



FWU INVEST S.A.

Remuneration Policy

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## 1 GENERAL DISPOSITIONS

The purpose of this remuneration policy (hereafter the "Policy") is to set out the position of FWU Invest S.A. (hereafter "**FWU Invest**") in respect of the remuneration of its Employees and its Management and in accordance with the principles laid down in the CSSF Circulars 07/307 as amended, 10/437, 10/497, 11/505 and 14/585.

As FWU Invest is authorized to provide portfolio management services, the company falls under the scope of the CSSF Circular 07/290 as amended by the CSSF Circulars 10/451, 10/483, 10/497 and 13/568, however parts XVII and XVIII (including requirements for the remuneration policy) do not apply to FWU Invest. FWU Invest followed the guidelines concerning the remuneration policy in compliance with the CSSF Circular 10/437.

Moreover as a Management Company under Chapter 15, FWU Invest follows the ESMA guidelines 2016/575 on sound remuneration policies under the UCITS Directive.

### 1.1 Principles and philosophy

The Policy aims at regulating the remunerations of employees and adhering to the principle of effective risk management and sound business practices in line with the long-term interests of the Company.

The Company ensured that the application of the proportionality principle is compliant with the following rules and regulations:

- the CSSF Circular 11/505;
- the ESMA guidelines 2016/575.

#### 1.1.1 Circular CSSF 11/505

In compliance with FWU Invest's risk profile, risk appetite and strategy and since:

- FWU Invest is not only authorised to provide the service of investment advice and/or to receive and transmit orders from investors without holding funds or securities belonging to the clients;
- FWU Invest is not authorised to provide the investment services of dealing on own account or underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;

FWU Invest can apply the proportionality principles.

### **1.1.2 ESMA guidelines 2016/575**

FWU Invest shall adopt a proportionate approach to comply with the remuneration principles.

Given :

- the limited size of the company and the limited number of staff: 8 employees in December 2016;
- the limited value of the assets under management: about € 670 million in November 2016;
- the straightforward legal structure: Limited Company;
- the straightforward governance of the company;
- the type of the investment strategies : the Company invests mainly in traditional financial instruments. Investment in derivatives shall be mainly used for hedging purposes

the management company adopts the proportionality principles.

As long as the value of the portfolios of the UCITS does not exceed EUR 1.25 billion and as long as FWU Invest has less than 50 employees, FWU Invest does not need to establish a remuneration committee. This function will be performed by the Board of Directors of FWU Invest.

FWU Invest reviewed the ESMA Guidelines 2016/575 and decided to establish a remuneration committee when both following criteria are met:

- the value of the portfolios of the UCITS exceeds EUR 1.25 billion and;
- FWU Invest has more than 50 employees.

### **1.1.3 Neutralization of requirements**

By applying the principles of proportionality as foreseen under the CSSF Circular 10-497 and under the ESMA guidelines, the following requirements are not applicable:

- pay-out of part of the variable remuneration in instruments;
- deferral of part of the variable remuneration;
- retention policy;
- establishment of a remuneration committee.

### **1.1.4 Application of different sectoral rules**

Should one employee of FWU Invest perform services subject to different sectoral remuneration principles, the remuneration shall be either:

- a) based on a pro rata basis, to the extent that it is possible to single out an individual activity or;
- b) based on the more effective remuneration principles in order to discourage inappropriate risk taking.

## 1.2 Scope

The remuneration policy outlines the philosophy and governing principles for remuneration at FWU Invest that acts independently in its investment decisions.

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

The policy covers the remuneration which consists of one or more of the following:

- a) All forms of payments or benefits paid by FWU Invest;
- b) Any amount paid by the UCITS itself, including any portion of performance fees that are paid directly or indirectly for the benefit of Identified Staff (as defined below);
- c) Any transfer of units or shares of the UCITS.

Moreover, the Policy applies to FWU Invest and to all employees of FWU Invest including persons individually identified by FWU Invest as Material Risk Takers.

Therefore, the remuneration policy applies in particular to Identified Staff:

- Non-Executive members of the Board of Directors of FWU Invest
- Executive members of the Board of Directors: the Managing Directors (2 persons) : Chief Executive Officer (CEO) and Chief Operating Officer (COO)
- Senior management and Head of Department
- The Control functions (risk management, compliance and internal audit), who are under the responsibility of the two Managing Directors of the Company
- Material Risk Takers: the Chief Investment Officer
- Any employee receiving a total remuneration in the bracket of senior managers and other risk takers, whose professional activities have a material impact on the risk profile of the management company or of the UCITS: not applicable for FWU INVEST .

The Managing Directors (CEO and COO) have the power to bind the Company by their sole signature. They are on the Luxembourg payroll of the company and are compensated through a fixed and variable remuneration.

The other members of the Board of Directors are not compensated through a variable remuneration for their role as Directors at FWU Invest.

For more information regarding these functions, please refer to the organization chart of FWU Invest and/or to the Memorandum of Governance of the Company.

Delegates:

FWU Invest has implemented a risk management function. The role of RBC is to support the risk manager (valuation risk, liquidity risks...). To this extent, the rules applicable to the delegation of risk management are not 100% applicable to FWU Invest. Nonetheless FWU Invest ensured that:

- the delegate is subject to the UCITS V guidelines;
- a contract has been signed with the delegate which covers any payments to the delegate.

## **2 REMUNERATION AND STRUCTURE OVERVIEW**

The remuneration policy of FWU Invest is designed in accordance with the objectives set out in the strategy of the Company; changes that could appear in the strategy of the Company will be reflected into the Policy. The strategy includes, in particular:

- a proper balance of variable to fixed remuneration and;
- a performance assessment.

In that context, FWU Invest offers remuneration packages based on the following components:

- fixed remuneration components and
- variable remuneration components

FWU Invest does not offer pension benefits.

FWU Invest ensures that:

- The repartition between fixed and variable remuneration is compliant with its interests, the interests of the UCITS and their investors;
- The remuneration system prevents from any excessive risk-taking.

The control functions are independent from the business units they oversee and are compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business units they control. Their remuneration level allows the company to employ qualified and experienced staff in these functions.

### **2.1 Fixed component**

At FWU Invest, the fixed component with respect to the total remuneration is certainly considered sufficient and it forms an adequate salary which guarantees reasonable standards of living in Luxembourg for the personnel without obliging them to rely on the payment of a variable component and shall be assessed against the benchmark of the functions performed.

The annual fixed remuneration refers to 12 instalments per year.

**2.2 Variable component**

FWU Invest employees are eligible to an annual variable remuneration. As the fixed component represents a sufficiently high proportion of the total remuneration, it enables FWU Invest to operate a fully flexible bonus policy that includes the possibility of paying no bonuses at all.

The variable component consists only of cash and is defined for a one-year period.

The variable component reflects the personal contribution of the staff to the overall performance of the company.

The variable component is consistent with the risk management and governance processes.

**2.3 Ratio between fixed and variable remuneration**

FWU Invest shall provide a sound balance between fixed and variable remuneration.

The maximum part of the variable remuneration of the material risk takers is as follows:

<b>Staff categories for Material Risk Takers</b>	<b>Variable Remuneration portion compared to Fixed Remuneration portion</b>	<b>Variable Remuneration portion compared to Total Remuneration (Fixed + variable)</b>
Managing Directors	0-50%	0-40%

The maximum amount of the variable remuneration in % of the annual total remuneration for all staff and Management, including identified risk takers, is between 0% and 40%.

**2.4 Variable remuneration attribution**

During the yearly appraisal process performed by the Managing Directors, the following criteria are considered in the determination of variable remunerations to each staff:

1. Work quality
2. Work quantity

3. Flexibility and adaptability
4. Technical proficiency
5. Analytical thinking
6. Continuous improvement
7. Responsiveness and ability to cooperate
8. Verbal and written communication
9. Impact and influence
10. Problem solving
11. Profitability of the company

The performance assessment is performed in a multiannual framework to guarantee that the assessment is based on long-term individual performances. When assessing the performance of its staff, FWU Invest takes into account both current and future risks that are taken by the staff members.

FWU Invest ensures at all times that its financial situation shall not be affected by the overall pool of variable remuneration.

The Chairman of the Board assesses the performance of the Managing Directors (including their contribution in their control functions and their managerial function) and decides upon the level of variable remuneration.

## **2.5 Guaranteed variable remuneration (Cash based compensation)**

There is no fixed bonus.

The use of welcome packages if any will be exceptional and 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.

## **2.6 Bonus withholding**

In cases where the criteria are not met by the individual concerned, or where the financial situation of the Company deteriorates, the Company shall reserve the rights to withhold variable remunerations, whether in whole or in part, as long as this is allowed by the applicable rules and regulations.

## **2.7 Claw-Back ex-post adjustments**



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

- Evidence of gross misbehaviour or serious error by the staff member (e.g. breach of code of conduct and other internal rules, especially concerning risks);
- Fraudulent conduct of staff member;
- Misleading information by a staff member;
- Breach of the Capital Requirements Directive (CRD) and/or CEBS (now replaced by EBA, Central European Authority) guidelines by a staff member.

## **2.8 Benefits**

In addition to the above, FWU Invest may offer benefits such as:

- Company car;
- Parking place;
- Ipad;
- Mobile phone;
- Laptop.

## **2.9 Performance fees**

The UCITS does not intend to pay performance fees i.e. performance related payments made directly by FWU Invest or the UCITS itself for the benefit of Identified Staff.

# **3 GOVERNANCE**

## **3.1 The Board of Directors**

FWU Invest Board of Directors establishes the general principles of the company's remuneration policy and is responsible for its implementation and for any future amendment made to this policy.

FWU Invest Board of Directors ensures that the remuneration policy:

- is in line with the business strategy, objectives and interests of FWU Invest;
- does not encourage excessive risk-taking;
- enables to align the interests of the UCITS with those of the identified risk takers.

FWU Invest Board of Directors:

- reviews on an annual basis at least the remuneration policy;
- assesses whether the remuneration system operates as intended and is compliant with the regulations, principles and standards;
- proposes a corrective plan, if needed.

## **3.2 The Authorised Management**

FWU Invest authorised management is in charge of making sure that the remuneration policy is implemented. It informs the relevant employees about the principles set out in the current policy, including the criteria used to determine their remuneration and the terms governing their appraisal.

## **3.3 The control functions**

In accordance with the provisions set out in the circulars, FWU Invest's control functions are automatically involved in the design, the review, the strategy and the risk assessment of the remuneration policy. In case of major deviation, they will report on the findings from their review to the Board of Directors. A copy of such report can be consulted by the CSSF upon request.

The risk management function assesses how the variable remuneration structure affects the risk profile of the company.

The compliance function assesses the compliance of the remuneration structure with the legislation, regulations and internal policies.

The Audit function will be informed about reward policies and will perform annual checks in order to verify that the policy works as intended and it is applied consistently.

## **3.4 Updating policy**

The remuneration policy is reviewed on an annual basis and it will be updated whenever needed by FWU Invest authorised management with the support of the Company's control functions to take into account evolutions in the applicable laws and regulations, in group policies or in FWU Invest's organization.

Any update made to the Policy will be subject to the approval of FWU Invest Board of Directors.

# **4 DISCLOSURE**

## **4.1 Disclosure of the Remuneration strategy and procedure internally**

The remuneration policy is part of the Company's policies and procedures and as such, is available to all staff.

The criteria used to determine the performance and variable remuneration of the staff members is documented in the Staff Appraisal procedure and available to all staff.

#### **4.2 Disclosure of the remuneration strategy and procedure internally**

The communication on the Company's Remuneration Policy will occur externally through a yearly independent remuneration policy statement or through FWU Invest annual report which is subject to publication and distributed to FWU Invest's main business partners. In accordance with the proportionality principle, FWU Invest shall only disclose some qualitative and eventually very basic quantitative information.

Disclosure of quantitative and qualitative information in the annual report shall be performed in accordance with audit standards. The relevance of the disclosure will be assessed with the external auditors taking into account legal and regulatory requirements.