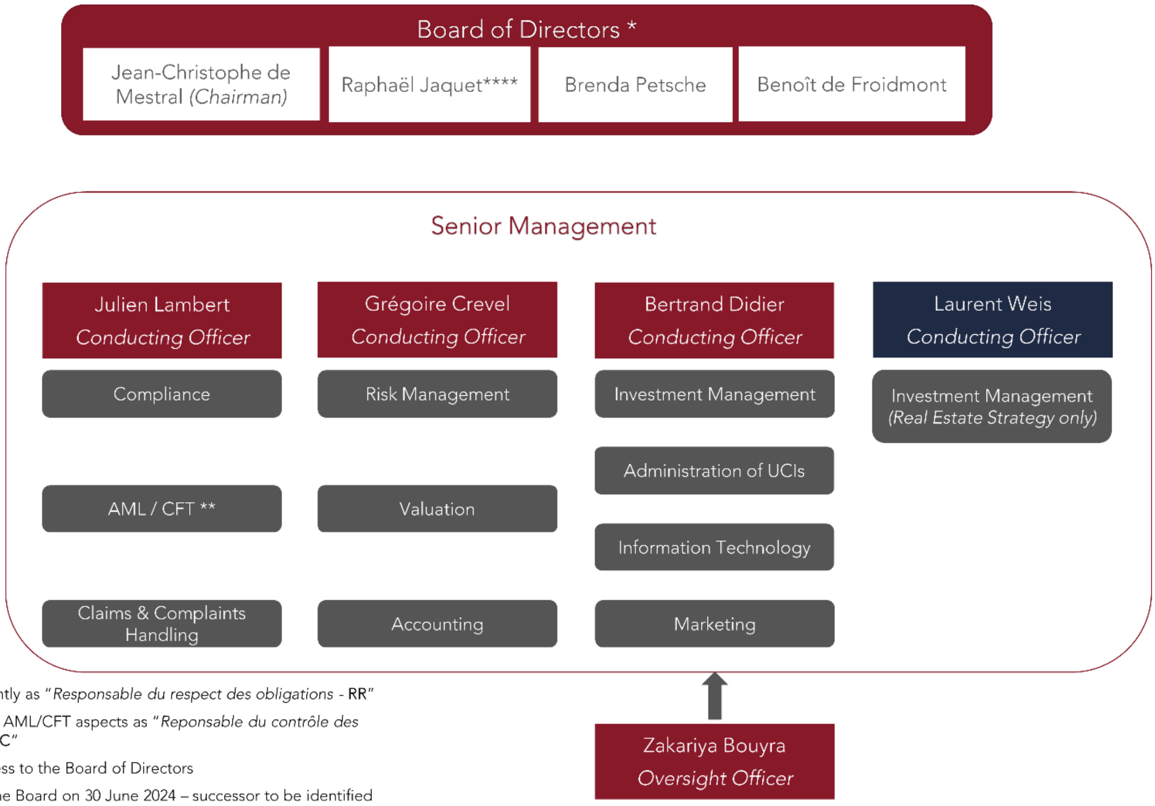
The implementation of the policy was subject to a review co-produced by either the internal audit department or by an external audit firm on behalf of the Board of Directors of the Company.

It shall be reviewed and updated as necessary to take legislative and regulatory changes into account.

The Conducting Officers

Grégoire Crevel Conducting Officer	Bertrand Didier Conducting Officer	Julien Lambert Conducting Officer

Appendix I



* Directors jointly as "*Responsable du respect des obligations* - RR"

** In charge of AML/CFT aspects as "*Reponsable du contrôle des obligations* - RC"

*** Direct access to the Board of Directors

**** Leaving the Board on 30 June 2024 – successor to be identified