

REMUNERATION POLICY STATEMENT

RAM ACTIVE INVESTMENTS (LUXEMBOURG) S.A.

In force since 1 January 2018

I. background

RAM Active Investments SA and RAM Active Investments (Luxembourg) SA

RAM Active Investments (Luxembourg) SA (“RAM Luxembourg” or “the Management Company”), a full subsidiary of RAM Active Investments SA (“RAM Switzerland”), is authorized by CSSF in Luxembourg as a UCITS management company pursuant to the European Communities UCITS (Undertakings for Collective Investment in Transferable Securities) Directive 2009/65/EC (“UCITS Directive”), as amended by Directive 2014/91/EU. RAM Luxembourg and RAM Switzerland are hereinafter referred to as “RAM Group”.

RAM Luxembourg complies with the following remuneration requirements:

- The UCITS Directive;
- ESMA guidelines on sound remuneration policies under UCITS (“ESMA Guidelines”);
- The remuneration policy approved and adopted by RAM Switzerland (hereinafter the “RAM Group Policy”).

RAM Luxembourg will therefore ensure that, with effect from the first full performance year that commences on 1 January 2018, any appointed delegates shall ensure the application of the UCITS remuneration rules in a proportionate manner as set forth above or, alternatively, are subject to equally effective remuneration policies under their home authorization.

Mediobanca Group and RAM Group

RAM Group is part of Mediobanca Group, an Italian Banking Group regulated by the Bank of Italy and supervised by ECB. Mediobanca Group is subject to the application of Directive 2013/36/EU, as amended (“CRD IV Directive”). Mediobanca Group is obliged to ensure that Group Companies comply with the remuneration requirements of CRD IV Directive and the dispositions stipulated in Bank of Italy’s “Circolare 285 – Disposizioni di Vigilanza per le Banche” as amended from time to time.

II. Proportionality with respect to UCITS V Remuneration Requirements

RAM Luxembourg complies with applicable remuneration principles in a way and to the extent that is appropriate to its size, internal organization and the nature, scope and complexity of its activities, and as required by mandatory laws.

The Board of directors of RAM Luxembourg applies the remuneration principles proportionally to the specific characteristics of the Management Company always within the framework of the rules applied to the group. Considerations of proportionality may result in partial application or disapplication by RAM Luxembourg of part of all pay-out process rules defined in UCITS directive and ESMA Guidelines (hereafter the “Pay-out Process Rules”) for RAM Group Identified Staff (as defined below).

In order to ensure transparency, the details of the self-assessment are described below:

- A. Size of RAM Luxembourg** (figures as of 31 December 2017)
 - o Assets under management for UCITS: 4.8 billion CHF
 - o Number of employees: 4 Full Time Equivalent
 - o No subsidiary

B. Other proportionality elements (additional non-exhaustive factors have been taken into account to confirm the presumption created by the size analysis)

- **Internal organization** → RAM Luxembourg is a management company with the license of a management company subject to Chapter 15 of the Law of 17 December 2010 relating to undertaking for collective investments (“UCITS Management Companies”), i.e. Articles 6.2 and 6.3 of the UCITS Directive. RAM Luxembourg is internally governed with the exception to some functions which are outsourced to RAM Switzerland in Geneva and to other group related or external entities in- and outside Europe. Additionally, the senior management of RAM Group owns a stake in the firm, this would favour the partial application or disapplication of some or all of the Pay-out Process Rules on the grounds of proportionality in respect of the senior management, such as the requirement on ex-post incorporation of risk. In terms of internal organization, RAM Luxembourg is not listed on a regulated market, same for all its UCITS.
- **Nature, scope complexity of activities** → RAM Luxembourg currently manages 3 UCITS which implement a small number of investment strategies, including equity and fixed income, and invest in several regions and industry sectors. Its AuM is approximately CHF 4.8 billion as at 31 December 2017. The UCITS that it manages are all open-ended and the majority of them are non-complex as they are managed with non-sophisticated portfolio management techniques and use vanilla instruments. The majority of them have limited use of leverage within the strict UCITS leverage limits (please refer to the relevant fund Prospectus or KIID for further information) and their global exposure is measured by the commitment or VaR approach. All of these funds are monitored for risk by RAM Group’s Risk Management Function. They are subject to numerous investment restrictions and guidelines in accordance with UCITS rules and with their prospectuses. The portfolios are characterized by strict investment restrictions requiring considerable diversification, and the firm strives to limit the volatility of its portfolios. The UCITS sub-funds are registered for public distribution in various countries inside and outside of the European Union.

RAM Luxembourg benchmarks its size against other competitors. It takes into consideration the number of staff being smaller than most of its competitors in the market and the absence of subsidiaries.

Based on the self-assessment, it is deemed possible to partially apply or don’t apply in full the UCIT pay-out rules because there is little evidence to demonstrate that RAM Luxembourg should be considered complex or big-scale. Taking account these principles of proportionality, RAM Group shall not apply the pay-out rules referred to in section B2 (Variable payment remuneration structure) and C below (Timescale for distribution and instruments) to a RAM Group Identified Staff provided that the relevant staff member’s total remuneration is less than the materiality threshold stipulated in the RAM Group remuneration policy.

III. Remuneration governance

Remuneration Committee

There is a RAM Group Remuneration Committee, constituted and organized as determined by the Board of directors of RAM Switzerland, which is composed of three non-executive members, the majority of whom shall be independent (from which a President is appointed).

In particular the Remuneration Committee shall ensure consistency between the policy and the business and interests of RAM Group and hence the funds it manages and the investors; review and assess the remuneration principles on an annual basis; review, prepare and make recommendations to the Board of directors of RAM Switzerland for the distribution of an overall bonus pool for both, RAM Group employees (including “RAM Group Identified Staff”, as defined in Section V.) of each division within RAM Group, and those who are classified as Material Risk Takers at the Mediobanca Group level (defined in Section V. as “Mediobanca Group Material Risk”); review and make proposals for any necessary amendments to employee social benefit plans; conduct regular benchmarking activities; interact and liaise on a regular basis with Mediobanca’s Group Central Functions to ensure sound and consistent overall governance.

Mediobanca Group

Mediobanca S.p.A. shall supervise and manage the process of defining Mediobanca Group Material Risk Takers and provide guidance and assistance in drafting remuneration policies. Furthermore, Mediobanca Group shall define the underlying principles of the incentive mechanisms for RAM Group members of staff identified as Mediobanca Group Material Risk Takers, leaving the specific decisions to the respective Board of Directors and/or Executive Committee at RAM Group level.

Control functions

Control functions within the meaning of this principle include all senior officers responsible for quantitative or qualitative risk management or risk control, legal, compliance, actuarial, internal audit or internal control systems. Remuneration schemes for control functions should not create incentives that may lead to conflicts of interest within these functions. The calculation of variable remuneration of these employees should be dependent on objectives linked to their specific functions and not on the performance of the business units, specific products, or transactions these functions monitor. The total remuneration of the control functions must be sufficient in order to attract qualified and experienced persons. The independence of the control functions of RAM Luxembourg is guaranteed by functional reporting to the Board of Directors of RAM Luxembourg. This governance system ensures that remuneration decisions are made independently and objectively. According to the CSSF Circular 10/437 the implementation of the remuneration policy shall be subject, at least on an annual basis, to central and independent internal review by control functions for compliance with policies and procedures defined by the board of directors.

Mediobanca S.p.A. shall supervise and manage the process of defining Mediobanca Group Material Risk Takers and provide guidance and assistance in drafting remuneration policies. Furthermore, Mediobanca Group shall define the underlying principles of the incentive mechanisms for RAM Group members of staff identified as Mediobanca Group Material Risk Takers, leaving the specific decisions to the respective Board of Directors and/or Executive Committee at RAM Group level.

IV. General remuneration principles and elements of remuneration

A. Scope and principles

RAM Luxembourg, within the framework of RAM Group, acknowledges the Mediobanca Group Remuneration Policy as approved at the annual general meeting of Mediobanca, and approves and adopts the RAM Group remuneration policy. In the event of conflicting provisions, those of the Mediobanca Group Remuneration Policy applying to Mediobanca Group's companies operating in the UCITS asset management sector prevail for applicable provisions

Consistently with the RAM Group remuneration policy, RAM Luxembourg aims to:

- Ensure that remuneration is in line with the business strategy, objectives, values and interests of the own Management Company, RAM Group and the undertakings for collective investment in transferable securities (hereafter "UCITS") RAM manages and the investors of such UCITS;
- Discourage risk-taking which is inconsistent with the risk profiles, rules or articles of incorporation of the UCITS managed by RAM Luxembourg;
- Ensure consistency with and promotion of sound and effective risk management to avoid excessive risk taking;
- Avoid or manage conflicts of interest.

B. Pay mix

A RAM Luxembourg employee's total compensation may consist of four elements:

- *Fixed remuneration* (mainly determined on the basis of the function of the employee, reflecting professional experience, responsibility and job complexity),
- *Variable remuneration* (mainly determined on overall performance, the performance of the employee's business division or entity, the performance related to sustainability objectives and the employee's individual performance),
- *Benefits* (mainly consist in pension and insurance schemes) and
- *Stock option or stock programs* (available to some employees).

Overall total compensation is appropriately structured between fixed and variable remuneration operating in a fully flexible variable remuneration policy. Section VI "Variable component structure" describes the criteria and means of deferral if any in more detail.

V. Identified Staff

A. Scope of the RAM Group Identified Staff under the UCITS Directive

All Luxembourg employees who could potentially have a substantial material impact on the risk profile of RAM Group and/or the UCITS funds managed are identified in the list below. These employees shall be considered "*RAM Group Identified Staff*" and shall be mapped in line with the criteria set out in UCITS Directive and ESMA Guidelines.

The criteria adopted to identify RAM Group Identified Staff are both qualitative and quantitative. They are linked to the role covered by the employee, control units and the total remuneration of the individual.

The *RAM Group Identified Staff* comprises the following employee categories:

- The members of the RAM Group Executive Committee;
- The heads of investment management business units within RAM Group;
- UCITs managers;
- RAM Group senior staff members who carry out independent control functions, e.g. functions of compliance, risk management and finance controlling; and
- Any RAM Group employee receiving total remuneration that takes them into the same remuneration bracket as senior management and key risk takers.

The performance-based remuneration of *RAM Group Identified Staff* is awarded in a manner which promotes sound risk management and does not induce excessive risk-taking. This is ensured by the specific pay-out rules referred to below in Section VI which are applicable to the variable remuneration of RAM Group Identified Staff and subject to the application of the proportionality principles.

B. Mediobanca Group Material Risk Takers

The variable remuneration of RAM Group employees identified as "Mediobanca Group Material Risk Takers" is subject to the limitations imposed by mandatory provisions of the CRD IV Directive which have been specified in the Mediobanca Group Remuneration Policy, as incorporated in the RAM Group Remuneration Policy.

VI. Variable Component Structure

A. Guaranteed remuneration

RAM Luxembourg does not provide guaranteed variable remuneration except exceptionally one-off payments in very specific case scenarios limited to the first year of engagement.

B. Variable Remuneration Payment Structure

The Variable Remuneration Payment structure depends on the status of the employees (whether or not they are considered RAM Group Identified Staff and/or Mediobanca Group Material Risk Takers).

In line with market practice and the practice of the Mediobanca Group, a minimum threshold has been introduced for the variable component below which no deferral mechanisms are applied.

B.1 RAM employees with awarded variable remuneration below or above the threshold determined by the Remuneration Committee who are not included in the definition of RAM Group Identified Staff and/or Mediobanca Group Material Risk Takers are paid respectively 100% in cash up front or receive 30% of the variable remuneration deferred pro rata with a three year vesting period depending on the specific amount awarded.

B.2 RAM employees included in the definition of RAM Group Identified Staff, and/or Mediobanca Group Material Risk Takers with awarded variable remuneration up to a threshold determined by the Remuneration Committee, shall receive 50% of the variable remuneration in cash and, 50% in variable instruments after ex-post risk adjustment metrics if applicable.

C. Timescale for distribution and instruments

Material Risk Takers at the Mediobanca Group Level / RAM Group Identified Staff

For any Mediobanca Group material risk takers/RAM Group Identified Staff, there is 60% of upfront component and a 40% deferral amount (cash and funds/units/instruments) over a three years' deferral period. The upfront and deferred equity component is subject to a one/two-year holding period.

The variable component is subject to a maximum amount (as long as Mediobanca Group material risk takers are concerned) and gates, as well as malus and clawback mechanisms in accordance with the RAM Group remuneration policy. Such mechanisms, like all ex-post corrections (i.e. on incentives already approved and/or disbursed), may lead to a significant reduction in or cancellation of the variable component itself.

D. Early termination – severance

RAM Luxembourg ensures that all severance payments made to Identified Staff :

- (1) reflect sustainable performance achieved over time and
- (2) ensure that they do not reward failure
- (3) are in line with RAM Group Remuneration Policy regarding termination and severance payments

E. Retention payment

Retention payments are permitted only under exceptional circumstances wound down or undergoing a major reorganization and for retention of key identified staff on risk and/or value preservation grounds upon decision of the RAM Group Board of Directors.

VII. Calculation of variable remuneration - the bonus pool - correlation between risk and performance

A. Mediobanca Group Material Risk Takers

Distribution of the bonus pool for Mediobanca Group Material Risk Takers only takes place if the following indicators or “gateways” are met:

a) Capital adequacy and liquidity requirements¹ indicated by the risk metrics adopted in the Risk Appetite Framework² approved by the Board of Directors, which are the primary indicators taken into consideration in the ICAAP;

b) Positive operating profit delivered at Mediobanca Group level.³

The Mediobanca Group Board of Directors, at the Mediobanca Group Chief Executive Officer’s proposal and with the Mediobanca Group Remunerations Committee in favour, may authorize payment of a bonus pool for Mediobanca Group Material Risk Takers for retention purposes even if the gateways have not been met.

B. RAM Group Identified Staff

a) The distribution of a bonus pool for RAM Group Identified Staff is dependent on the following indicators or “gateways” being met:

- Positive operative profit delivered at RAM Group level

- Capital adequacy requirement at RAM Group level

b) Calculations of variable remuneration and divisional bonus pools:

RAM group dedicates itself to collective asset management by managing a fund portfolio. Therefore, the variable component is predominantly established on a quantitative basis according to the actual profitability of the Company, taking into account any risk alignments.

The amount of individual bonuses may vary at the discretion of the management, according to assessments made regarding compliance with the business model, the attainment of targets and the absence of any critical situations or other prejudicial factors (i.e. in relation to Risks, Compliance and Anti-Money Laundering and Human Resources).

To measure performance, this discretion will be accompanied by a performance measurement system introduced at the start of each financial year in line with the allocated budget. The system will be quantitative and qualitative in nature and will consider corrective elements linked to the areas of compliance referred to above. The guidelines for the incentive scheme are determined in accordance with the RAM Group remuneration policy.

The proposal for the bonus pool shall be presented to the RAM Switzerland Board of Directors by the RAM Group Remuneration Committee for final approval.

¹ CET 1 ratio, leverage ratio, AFR/ECAP, liquidity coverage ratio, net stable funding ratio, retail funding ratio.

² The Risk Appetite Framework identifies the risks which the Mediobanca Group is willing to take, and for each risk defines the objectives and limits in normal and stressed conditions, identifying the management actions necessary to bring the risk back within the set limit. It is based on assessment of the principal risk drivers to which the Bank is exposed, both macroeconomic and specific. The RAF is subject to ongoing fine-tuning and update, in line with the continual changes in the risk metrics and analysis methodologies adopted, not to mention to the regulatory framework and the corporate processes with which it is integrated.

³ Total income less operating costs and loan loss provisions, as shown in the consolidated restated financial statements

Disclosure

The Management Company provides adequate information on the policies and remuneration and incentive schemes adopted in accordance with the provisions of current legislation.

The fund prospectuses and KIIDs contain an adequate summary of the staff remuneration and incentive policies and practices, referring to the Management Company's website for more detailed information, including the criteria and methods of calculation of remuneration and other benefits and the persons responsible for determining the remuneration and the allocation of other benefits.

A paper copy or other durable medium containing such information is available to investors, free of charge upon request.

Entry into Force

This remuneration policy shall apply to full annual performance periods and the first applicable year shall be for the performance period of FY 2018