Remuneration Code

Procedures, Systems and Controls Policy

Contents

Introduction

Scope of the Policy

This remuneration policy sets out the legal and regulatory requirements which AQA Capital Ltd ("AQA"/"the Company") complies with in order to meet its obligations in the area of remuneration as a management company authorised by the Malta Financial Services Authority.

The aim of this Remuneration Policy is to ensure that the Company has a risk-focused remuneration policy and practices that:

- are consistent with and promote sound and effective risk management;
- do not encourage risk-taking that is inconsistent with the risk profile of the Company, its clients, the collective investment schemes ("CISs") under management and their investors; and
- do not impair the Company's compliance with its duty to act in the best interest of its clients, the CISs under management and their investors.

The Remuneration Policy has been drawn up in line with the business strategy, objectives, values and long-terms interests of the Company. It covers all aspects of remuneration which could have a bearing on effective risk management.

In the event of any conflict between this policy and the local laws and regulations, the latter shall prevail to the extent where conflict exists. Any discrepancies in standards shall entail application of the more stringent.

The policy covers the remuneration which is paid in exchange for professional services rendered by the Company's Identified Staff (as defined further below), and which consists of one or more of the following:

- All forms of payments or benefits paid by the Company;
- Any amounts paid by the CISs themselves, including carried interest or any portion of performance fees that are paid directly or indirectly for the benefit of the Identified Staff; and/or
- Any transfer of units or shares of the CISs under management.

Remuneration can be divided into fixed remuneration (payments or benefits without consideration of any performance criteria) or variable remuneration (additional payments or benefits depending on performance or, in certain cases, other contractual criteria). Both fixed and variable components of remuneration may include monetary payments or benefits (such as cash, shares, options, cancellation of loans to staff members at dismissal, pension contributions, remuneration by the collective investment schemes) or non-monetary benefits (such as, discounts, fringe benefits or special allowances for car, mobile phone, etc.). Ancillary payments or benefits that are part of a general, non-discretionary, Company-wide policy and pose no incentive effects in terms of risk assumption do not form part of this definition of remuneration for the purposes of the Company's specific risk alignment remuneration requirements.

Regulatory context

AQA has drawn up a Remuneration Policy in line with the applicable provisions on remuneration as set out in:

Malta Law	Investment Services Act, Cap. 370 of the Laws of Malta
EU Directive	No. 2014/94/EU (amending directive 2009/65/EC)
	No. 2011/61/EU
	No. 2019/2088
ESMA Guidelines	No. 2016/575 – Guidelines on sound remuneration policies under the UCITS Directive
	No. 2016/411 – Final report on guidelines on sound remuneration policies under the UCITS directive and AIFMD
	No. 2013/232 Guidelines on sound remuneration policies under the AIFMD
MFSA Guidelines	Guidance notes on the application of Proportionality Principle in relation to the ESMA Guidelines on sound remuneration policies under the UCITS Directive and the AIFMD last updated 9/05/2017

Background to the Company

The Company is a limited liability company incorporated in Malta on the 20th April, 2015 and is authorised and regulated by the MFSA as a UCITS Management Company and an Alternative Investment Fund Manager.

The Company is authorised to provide the following services:

1. Management
2. Investment Advice
3. Reception and Transmission of orders

- For Professional Clients (including Collective Investment Schemes) and Retail Clients.

in relation to a number of instruments as set out in the Company's Investment Services Licence.

4. Nominee Services
- For Professional Clients (excluding Collective Investment Schemes) and Retail Clients

in relation to units in collective investment schemes.

Identified Staff

The remuneration policy applies strictly to those categories of staff which are classified as Identified Staff.

The Company adopts the definition of Identified Staff in accordance with ESMA Guidelines, being; categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional whose professional activities have a material impact on the Company's risk profile (the "**Identified Staff**").

The following is a current list, as of the date of this Remuneration Policy, of the Identified Staff of the Company. The Identified Staff have been determined and selected on the basis of their categories, in line with the ESMA Guidelines:

Category	**Identified Staff**
Members of Governing Body	Members of the Board of Directors
Control Functions	Risk Manager Compliance Officer
Senior Management	Milan Branch Manager
Other Risk Takers	Investment Committee Members Portfolio Managers Traders Relationship Managers/Promotori Finanziari

The Compliance Officer maintains a register of all staff members which fall within the category of Identified Staff.

Proportionality

The Company complies with the remuneration requirements in a way and to the extent that is appropriate, based on its size, internal organisation and the nature, scope and complexity of its activities.

The Company has been granted a derogation from the MFSA, based on the principles of proportionality, and as foreseen in the ESMA Guidelines, from the requirements:

- to establish a Remuneration Committee;
- on the pay-out process:
    - Variable remuneration in instruments;
    - Retention;
    - Deferral; and
    - Ex-post incorporation of risk for variable remuneration.

The Company shall re-assess the proportionality principles on a regular basis, at least on an annual basis, and re-submit the results of the proportionality assessment to the MFSA at least every two years. This assessment needs to indicate how such derogation are still appropriate or otherwise for the Company.

Governance

Board of Directors

The Board of Directors, in its supervisory function, has adopted and periodically reviews the general principles of this Remuneration Policy, and is responsible for its proper implementation. These tasks are primarily undertaken by the independent members of the Board.

Control Functions

The Control Functions shall assist in the determination of the overall remuneration strategy of the Company with the aim to promote effective risk management. The Control Functions will be closely involved in reviewing the remuneration system of the Company.

The risk management function assesses how the remuneration, in particular the variable remuneration structure, affects the risk profile of the Company with particular focus on the capital and liquidity requirements.

The compliance function has been involved in the elaboration of this Remuneration Policy and will assess the adherence by the Company to the applicable legislation, regulation and internal policy.

Remuneration Structure

Total Remuneration

Fixed and variable components of total remuneration must be appropriately balanced. The fixed component must represent 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.

In determining the appropriate ratio between the base remuneration and variable remuneration, the Company will have regard to:

- the level of pay required to keep and attract, experienced and qualified employees;
- the Company's fixed overhead requirement;
- any arising financial obligations; and
- individual / team performance.

- *Base Remuneration*

The fixed remuneration is determined on the basis of the role of the individual employee, including his/her responsibilities and job complexity, performance and local market conditions. This also implies that fixed remuneration should be sufficiently high to remunerate the professional services rendered, in line with the level of education, job experience, the degree of seniority, the level of expertise and skills required.

The fixed remuneration must be sufficiently high on its own (without taking into consideration the variable component) to constitute fair remuneration for the professional services rendered by prevailing market standards.

The performance review may lead to an increase of the fixed remuneration of individual employee based on the attainments of agreed targets and/or higher salaries justified by higher level of responsibilities and/or change in industry standards and/or other criteria as may be determined by the Company from time to time.

- *Variable Remuneration*

When remuneration includes a variable element, it shall be performance based and risk-adjusted. The variable remuneration should be reasonable, structured in such a way as to achieve a fair balance between fixed and variable elements, and in-line with the business strategy, market condition and the specific environment in which the Company operates. The maximum limit of variable component of remuneration should, in principle, not exceed the fixed remuneration.

In determining the size of variable component of remuneration, the following shall be taken into consideration:

- The remuneration required to retain qualified and experienced staff;
- The capital requirements;
- Any potential liabilities; and
- The Company's liquidity requirements.

Variable remuneration must not be paid through vehicles or methods that facilitate the avoidance of the Remuneration Provisions.

There is no commitment to pay variable remuneration to employees of the Company.

Guaranteed Variable Remuneration

The Company shall not enter into agreements to pay guaranteed variable remuneration. The only exceptions to this rule are where such a payment:

- is exceptional;
- occurs in the context of hiring staff; and
- is limited to the first year of service.

Any remuneration package relating to compensation for, or buy out from, an employee's contracts in previous employment is to be aligned with the long-term interest of the Company, and will be subject to the employee meeting specified objectives.

In determining whether to offer guaranteed variable remuneration, the Board of Directors will have regard to the individual's qualifications and experience, the Company's need for an individual with such experience and the likely impact on the Company. Consideration may also be made vis-à-vis the strength of the capital base.

In exceptional circumstances the Company may offer key members of staff a one-off retention award. Any decision to offer such a payment must be approved by the Board of Directors and will only be made on prudential grounds.

Assessment of Performance

The Company will ensure that individuals are not remunerated for exceeding the risk tolerances of the Company or the CISs under management.

In establishing the Company's top-down remuneration framework, the Board of Directors will take into consideration:

- the overall results of the Company;
- the performance of the business units; and
- the performance of the individual (both financial and non-financial performance).

While each of the afore-mentioned criteria shall be considered in performance assessments, variable remuneration shall be based primarily on the attainment of function-specific objectives. The Board of Directors also reserves the right to take into account additional criteria on a case-by-case basis.

The appropriate mix of quantitative (financial) and qualitative (non-financial) criteria for assessing individual performance will depend on the tasks and responsibilities of the Identified Staff. A balance between financial and non-financial criteria will be sought. Poor performance in relation to the non-financial criteria may pose a threat to the Company, and hence the negative non-financial performance, in particular, unethical or non-complaint behaviour, will override any good financial performance generated by the individual and hence reduce the entitlement for variable remuneration.

In order to incentivise Identified Staff to manage risk appropriately, variable remuneration will be reduced when;

(i) there is reasonable evidence of misbehaviour or material error by the individial; or

(ii) there has been a material risk management failure by an individual member or group of Identified Staff.

By way of examples:

The Company's qualitative criteria could include:

- Achievement of strategic targets;
- Investor/client satisfaction;
- the extent of the individual's adherence to effective risk management;
- compliance with the regulatory requirements and the Company's own policies and procedures;
- Leadership;

- Teamwork;
- Motivation; and
- Co-operation with other units/departments.

Measures relating to conduct should comprise a substantial portion of non-financial criteria.

Quantitative measures could include:

- Assets raised;
- Internal Rate of Return;
- Earnings before Interest, taxation, depreciation and amortisation;
- Alpha ratio;
- Absolute and relative returns;
- Sharpe Ratio.

On the other hand, quantitative measures such as Return on Equity, Total Shareholder Return and Earnings Per Share are not suitably adjusted for longer-term risk factors and tend to incentivise highly leveraged activities.

Control Functions

The Company seeks to ensure that individuals involved in Control Functions remain independent from the business areas they oversee to avoid any potential conflicts of interest. The remuneration level of those in the Control Functions should allow the Company to employ qualified and experienced individuals in these functions.

In view that the Company has not established a Remuneration Committee on the basis of proportionality, the remuneration attributed to the Control Functions is directly overseen by the Board of Directors.

In order to prevent any avoid conflict of interest, the remuneration of those in the Control Functions shall be determined in accordance with the achievement of function-specific objectives, which are linked to their functions and independent of the business areas that they oversee.

The remuneration of the Control Functions shall be linked to the Company's adherence to its risk profile, provided that any discretionary bonuses to the Control Functions shall be determined primarily by the attainment of their function-specific objectives, and shall not be determined solely to the Company-wide performance criteria.

Remuneration and Capital

The Company through its Interim Financial Return (IFR) and Annual Financial Return (AFR) calculates its ongoing capital requirements. This is reviewed periodically by the Board of Directors. In co-ordination with this review, the Board of Directors determines the size of the variable remuneration based on the assessment of each individual member of the Identified Staff and any other considerations that it may deem relevant. This will take into consideration:

- the Company's regulatory capital requirement;
- the revenues which have been received in cash;
- any revenues which have not yet been received but are guaranteed;
- business cycles; and
- deferred variable remuneration payments.

It is important to ensure that the Company maintains a prudent balance between sound financial situation and the reward, pay out or vesting of variable remuneration. The finanical health of the Company should not be adversely affected by:

- the overall pool of variable remuneration that will be awarded for that year; and
- the amount of variable remuneration that will be paid or vested in that year.

The Company's employment contracts are sufficiently flexible to allow the Company to vary the date of any variable remuneration payments or cease to make any such payment. The Company ensures that any payment of variable remuneration only occurs following risk adjustments to profits and where the Company is not at risk of being unable to maintain a sound capital base.

The maximum annual variable remuneration that may collectively be paid to Identified Staff shall be the Company's profit for the preceding year less any amounts determined by the Board of Directors to be held as a reserve (the "Variable Remuneration Pool"). Any reserves established shall be in order to strengthen the Company's capital base, taking into consideration the various risks to which the Company and its CISs under management are exposed (as outlined in greater detail in the Company's Risk Management Policy) and other potential adverse developments that may impact the Company's financial stability.

The Board of Directors shall determine and document, following consultation with the Risk Manager, any profit which will be allocated to the Variable Remuneration Pool.

The Board of Directors may determine to disburse the entire Variable Remuneration Pool or none of it.

Similarly, the Board may, at its sole discretion, decide not to award variable remuneration to any member of Identified Staff where it feels this is not justified.

SFDR Principles

The Sustainable Finance Disclosure Regulation ("SFDR") requires the Company to include in this Policy information on how the said Policy is consistent with the integration of sustainability risks.

As outlined previously, no variable remuneration shall be paid to Identified Staff unless it is determined to be justified by the Board of Directors following a performance assessment based on quantitative (financial) as well as qualitative (non-financial) criteria. Considering the very limited impact of the variable remuneration of the Identified Staff on the risk profile of the CISs and the nature of the business of the Company, including, where applicable, the delegation of the investment management function of some CISs to other third-party entities, the Company deems that there is no risk of misalignment with the integration of the sustainability risks the investment decision making process of the Company in respect of the CISs.

In the event that the Company delegates portfolio management activity to a third-party investment manager (the "delegate"), such delegate shall ensure that it adopts remuneration policies and procedures which are consistent with the integration of sustainability risks, provided that sustainability risks are integrated into the investment decision-making process. The Company shall seek periodic confirmations from each delegate 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.

The Company believes that, where portfolio management is retained, its existing structures are sufficient to prevent excessive risk taking in respect of sustainability risks.

In addition, at Company level, there is no current relation between the Identified Staff's KPI (sustainability risks) and their remuneration.

Payments Related to Early Termination

Any payments relating to the early termination of a contract must reflect the individual's performance over time, and should not be designed to reward failure or misconduct.

In reviewing an individual's performance, the Company will have regards to both financial and non-financial performance and any adjustments must be approved and documented by the Board of Directors. The Company will ensure any payment does not have a material impact on its capital or liquidity requirements.

Personal Investment Strategies

The Company is committed to ensure the effectiveness of its policies and procedures designed to only reward employees acting within the Company's risk tolerances and to ensure that the Company is adequately capitalised with sufficient liquidity of assets. The terms of any deferred remuneration will include a clause to the effect that any deferred remuneration is subject to recipients agreeing not to undertake any personal hedging strategies or taking out contracts of insurance, that undermine the risk alignment effects embedded within the contracts.

All Identified Staff are required to undertake to the Company in writing that they will comply with the above principle and the Company's policy on hedging strategies in case of payment of deferred and retained variable remuneration. An e-mail from each member of the Identified Staff will suffice for this purpose. Any employee found to be in breach of these provisions will be required to repay any variable remuneration paid for the year and will be subject to disciplinary action.

Application of Rules to Delegates

When the Company delegates any function of portfolio management or risk management, it should ensure that:

i. Delegation is carried out by entities which are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Guidelines.

   An entity is considered subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Guidelines, where the following conditions are met:

   - the entity with whom the delegation arrangement is concluded is subject to the remuneration requirements under either the AIFMD or the UCITS V Directive or the CRD IV Directive; and
   - the staff of the entity who are Identified Staff for the purpose of the MFSA Guidelines are subject to the AIFMD or UCITS or CRD IV rules.

   In addition, entities subject to remuneration rules under MiFID are also considered favourably in determining equally effective remuneration requirements.

ii. Appropriate contractual arrangements are put in place with entities to which these functions have been delegated to ensure that there is no circumvention of remuneration rules set out in the ESMA Guidelines. These contractual arrangements should cover any payments made to the delegates' identified staff as compensation for the performance of portfolio or risk management activities on behalf of the Company.

The Company is to carry out an analysis in such cases, and keep records for compliance purposes. The results of the analysis should be made available to the MFSA during on-site visits.

There may be cases where the full application of the relevant remuneration principles to the delegate itself or the staff of the delegate would not be proportionate and would not achieve the outcome of aligning the delegate's staff interest with those of the Company's clients or of the investors in the CISs under management. The above is therefore also subject to proportionality principles, in accordance with MFSA Guidelines.

Management of Conflicts of Interest

This Remuneration Policy has been designed in a way to mitigate as much as possible conflicts of interest.

The Board of Directors has additionally adopted a Conflict of Interest Policy aimed at addressing any conflicts that may arise between its officials and the clients, between the officials and the Company and between one client and another/others. The Company maintains a conflict of interest register which, if any, will identify remuneration conflicts and the procedures the Company implements to mitigate these conflicts.

As a means of last resort, where the Company's arrangements to manage conflicts are inadequate, or have failed to manage the potential risk, the Company shall clearly disclose the general nature or sources of conflict of interest to the clients and/or investors of the funds under management.

Transparency

External Disclosure

Without prejudice to confidentiality and data protection provisions, the Company should disclose detailed information regarding the remuneration policies and practices for Identified Staff. Such information should be disclosed in a clear and easily understandable way to relevant stakeholders.

The Company shall also include information on how this policy is consistent with the integration of sustainability risks and shall include such information on its website.

The following information should be disclosed, however, the level of information to be disclosed should be made on a proportionate basis, and the overall remuneration proportionality principle applies to the type and amount of information disclosed:

- information concerning the decision-making process used for determining the Remuneration policy, including if applicable, information about the composition and the mandate of a remuneration committee, the name of the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders;
- information on linkages 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; and
- the main parameters and rationale for any annual bonus scheme and any other non-cash benefits.

This information will be disclosed in the Company's annual report, through a separate remuneration policy statement, or in any other form that the Company deems appropriate.

Internal Disclosure

This Remuneration Policy shall be distributed to all Identified Staff. The Company should ensure that the information regarding the remuneration policy disclosed internally reveals at least the details which are disclosed externally. Identified Staff should be informed in advance of other criteria that will be used to determine their remuneration which are not included in this Remuneration Policy except for any confidential quantitative considerations. The performance assessment process and the importance of non-financial assessment factors in the process should be clearly explained to relevant employees.

Review of the policy

The Board of Directors shall be responsible for initiating and facilitating, at least an annual basis, a review of the Remuneration Policy and its implementation (provided that for so long as a person on the Board is involved in the portfolio management function or within the valuation function, the relevant director shall not be involved in the design or implementation of the policy). The review shall assess whether the overall remuneration system of the Company is:

- operating as planned, in particular, with respect to the agreed plans/programmes, appropriate remuneration pay-outs, and that the risk profile is aligned with the long-term goals and objectives;

- compliant with national and international regulations, principles and standards.

Pursuant to an assessment with respect to proportionality, the Board of Directors may choose to outsource the annual review to a qualified independent external consultant such as the Company's outside legal counsel or auditor. Whether carried out internally, or outsourced, the Board of Directors remain responsible for the review of the remuneration policies and practices and for ensuring that the results are the review are followed up. In addition, the relevant control function should be closely involved in reviewing the remuneration system of the Company.

The results of the annual review and any recommendations will be presented to the Board which shall promptly evaluate the results of the review, address any recommendations, and make any changes to the Remuneration Policy that are deemed appropriate. All changes or material exceptions to the Remuneration Policy are to be approved by the Board following consultation with the Control Functions, whether in relation to the annual independent review or otherwise.
