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Remuneration Policy

Aquila Asset Management

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Introduction

In compliance with CSSF circular 10/437, it is a prerequisite for all financial entities to establish, implement, and upkeep a Remuneration Policy that is intended to promote sound and effective risk management while discouraging excessive risk-taking. Aquila Asset Management, which functions as the management firm for various investment funds, is also bound by this policy.

The Remuneration Policy documentation of Aquila Asset Management delineates the principles and methodology utilized for performance evaluation while elucidating the governance structure of the associated processes.

Objective and purpose

The Remuneration Policy guarantees that remuneration practices align with and advance sound and effective risk management while evading excessive risk-taking. Furthermore, this policy ensures equitable treatment of all clients, and that remuneration does not impede their interests in the short, medium, or long term. The aim of this policy is to bring the company into compliance with the Regulation mentioned in the previous paragraph.

Remuneration structure and components

1. Structurer and components

The compensation provided by the company to its personnel encompasses all forms of payment or benefits extended directly or indirectly on behalf of the company for professional services rendered. Remuneration is broadly classified into two components:

- fixed remuneration
- variable remuneration

Fixed remuneration refers to payments or benefits without any consideration for performance criteria, while variable remuneration comprises additional payments or benefits contingent on performance or other contractual criteria. Both remuneration components may include monetary payments or benefits, such as cash, equity, or equity-linked instruments.

Supplementary payments or benefits, which emanate from a general and non-discretionary company policy and do not represent incentive effects in terms of risk assumption, are not covered by this policy.

Each employee's base pay is specified in the employment contract and includes a sufficiently high part of overall remuneration to allow genuine flexibility in the payment of variable compensation. The base pay encompasses the monthly fixed salary and fringe benefits granted based on the employee's position within the company. It is the primary means to provide compensation for the successful execution of tasks or functions assigned to every employee and reflects the seniority of their position. The increase in fixed remuneration and decisions concerning employee promotion must consider their performance in terms of risk and compliance.

The variable remuneration is premised on the performance of Aquila Asset Management, the pertinent business unit's share in the overall results, and the individual's outcomes.

The company does not offer its employees a supplementary pension policy.

2. Remuneration of the Board

The determination of the fixed remuneration for the Directors of the Company lies in the hands of its shareholders. This can be achieved either by setting the remuneration of each Director individually or by assigning a global budget to the Board. In the case of a global budget, the allocation will be based on the time each Director has dedicated to their functions, their respective responsibilities, and their expertise. It is important to note that the remuneration of the Board will not be contingent on the short-term results of the Company.

At present, the remuneration of the Directors comprises solely of a fixed component, which is specified in the agreement signed with the Company. This fee is paid to the independent Director and forms part of the fixed remuneration of the non-independent Directors.

3. Remuneration of the Senior Management and internal Control

In addition to a fixed compensation, Senior Management and Control functions may be entitled to a variable compensation. The amount of the variable compensation is contingent upon an internal evaluation and the responsibilities of the relevant Identified Staff.

The variable compensation for Senior Management must be at most 400% of the fixed gross salary. If the variable compensation exceeds 250% of the fixed gross salary, approval from the general meeting of the shareholders of the Company is necessary.

Risk and Compliance Officers are granted a variable compensation of up to 100% of their fixed gross salary.

The remuneration of the Internal Auditor is exclusively based on a fixed amount agreed upon in the contract.

4. Remuneration of the rest of the staff

The Senior Management is responsible for determining the compensation of the Identified Staff and other employees. This compensation consists of both a fixed and variable component. It is important to note that the variable remuneration should be at most 400% of the fixed gross remuneration.

Performance measurement

Employee performance is assessed based on business and leadership objectives, where applicable, as part of the annual year-end evaluations. The individual business objectives are determined by using quantitative and qualitative criteria to promote responsible actions, strict adherence to best practices, and conformity with internal risk and management procedures. This includes compliance with internal protocols, commitment to control systems and mechanisms, and dedication to client and investor relationship norms.

Dissemination of the Policy

The Company's Policy is readily accessible to all stakeholders via its website. The Policy lays out the guidelines and regulations overseeing the organization's operations, which include employee behaviour, benefits, and compensation, amongst other things. In the event of any changes or amendments to the Policy, the Company will promptly communicate the updates to all stakeholders, ensuring they are fully informed of any modifications that may affect their work.