

Kredietrust Luxembourg S.A. Remuneration Policy

1. Introduction Statement:

1.1. The remuneration Policy

Kredietrust Luxembourg S.A. (hereinafter defined as “KTL Luxembourg” or “KTL” or “Management Company” or “AIFM”) has established a remuneration policy (the “**Remuneration Policy**”), in the context of its specific business which is managing undertaking for collective investment on transferable securities (“UCITS”) and alternative investment funds (“AIFs”).

The principles and provisions set out in the Remuneration Policy apply to the whole staff of KTL Luxembourg “**KTL Staff**” (including Material Risk Takers as defined here under § 4).

KTL updates its remuneration policy based on EU directives and related guidelines.

The current Remuneration Policy is compliant with Directive 2011/61/UE – “AIFMD”, ESMA final “Guidelines on sound remuneration policies under the AIFMD”, Directive 2014/91/EU – “UCITS V Directive” and ESMA final “Guidelines on sound remuneration policies under the UCITS Directive and AIFMD” published on the 31st of March 2016.

1.2. Scope and relation to other Remuneration documents

This Remuneration Policy applies in addition to the KBL epb Group Remuneration Policy (see appendix C).

The KBL epb Group Remuneration Policy is compliant with Directive 2013/36/EU of the European Parliament (CRDIV) and related laws and/or CSSF Circulars transposing the same in Luxembourg.

In case there is a specific conflict between the principles applicable to KTL Staff and the principles of the KBL epb Group Remuneration Policy, the principles for KTL prevail, if stricter than the one of the KBL Remuneration Policy deriving from CRD IV, unless certain staff of KTL performs services subject to different sectoral remuneration.

In these cases, as a general principle, they should be remunerated on a prorata basis or by applying the sectoral remuneration principles which are deemed more effective for achieving the outcomes of discouraging inappropriate risk taking.

2. Regulatory principles

The Remuneration Policy is both consistent with, and promotes, sound and effective risk management. It does not encourage risk-taking that exceeds the risk appetite of the institution.

The Remuneration Policy reflects the Management Company objectives for good corporate governance as well as sustained and long term value creation for the funds it manages and their shareholders.

The current Remuneration Policy is based on the KBL epb Group Remuneration Policy in its version validated by the KBL epb Group Board of Directors of the 14th of December 2017 which defines the principles on remuneration within KBL epb Group.

The Remuneration Policy sets out principles applicable to all employees including the remunerations of the senior management, all staff members having a material impact on the risk profile of the financial undertakings as well as all staff members carrying out independent control functions, whose objectives are:

- To ensure that the remuneration is in line with the applicable laws and regulations,
- To comply with KBL epb Group Remuneration Policy practices which aim to ensure that remuneration is in line with the business strategy, objectives, values and interests of KBL epb Group,
- To comply with sound practices linked with the specificity of its business sector, the funds it manages and in the best interest of the investors of those funds.

3. Delegation of activities

The Management Company ensures that the entities to which portfolio management or risk management activities have been delegated are subject to regulatory requirements on remuneration that are:

- Equally as effective as those under the AIFM Law and the UCITS Law, or
- That appropriate contractual arrangements are entered into to ensure there is no circumvention of the remuneration rules with respect to payments to identified staff within the delegate.

The investment management and distribution functions are delegated to entities that are credit institutions / investment firms supervised by their local regulator and subject to equivalent requirements on remuneration.

4. Staff within the scope: KTL Staff

The scope of the Remuneration Policy applies to the whole staff of KTL which include the Material Risk Takers.

In this context, staff or staff members should be understood as:

- Employees of KTL or individuals in relationship of similar nature;
- Members of the management body whatever their contractual relationship with KTL (employment contract, mandate, other)

The Material Risk Taker identified staff is selected and designated within KTL based on qualitative criteria (job function, level of responsibility) or quantitative criteria (remuneration level) in accordance with article 13 of the AIFMD and in line with additional ESMA guidelines and Article 1(2) of UCITS Directive 2014/91/EU. KTL, with the support of KBL Group (especially Group Risk, Group Human Resources), assesses on a regular basis (e.g.: at recruitment, in case of change of role,...) and, in any case at least once a year, who are the individuals within the entity qualifying as Material Risk Takers.

The following positions¹ are designated Material Risk Takers or “MRT”):

- Board Members
- Senior management
- Head of Portfolio managers
- Control functions (Audit, Compliance and Risk functions) .
- Other risk takers (any staff who are not in the above categories and whose remuneration falls into the remuneration bracket of senior managers and risk takers and who have a material impact on the risk profile of KTL or the funds it manages)

A thorough risk analysis by KTL led to the following figures as per 31st of December 2017:

Total number of identified KTL Material Risk Taker: 7

o/w Board Members: 3 (2 non executive Directors +1 executive Director)

o/w Senior Managers: 4 (3 Conducting Officers o/w 1 is also executive Director + 1 senior manager)

o/w Head of Portfolio managers: 1

o/w control functions: 2 (1 Head of risk management who is also Conducting Officer + 1 compliance officer)

There is no staff member who are presumed as Material Risk Takers based only on their remuneration level (quantitative criteria).

¹ The list is not exhaustive.

5. Remuneration Principles

KTL Luxembourg applies a proper balance between fixed and variable remuneration, aligned with relevant responsibilities, risk impact and level of the specific function, for the relevant business sector and region.

The Fixed Remuneration of MRT represents a sufficiently high proportion of the Total Remuneration to compensate these staff, in line with the level of expertise and skills required, for the relevant business sector and regions.

The Variable Remuneration element, including the deferred portion (if applicable), is paid or vests only if it is sustainable and justifiable in the context of the financial situation of KTL as a whole, and further justified according to the overall results of KTL Luxembourg, its performance, as well as the performance of the individual concerned.

As a result, KTL Luxembourg is able to reduce Variable Compensation to zero where and when necessary.

6. The Fixed Remuneration:

The fixed components of the employee remuneration (Fixed Remuneration) encompasses the following elements:

- base salary
- fringe benefits, if applicable

The Fixed Remuneration of each employee is defined in the employment contract. The Fixed Remuneration comprises the monthly fixed base salary and the fringe benefits which may be granted depending on the employee's position within KTL.

The Fixed Remuneration is provided to each employee as primary means to provide compensation for good execution of the tasks or function which each employee is assigned for as well as to reflect the seniority of each employee's position.

The Fixed Remuneration is determined on the basis of benchmarking and comparisons of compensation levels and set at a level which guarantees the employees standard of living. The employee's fixed remuneration is compared with the remuneration of other employees in similar position and with corresponding experience in the same sector in Luxembourg. KTL Luxembourg targets at a fixed remuneration in the median of the respective labour markets

The range of fringe benefits potentially available to employees may vary, based on the position.

Mainly, these benefits may be composed of supplementary pension schemes with a local pension provider, company cars, mortgage discounts, death/invalidity, 13th month, and health insurances. The list is not exhaustive.

Where role-based allowances exist, they are primarily attached to the function, they are granted equally to any staff member having the same role and they are not linked to any performance criteria. In particular, like for any other component of Fixed Compensation, role-based allowances must satisfy the following cumulative criteria to be considered as "fixed remuneration":

- they must be based on pre-determined criteria,
- they must be non-discretionary,
- they cannot be reduced, suspended or cancelled,
- they must not pose an incentive for risk assumption,
- they must be non-performance related,
- they must be non-revocable,
- they must be transparent and

- they must be maintained over a period of time tied to the specific role and organisational responsibilities.

Any compensation component not satisfying the aforementioned cumulative criteria will be considered and treated as Variable Compensation.

If occupational pension schemes are offered to KTL staff members, these will be Defined Contribution (DC) pension scheme or equivalent DC-like scheme. This provision applies to all employees at all levels. KTL does not use Defined Benefit (DB) occupational pension scheme and in case of schemes already in existence, they are closed to new entrants. Likewise KTL epb does not offer discretionary pension schemes.

7. The Variable Compensation

KTL 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.

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

The Variable Compensation reflects a sustainable and risk adjusted performance as well as performance in excess of that required to fulfil the employee's job description as part of the terms of employment.

Variable Compensation is based on clearly defined goals in several areas that should consider the “what” (what did the person achieve), the “how” (how a person has achieved goals) and a review of “risks/compliance” (what risks did a person take).

All categories of staff can participate in, and benefit from, variable compensation programs, but this is not mandatory.

The Variable Compensation element, including the deferred portion (if applicable), is paid or vests only if it is sustainable and justifiable in the context of the financial situation of the Business Entity as a whole, and further justified according to the overall results of KTL, its performance, as well as the performance of KTL Luxembourg and the individual concerned.

There is an appropriate relationship between Fixed Compensation and Variable Compensation. Maximum ratios per staff category are defined in the Remuneration Guidelines - (see § 8 here under).

The Variable Compensation does not induce or encourage risk-taking in excess of the risk appetite of KTL Luxembourg.

All compensation schemes include a cap on total yearly allocated variable compensation, if any. The allocated variable compensation is awarded based on the result of an annual evaluation (please refer to point 8 here under). A related scorecard based on pre-set (business plan) targets/ criteria both of quantitative and of qualitative nature determines whether an employee is eligible for variable pay or not.

The Variable Compensation for performance has an individual component reflecting non-financial performance criteria, such as compliance with internal rules, risk standards and procedures, as well as compliance with the company's standards which govern relationships with clients and investors, as well as proper ethical behavior (please also refer to section 10)..

Furthermore, the total amount available for granting variable compensations is determined on the basis of a ‘bonus pool’ which is reviewed and validated at the level of the Group Board Remuneration & Nomination Committee. The Group ExCo and the Group Board Remuneration & Nomination Committee may also decide that bonuses be adjusted to zero for either the Group as a whole, or for a

specific entity, according to the financial health and sustainability of the Group (or a specific entity), the economic situation or any external event.

Therefore, employees are not receiving bonus or variable salary on the sole criteria of performance on the fund managed. Excessive risk taking to qualify for variable salary can as such be avoided.

Guaranteed variable remuneration is to be an exceptional event. It should occur only when hiring new staff and, even then, is limited to the first year of employment.

A “retention bonus” is a form of Variable Compensation which is permitted only in exceptional circumstances (i.e. if the Business Entity is undergoing a major restructuring: for example, a sale, unwinding or major reorganization) and a case can be made for the retention of certain key staff on the grounds of their strategic importance to the business. The appropriate payment level is decided upon based on KBL Group ExCo advice and approved by the KBL Group Board of Directors and KTL Board of Directors, according to the KBL epb Group Remuneration Policy rules. The payment of the “retention” bonus is also subject to the employee’s adherence to a code of conduct, and is, for Material Risk Takers, subject to all the criteria applicable to Variable Compensation under the AIFM Law and UCITS Law (payment in instruments, deferral, retention, malus, clawback etc.). The “retention bonus” may not be paid out in case of end of the employment relationship.

A “buy-out bonus” from a previous employment contract is a form of Variable Compensation which may be granted – under strict conditions – when hiring new staff. A “buy-out bonus” is a compensation by a Business Entity for the reduction or loss of award under the former employment relationship of the new recruit due to its termination. It is subject to all variable remuneration requirements and governance rules set forth in the present Remuneration Policy.

If a tax-efficient method of payment is available, Variable Compensation can be paid out according to such a method (e.g. via tradable options), providing that the pay-out is compliant with the applicable tax regulations and AIFM Law and UCITS Law. No guarantee as to the tax efficiency of a method of payment is given by KTL and KTL shall be kept harmless against any financial consequences shall the method reveal tax inefficient.

Profit-based variable compensation (when appropriate) is based on the average net profit over a period encompassing the “business/risk cycle”. For all KBL epb entities, this cycle is defined by reference to the budget plan exercise, which is a 3 year cycle. Reference is also made to the traditional audit cycle, which is also 3 years. Profit-based variable compensation can never be based only on gross revenues and must be calculated net of all operational costs

8. Remuneration Guidelines

The following guidelines apply to all staff of KTL.

8.1 Guideline No. 1: Ratios between remuneration components

The standards are as follows:

- For all staff (except Control Functions staff and MRT), the maximum ratio of Variable Compensation to Fixed Remuneration cannot exceed 2 to 1.
- For Material Risk Takers the maximum ratio of Variable Compensation to Fixed Remuneration is 1 to 1 as a principle. The maximum ratio may be set, where appropriate, to a maximum of 2 to 1 upon final decision of the Shareholder of KTL.

The approval of this higher ratio shall be based on a detailed recommendation by the KBL-BRNC describing the reasons for, and the scope of, an approval sought (including the number of staff affected, their functions and the expected impact on the requirement to maintain a sound capital base).

KTL shall provide without delay to the regulatory body copies of both the recommendations made to the shareholder and the shareholder’s decision.

- For all internal control function staff (whether Material Risk Takers or not), as well as Finance and Human Resources staff, the maximum ratio of Variable Compensation to Fixed Remuneration is 1 to 1.

When assessing the ratio on an individual basis, all components of the Fixed Remuneration (as defined in section 6) should be considered. Likewise, any component of the Variable Compensation which cannot otherwise be excluded pursuant to and to the extent permitted by applicable laws should be considered.

Staff category	Maximum Variable Compensation (as % of Fixed Remuneration)
Material Risk Takers (excluding control function)	100% (up to 200% upon shareholder's approval)
Internal Control Functions* Finance Functions* Human Resources Functions*	100%*
All other roles	200%

* Control functions who are also identified Material Risk Takers are subject to specific maximum award level of 50%

8.2 Guideline n° 2: possibility to defer the Variable Compensation:

For the purpose of this paragraph any reference to Variable Compensation excludes any additional payments and benefits that are not agreed upon on an individualized basis, but that are part of a general, non-discretionary, agreement or institution-wide policy, which agreement or policy has been agreed with the trade unions or other staff representatives, such as existing Collective Labour Agreements.

KTL Luxembourg can operate a Variable Compensation deferral scheme for employees.

Indeed, deferring part of Variable Compensation improves the risk alignment for higher paid Employees and enables KTL Luxembourg to adjust part of the Variable Compensation to risk outcomes over time through ex post risk adjustments. The deferral scheme parameters are set by the KBL-BRNC and approved by the Board of Directors of KBL Group and the Board of Directors of KTL, taking into account external market practice.

These parameters include: (a) the proportion of the Variable Compensation that is deferred (b) the time horizon of the deferral (vesting schedule) and (c) the deferral instruments that are used (e.g. equity-linked instruments that align the value of the deferral with the performance of KTL Luxembourg or KBL Group or KBL Group Funds).

In particular, Variable Compensation for Material Risk Takers may be delivered subject to deferral scheme and to the (inter)national remuneration regulations in force. The deferral scheme parameters are applied prescriptively for MRT given the need to ensure that a material portion of Variable Compensation is deferred, and thus ensure that a material portion of Variable Compensation remains subject to ex post risk adjustments.

For Variable Compensation of Material Risk Takers, a multi-year deferral scheme can be in place as follows:

- **Minimum 40%** of the Variable Compensation should be **deferred**. The distribution of incentive amounts earned (“**vesting**”) should be done over a period aligned with the weighted average of the holding period recommended to the investors of the KBL Group Funds/Ucits managed by KTL. (With a minimum period of 3 years).

- A substantial portion, (**at least 50%**) of any Variable Compensation (whether deferred or non-deferred income), should consist of non-cash instruments (**equity-like instruments**) which are in any case subject to a dedicated **retention** period. When the equity-like instruments are part of the deferred compensation, the retention period starts only once the equity-like instruments rights are vested.
- A malus will be applied:
 - In case of misbehaviour or serious error by the staff member (e.g. breach of code of conduct and other internal rules, especially concerning risks). If a malus is applied, all deferred but not yet vested bonus amounts (as well as the bonus amount for the current year) will be reduced in proportion to the severity and impacts of the error / misbehaviour;
 - In case the staff member does not meet the Risk and Compliance Awareness goal (see section 10);
 - When KBL Group and/or KTL suffers a significant downturn in its financial performance. If the performance for the year, assessed at Group and KTL level is more than 20% lower than those in place when the deferred bonuses were granted, these deferred bonuses will be reduced in proportion to the performance decrease, unless this decrease is fully independent of the strategy employed during the previous years;
 - When KBL Group and/or KTL in which the staff member works suffers a significant failure of risk management. If this is the case, all deferred, but not yet vested, bonus amounts (as well as the bonus amount for the current year) will be reduced in proportion to the severity and impacts of the failure;
 - In case of significant changes in the institution's economic or regulatory capital base.
- As per the proportionality principle set forth in the KBL Group Remuneration Policy, this supplementary set of rules as stated above in section 8.2. in relation to Material Risk Takers is only applicable to staff members whose Variable Compensation can exceed € 100,000 in gross terms. If that is the case, the supplementary set of rules applies to the Variable Compensation from the first euro (even if the income is actually lower than € 100,000). Likewise, shall the legal provisions on the proportionality principle be modified at the European Union/Luxembourg level, this policy will be modified accordingly. The proportionality principle can never apply to the maximum ratio set for Material Risk Takers between their Variable Compensation and their Fixed Compensation. Likewise it cannot apply to the Clawback provisions.
- Both the upfront and deferred parts of the Variable Compensation awarded can be “clawed back” up to a maximum of 100% of any paid or vested Variable Compensation in the following circumstances:
 - in the event of engagement in conduct or performance of acts which are considered malfeasance or fraud; or
 - in the event of specific conduct which has led to the material re-statement of KBL Group's annual accounts and/or significant (reputational) harm to KBL Group or any of its subsidiaries or affiliates; or
 - the relevant staff member participated in or was responsible for conduct which resulted in significant losses to KBL Group or any of its subsidiaries or affiliates; or
 - evidence arises concerning misbehaviour or serious error by the relevant staff member, including a breach of a code of conduct or other internal rules, especially those concerning risk; or
 - misleading information by the staff member which resulted in significant losses to KBL Group or any of its subsidiaries or affiliates or which has led to significant (reputational) harm to KBL Group or any of its subsidiaries or affiliates; or
 - breach of AIFM law / UCITS law or ESMA Guidelines which resulted in significant losses to KBL Group or any of its subsidiaries or clients.
- The total Variable Compensation shall be considerably contracted where subdued or negative financial performance of the institution occurs, taking into account both current remuneration and reductions in payouts of amounts previously earned, including through malus or clawback arrangements.

Variable Compensation for Internal Control Functions may also be delivered subject to deferral scheme and to the (inter)national remuneration regulations in force as they are MRT.

However, in order to prevent conflicts of interest, the Variable Compensation of control functions cannot, in principle, be dependent on the specific financial results of any one of the underlying activities being controlled.

Therefore, when profit-based variable compensation is being considered for control functions, the level of this compensation is based on the results of the KBL epb Group, but the balance between fixed and variable remuneration for control function personnel should be weighted in favour of Fixed Remuneration.

The absolute ratio between variable and fixed compensation for Control Functions should not be larger than 1 to 1.

At least 50% of the total Variable Compensation for staff working in Control Functions should be determined using non-financial performance criteria.

The performance assessment of the Variable Compensation should be based on the achievement of function-specific objectives.

8.3 Non-executive directors

- Non-executive directors' remuneration is set forth by KTL Board of Directors or/and shareholder's meeting. No directors have directly or indirectly a say on his/her remuneration.
- Non-executive directors within KBL epb Group are not eligible to any Variable Compensation and are paid according to a fixed remuneration and/or attendance fees system.
- Employees of KTL who hold a non-executive mandate in another entity of the KBL epb Group shall not receive a remuneration of any kind for this mandate as per the "KBL epb Group Policy relating to the exercise of mandate by employees".

9. Performance measurement for identified Material Risk Takers

Variable Compensation is awarded based on the result of an annual evaluation and performance measurement. A related scorecard based on pre-set (business plan) targets/ criteria both of quantitative (overall KBL epb Group and KTL profit, investment/AIF/UCITS performance versus peers and benchmark,...) and of qualitative nature (attitude, complying with internal rules and ethics,...) determine whether the Material Risk Taker is eligible for variable pay or not.

- *Performance measures*

Performance measures are linked to the assessment of a combination of performance of KBL Group, KTL Luxembourg / AIF and UCITS managed and Individual performance as deemed appropriate and differ for each group of eligible employees. The performance measures include financial and non-financial criteria and can be revised if justified based on circumstances. If the contemplated revision concerns the structure of the performance system the prior approval of the KBL-BRNC and the KBL epb Board of Directors is required

Performance goals are set and assessed via the SuccessFactors HR system implemented across the KBL epb Group. Related guidelines are made available to the employees and managers within SuccessFactors or other means (presentation to staff members, intranet, e-mailing ...).

- *Weights of performance measures*

The weights of the different categories of performance measures differ for each group of employees and are specified within the framework of the annual Performance Management cycle and recorded into SuccessFactors system.

As an illustration, the weights may vary within the following ranges:

Position	Group measure	KTL / AIF and UCITS measures	Individual measures
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KTL Conducting Officers	Accounting for 20% to 30%	Accounting for 40 to 60%	Accounting for 10% to 30%
Control functions	Accounting for 0 to 25%	-	Accounting for 75% to 100%
Other Material Risk Takers	Accounting for 10 to 25%	Accounting for 0 to 50%	Accounting for 25% to 90%

The weighting factors can be revised if justified based on circumstances and are subject to the prior approval of the KBL-BRNC.

- *Linkage of performance measures*

Performance measures are not linked and assessment of performance in each category of performance measure and resulting variable compensation will be calculated independently of each other. That being said, the final size of any pay-out for individual performance will be adjusted for KBL Group and KTL Luxembourg performance.

- *Measuring (KBL Group and KTL Luxembourg) performance*

The overall assessment of functional performance is based on predefined goals (and weights) in the different performance areas which are relevant for each of the functions, e.g. enterprise risk management, capital management, external environment, people, operational, performance of AIF and UCITS funds,....

- *Measuring individual performance*

For the assessment of individual performance, individual performance conditions will be set and agreed upfront, including qualitative nature (attitude, complying with internal rules and ethics,...).

- *Target setting*

Target should be set with regard to the various categories of performance measures and should fit within the risk profile as established by KBL epb at Group level which applies to all staff (not only those who are Material Risk Takers). Performance criteria (goal plan) are defined at the beginning of the performance cycle amongst four categories (Financial, Customer, People, Quality/Risk) and vary depending notably on the role and the seniority of the employee, the business line, department or/and functional line to which he/she belongs to. From an employment law perspective, satisfaction of targets shall not lead to a guaranteed/acquired right to bonus award/payment, as the latter shall always remain subject to malus adjustments.

- *Personal hedging*

Staff members are required not to undertake personal hedging strategies or compensation- and/or insurance to undermine the risk alignment effects (downward adjustment) embedded in their compensation arrangements. Any such conduct would be considered as a disciplinary offence.

10. Risk & Compliance awareness culture

In order to reinforce a Risk & Compliance awareness culture across the Group, a generic Risk & Compliance Awareness goal is set in the performance goal plans for each staff members of the KBL epb Group.

All staff categories (including management body) should at any time adopt a professional attitude in respect of internal procedures and rules, internal codes of conduct and external laws and regulations. They should immediately escalate and disclose any event or action observed which constitutes a breach of these rules and /or laws and any incident (claim, loss...) or potential risk that may adversely impact any Business Entity/the Group (financial impact, reputation impact...).

Any serious breaches will be dealt with immediately through the appropriate disciplinary process.

Fully meeting this specific Risk & Compliance Awareness goal (i.e. rating of '3' on a five-point scale) is considered a minimum requirement. Not achieving this goal is sufficiently serious to make it a circuit-breaker or modifier at the individual level, meaning that a rating below '3' for this goal at a year-end

evaluation will impact negatively (up to 100%) the individual Variable Remuneration, if any, and, possibly, his/her global performance rating, without prejudice to a potential dismissal

11. Termination provisions

If a participant leaves KBL epb Group for any other reason than (early) retirement, sickness, injury, disability, or death, any unvested variable compensation will be forfeited in full.

The KBL-BRNC may however decide, upon its sole discretion, to allow for vesting of the deferred Variable Remuneration (in part or in full), for objective reasons in line with sound and effective risk management and the long-term interests of the institution. In such a case, the deferred payment (as foreseen under section 8.2) will not accelerate due to the termination and will be effectively paid out according to the initial schedule and provided no Malus applies.

If employment ends during the deferral period by (early) retirement, sickness, injury, disability, or death:

- Any deferred Variable Compensation will be settled in line with the original vesting schedule subject to ex-post risk adjustments (Malus);
- Exception: in case of death payments will be settled in cash immediately (i.e. no deferral).

12. Disclosure

- *External Disclosure:*

Information with regard to the Remuneration Policy shall be available on the website of KBL Luxembourg and will be disclosed in the AIFs/ UCITS annual report in line with AIFM Law and UCITS Law.

- *Internal Disclosure*

Main elements of the Remuneration Policy including the performance management process will be published on the company's intranet page.

13. Proportionality:

KTL Luxembourg shall comply with the AIFM Law and UCITS Law requirements in a way and to the extent that is appropriate to its size, its internal organization and the nature, and the scope and the complexity of its activities.

13.1 Size:

- *Number of Employees, branches and subsidiaries:*

The Management Company/ AIFM employs 38 employees (Headcount) as per 31st of December 2017.

KTL Luxembourg does not have any subsidiary nor branches.

- AIF and UCITS managed (as per 31st of December 2017):

In house funds

UCITS

Fund Name	AuM in Euros (as at 31/12/2017)
RICHELIEU BOND	510.456.403,31
RICHELIEU EQUITY	550.577.181,51
RICHELIEU FD	997.632.414,22
RICHELIEU MONEY MARKET (ex KBL EPB MONETARY FUND)	136.270.844,09
KBL KEY FUND	78.642.023,83

AIFs

Fund Name	AuM in Euros (as at 31/12/2017)
ABSOLUTE RETURN STRATEGY SICAV	50.194.765,70
INSINGER DE BEAUFORT MANAGER SELECTION SICAV	104.339.046,15
PRIVATE PLACEMENT FUND	28.032.889,64

Remarks:

- Total in house AIFs AuM amounts: 182.6mios €
- KBL epb Monetary Fund is now a UCITS (change name: Richelieu Money Market and from UCI to UCITS on 18/12/2017) Private Placement Fund is a feeder fund of Richelieu Bond

Third party funds for which KTL is acting as Management Company alternatively AIFM

UCITS

Fund Name	AuM in Euros (as at 31/12/2017)
ALPCOT	49.888.137,32
AMURA FUNDS SICAV	34.506.142,28
ARMONY INVESTMENT FUND	27.591.330,94
BPA INTERNATIONAL SELECTION FUND	19.334.157,53
CITADEL VALUE FUND	31.594.104,69
RASMALA INVESTMENT FUNDS	116.992.551,34
THE STRALEM FUND	41.917.899,07
VALUE TREE UMBRELLA SICAV	148.242.895,20
VITRUVIUS	613.383.195,31
VTB CAPITAL IM RUSSIAN MARKET FUND	7.586.577,65

AIFs

Fund Name	AuM in Euros (as at 31/12/2017)
FONDS GENERAL STRATEGIQUE	514.866.300,65
PERSEFONE SICAV - FIAR	30.411.049,90
ZEPHYR'07-S.A. SICAV-SIF	265.026.170,29

Remark:

- Total 1/3 party AIF AuM: 810.3 mios €

General Remark:

- Grand total of AIF AuM with KBL as AIFM: 992mios €. Therefore AuM with KTL as AIFM may not be considered as of significant size. (< 2,500 mios €)

13.2 Internal Organization

- Legal Structure:

KTL Luxembourg is a management company created under Chapter 15 of the UCITS Law and under Chapter 2 of the AIFM Law.

- Complexity of the internal Governance:

As at 31st of December 2017 the KTL Board is composed of 3 Directors, one of whom is conducting officer. The KTL Board convenes four time per year.

The KTL management committee is composed by the 3 conducting officers and meets once per months or whenever company interests require it to do so.

The management committee reports three times per year to the KTL Board.

KTL has sufficient resources and adequate internal governance. KTL has overall procedures and escalation mechanisms in place with necessary split of responsibilities and conflict of interest checks, in fund management, supervision (conducting officers) and control (risk management and compliance functions),

Concerning the investment management, investment decisions are taken by an investment committee. Furthermore, risk taking by individuals are well framed and minimized by procedures and investment orders respect the 4 eyes principles. As already mentioned before, employees are not receiving bonus or variable salary on the sole criteria of performance on the fund managed. Excessive risk taking to qualify for variable salary can as such be avoided

A supervision of the delegated investment management and other functions is in place.

- KTL Organigram as per 31st of December 2017:

The organigram of KTL is not complex and functions and responsibilities are organized in separate and distinct departments. (see appendix A)

13.3 Nature, scope and complexity of activities

KTL is not engaged in a high level of risk taking. Regarding the nature, scope and complexity of its activities, its global risk exposure is limited as firstly all investment policies led by AIF under KTL are plain vanilla strategies) and cannot be classified as complex. No hedge funds or similar strategies are managed by KTL.

13.4 **Application of Proportionality**

As a consequence, by application of the proportionality principle , exemption is enforced at KTL with regard to:

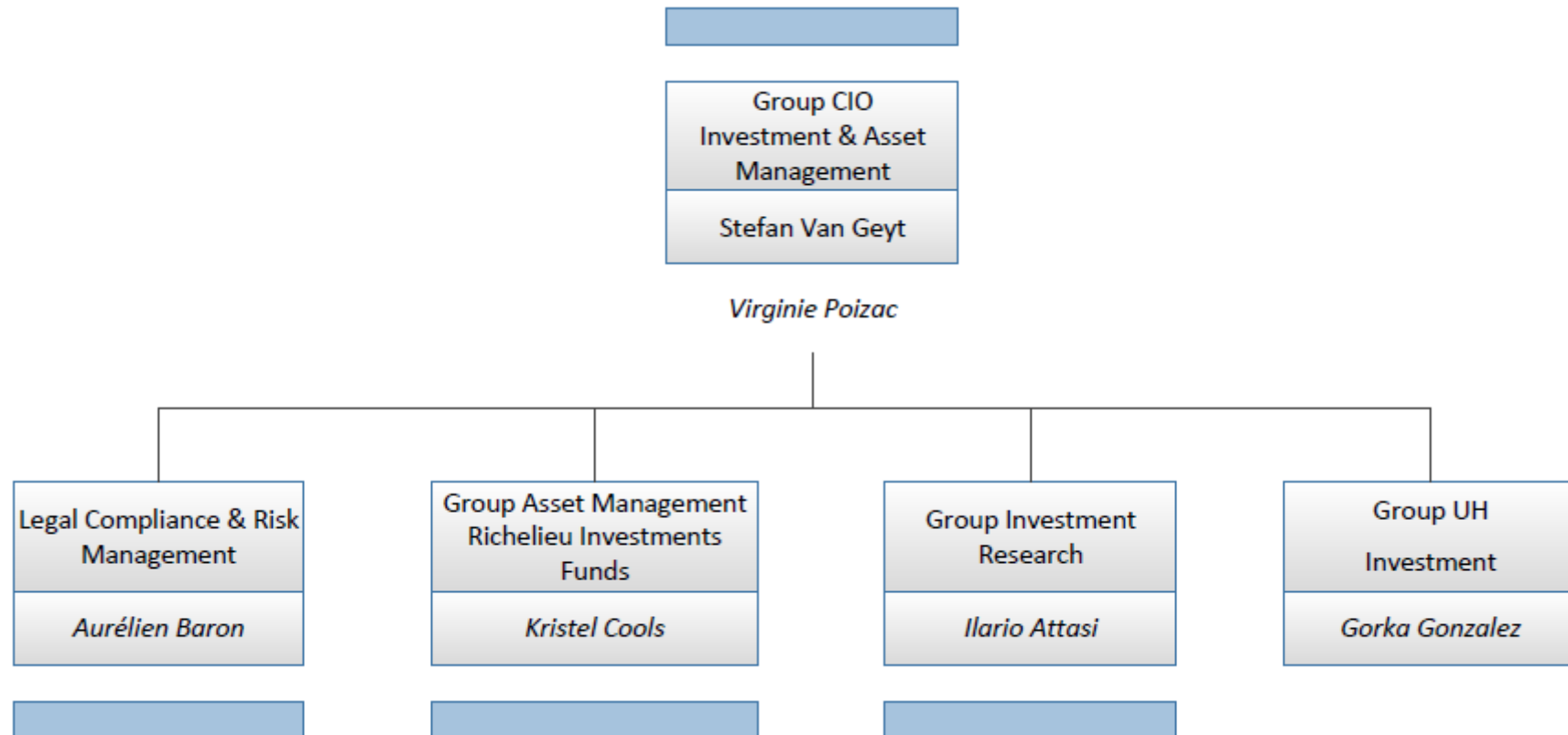
- The requirements on pay-out processes for Material Risk Takers whose variable compensation can not exceed a certain threshold, currently € 100.000 in gross terms.
 - a) Deferral requirements for variable remuneration
 - b) Retention periods
 - c) The payment of variable remuneration in equity-like instruments
 - d) Ex-post incorporation of risk for variable remuneration (malus)
- The requirement to establish a remuneration committee at the level of the KTL Board.

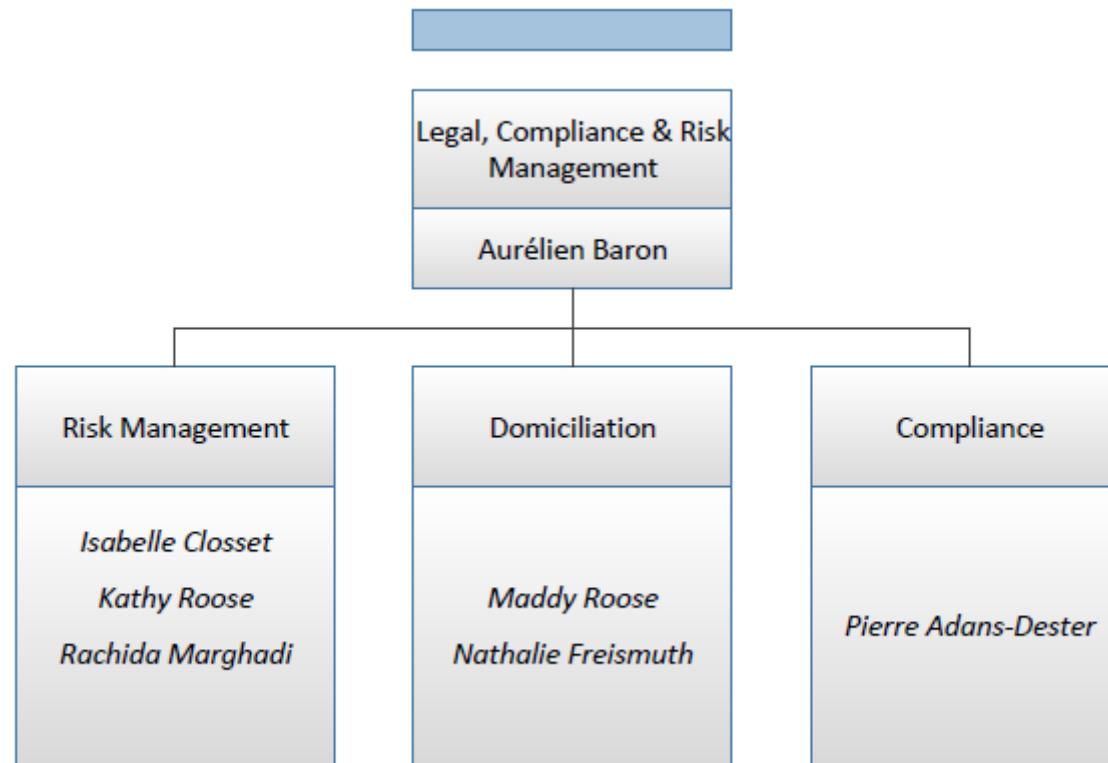
This does not prevent KTL from applying, where required, pay-out processes deriving from the Group related remuneration policy in relation to CRDIV.

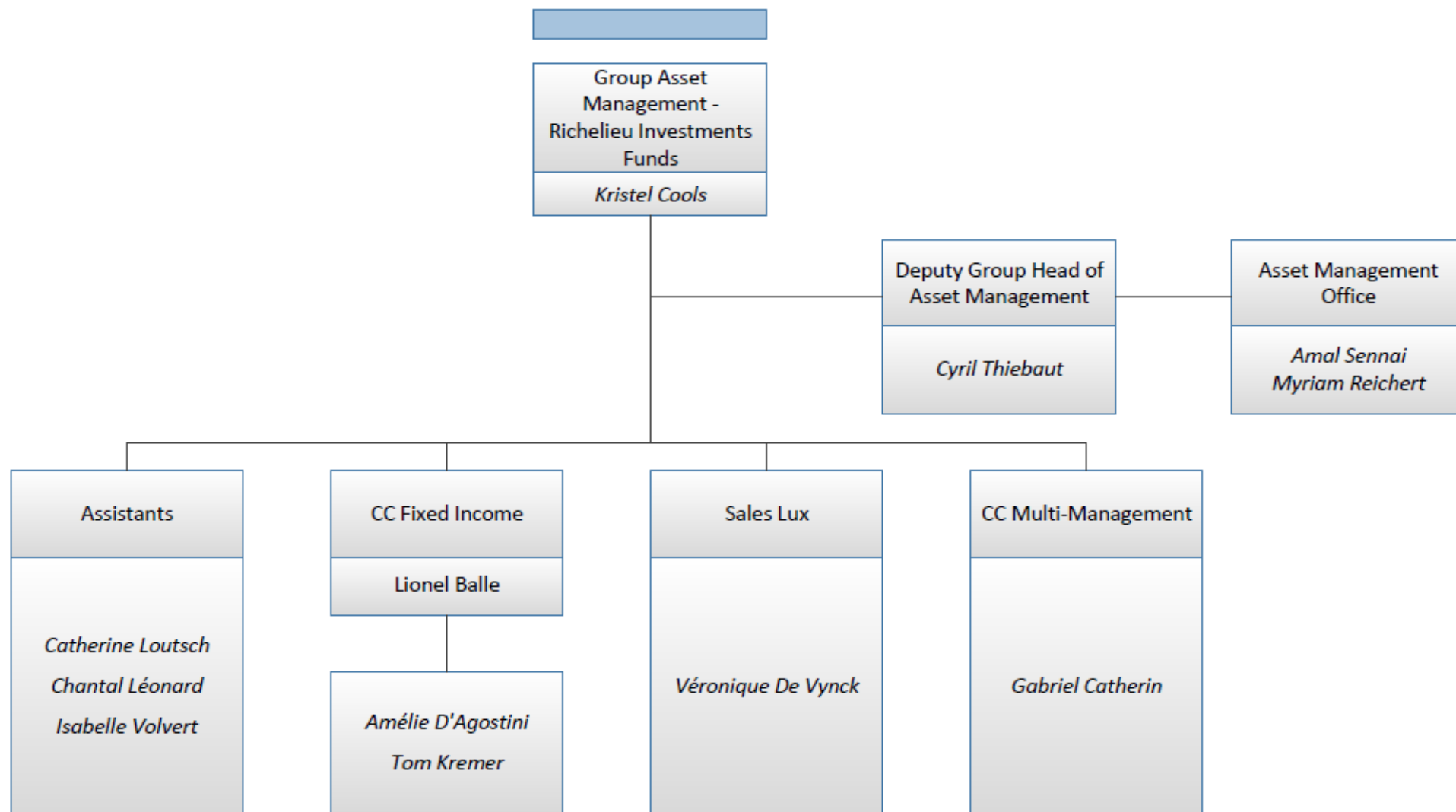
Appendix A: KTL Organigram

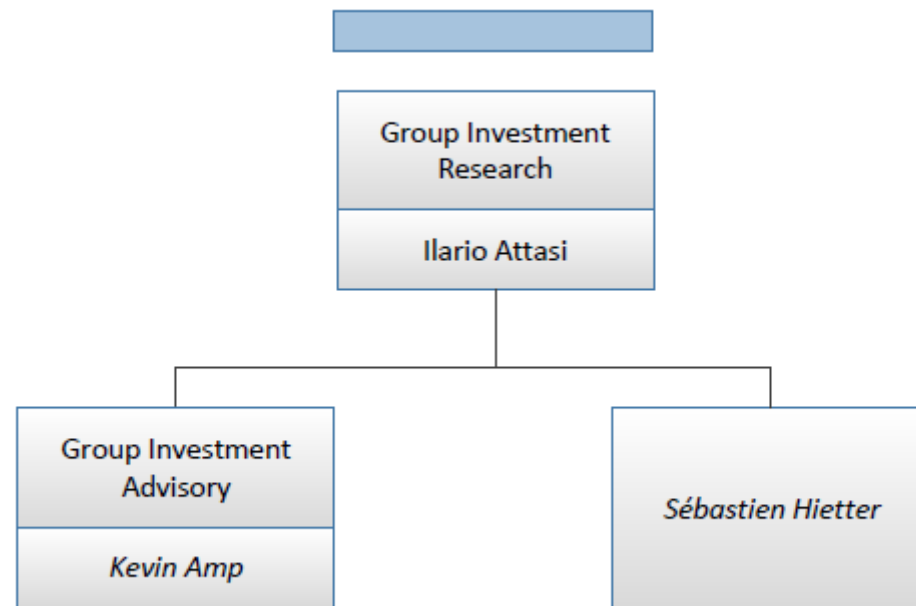
KTL Organigram

Stefan van Geyt is Managing Director of KTL and KBL Group CIO









Appendix B: Glossary

Glossary

Adjusted net profit: The net profit contribution adjusted for one-off items of a KBL-entity or KBL epb Group as it is calculated by Group Finance (MIS) and reported in the management accounts and agreed by ExCo.

Bonus pool: The total amount of results-based variable compensation calculated within a Business Entity and from which individual variable compensation is paid.

Board of Directors or BoD: Board of Directors of KBL epb Group.

Business Entity: 'any separate organisational or legal entities of KBL epb Group, geographical locations.

Business unit: any business line; functional line, department.

Claw-back: arrangement under which the staff member has to return to the institution, under certain circumstances, ownership of an amount of Variable Remuneration paid in the past or which has already vested. This can be applied to both upfront and deferred Variable Remuneration.

Compensation component ((also known as a remuneration component): a specific component of the compensation scheme (e.g., base salary, benefits, bonus).

Compensation contract (also known as remuneration contract): Specific compensation scheme set out in an individual contract between employer and employee.

Control functions: Internal Audit, Risk and Compliance.

Control functions (extended): Internal Audit, Risk, Finance, Compliance and Human Resources functions.

Compensation scheme (also known as remuneration scheme): Specific schemes to determine salaries, variable compensation, benefits, etc. per company, business line or managerial level.

Deferred (compensation): portion of Variable Compensation awarded which has not yet been definitively acquired/has not definitively vested to the individual and which is potentially subject to reduction before vesting and payout.

Employee benefits: non-financial compensation elements of Fixed Remuneration, such as lease cars, non-discretionary standard pension and insurance schemes, etc.

ExCo: Executive Committee of KBL epb (authorized management).

Fixed Compensation or Fixed Remuneration: remuneration components stated in the employment/director contract or/and collective bargaining agreement (base salary, fringe benefits in nature or in kind,...) which primarily reflect the relevant professional experience and organisational responsibility as set out in the staff's job description, which does not depend on performance, and which is not discretionary.

Granted (compensation): Individually calculated total financial compensation which can be partially deferred in a separate account.

Group ExCo: : subcommittee of the ExCo which focuses on group matters.

Independent: to be read as “independent” from the business entity concerned.

Identified Staff: see Material Risk Takers

Immediate or upfront (compensation): portion of Variable Compensation which is awarded and immediately acquired and paid out to the individual, although it may still be subject to clawback

Individual performance-based compensation: Variable pay based on non-financial criteria using the performance appraisal system which is in place in the specific entity.

KBL-BRNC: KBL epb Group Board Remuneration and Nomination Committee.

KBL epb Group: KBL European Private Bankers S.A. and its subsidiaries/branches.

KTL ExCo: Executive committee of KTL (authorized management composed of the 3 Conducting Officers)

Malus: arrangement that permits KBL epb Group/any Business Entity to prevent the vesting of all or part of the amount of a deferred Variable Remuneration award in relation to risk outcomes or performance and which allows to reduce the value of the deferred Variable Remuneration accordingly

Material Risk Takers or MRT or Identified Staff: those roles or individuals whose professional activities (individually or collectively) have potentially a material impact on the risk profile of KBL epb Group and/ or the Business Entities, pursuant to EU Delegated Regulation n° 604/2014 and UCITS/AIFMD regulations (directives 2011/61/UE and 2014/91/EU).

Remuneration governance: The procedures which have to be followed in order to determine compensation policies, schemes and individual variations.

Remuneration guideline or policy: A minimum or maximum or other rule within which all compensation schemes have to comply.

Profit-based variable compensation: Variable pay based upon the (reported or underlying) financial results of the group, the business entity, individual and business unit performance or any combination of thereof.

Total Remuneration: Fixed compensation and Variable compensation as defined in the Group Remuneration Policy.

Variable Compensation or Variable Remuneration: any or aggregated variable pay depending on specific conditions and results to be achieved (performance-related, retention,...) and which are not part of Fixed Compensation..

Appendix C: Group Remuneration Policy

KBL epb Group Remuneration Policy

Not publicly disclosed.
This document is confidential