# Prusik Umbrella UCITS Fund plc

# Remuneration Policy

**Effective Date 18 March, 2016, as updated on 5 December, 2016 and further updated on 26 February, 2021**

**The Fund**

Prusik Umbrella UCITS Fund Plc (the "**Fund**") is an open-ended investment fund structured as a self-managed investment company. The Fund has been authorised by the Central Bank as an Undertaking for Collective Investments in Transferable Securities (**UCITS**) pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended (the "**UCITS Regulations**").

The Fund is managed and its affairs are supervised by its Board of Directors. For details on each of the Directors please refer the Prospectus of the Fund.

## 1. The Policy

The Fund has established a remuneration policy in accordance with the requirements of the UCITS Regulations which transpose Directive 2009/65/EC, as amended into Irish law (the "**UCITS Directive**") to the extent that is appropriate to its size, internal organisation and the nature, scope and complexity of its activities.

This remuneration policy has been adopted by the non-executive members of the Board of Directors in their supervisory function, who have expertise in risk management and remuneration and any revisions to the remuneration policy requires approval of such members.

It is the Fund's policy to maintain remuneration arrangements that (i) are consistent with and promote sound and effective risk management, (ii) do not encourage risk-taking (including in respect of exposure to Sustainability Risk[1]) that is inconsistent with the risk profile of the Fund, (iii) do not impair compliance with the Fund's duty to act in the best interests of its shareholders and (iv) are consistent with the principles outlined in Appendix 1 to this remuneration policy. The Fund's remuneration policy is designed to ensure that any relevant conflicts of interest can be managed appropriately at all times.

The implementation of the remuneration policy will be subject to central and independent review at least annually to ensure compliance with and adherence to the policy.

The remuneration policy itself will be reviewed on an annual basis by the non-executive members of the Board in their supervisory function, who have expertise in risk management and remuneration.

## 2. Persons subject to the Policy

The Fund shall apply the provisions of this policy for its 'Identified Staff' being "*those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers, whose professional activities have a material impact on the risk profiles of the management companies or of the UCITS that they manage".*

The Fund has determined that the following persons would fall within the definition of "Identified Staff":

[1] 'Sustainability Risk' is defined under the Sustainable Finance Disclosure Regulations (EU) 2019/2088 as "an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment".

- Members of the Board of Directors; and
- Designated Persons responsible for the monitoring of each management function of the Fund.

*Delegates*

In accordance with paragraph 16 of the Guidelines on Sound Remuneration Policies under the UCITS Directive ESMA 2016/575 (the "**ESMA Guidelines**"), the Fund will ensure that (a) the Identified Staff of any investment manager appointed by it to discharge investment management functions (including risk management) are subject to regulatory requirements on remuneration which are equally as effective as those applicable under the ESMA Guidelines or (b) contractual arrangements are in place between the Fund and the relevant investment manager in order to ensure that there is no circumvention of the remuneration rules set down in the ESMA Guidelines.

For the purpose of this policy the Fund currently only delegates its investment management activities to Prusik Investment Management LLP (the "**Investment Manager**").

The Fund has received appropriate contractual confirmations from the Investment Manager that (a) the Investment Manager is subject to regulatory requirements on remuneration under Directive 2010/76 ("**CRD III**") that are equally as effective as those applicable to the Fund pursuant to the UCITS Regulations; and (b) the Investment Manager's staff who are identified staff for the purpose of the ESMA Guidelines are subject to those remuneration rules.

Should the Fund ever appoint a delegate investment manager which is not subject to regulatory requirements on remuneration which are equally as effective as those applicable under the ESMA Guidelines, the Fund shall maintain a record of the overview provided by the delegate investment manager of its remuneration regime, including any justification as to why its remuneration regime does not circumvent the provisions of the ESMA Guidelines.

## 3. Remuneration of Identified Staff

The members of the Board of Directors of the Fund receive an annual maximum fixed fee as set out in the Prospectus and do not receive performance-based remuneration therefore avoiding a potential conflict of interest. The fee of a Board member is set at a level that is on par with the rest of the market and reflects the qualifications and contribution required in view of the Fund's complexity, the extent of the responsibilities and the number of board meetings. No pension contributions are payable on Board members' fees.

The fees paid by the Fund with respect to the carrying out of the 'Designated Person' roles are paid to Bridge Consulting Limited. As is the case for Directors, this fee is an annual fixed fee and does not include a variable performance based component therefore avoiding a potential conflict of interest.

The fixed fee only remuneration payable to the Directors and the Designated Persons does not serve to encourage excessive risk taking and is not influenced by the performance of the Fund or the level of risk (to include sustainability risks) to which the Fund may be exposed.

Mr. Naughton and Mr. Morris do not receive any fees from the Fund for their roles as Directors of the Fund.

## 4. Proportionality Principle

As noted above, the Fund must comply with the UCITS Regulations remuneration principles, as set out in Appendix 1 hereto, in a way and to the extent that is appropriate to its size, its internal organisation and the nature scope and complexity of its activities. Accordingly, some UCITS can determine to meet the remuneration requirements through very sophisticated policies whereas others can do so in a simple and less burdensome way.

The Fund does not pay any variable remuneration to any of its Identified Staff. Accordingly, the principles in respect of variable remuneration as outlined in the UCITS Regulations are not applicable.

With respect to the remuneration committee, the Board has determined the remuneration committee requirement does not apply taking into account all of the above proportionality criteria (i.e. the Fund's size, internal organisation nature, the scope and complexity of its activities.

## 5. Disclosure

The general principles of the Fund's remuneration policy and the specific provisions for Identified Staff are disclosed internally and documented in this procedure.

In addition, the Prospectus, KIID(s) and annual report of the Fund shall contain disclosure with respect to remuneration consistent with the UCITS Regulations.

**Appendix 1 – Remuneration Principles as outlined in Regulation 24(B)(1) of the UCITS Regulations**

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| 1. When establishing and applying the remuneration policies referred to in Regulation 24A, management companies shall comply with the following principles in a manner and to the extent that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities: |
| (a) the remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk taking that is inconsistent with the risk profiles, rules or instruments of incorporation of the UCITS that the management company manages; |
| (b) the remuneration policy is in line with the business strategy, objectives, values and interests of the management company and the UCITS that it manages and of the investors in such UCITS, and includes measures to avoid conflicts of interest; |
| (c) the remuneration policy is adopted by the management body of the management company in its supervisory function, and that body adopts, and reviews at least annually, the general principles of the remuneration policy and is responsible for, and oversees, their implementation; provided that the tasks referred to in this sub-paragraph shall be undertaken only by members of the board who do not perform any executive functions in the management company concerned and who have expertise in risk management and remuneration; |
| (d) the implementation of the remuneration policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the management body in its supervisory function; |
| (e) staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control; |
| (f) the remuneration of the senior officers in the risk management and compliance functions is overseen directly by the remuneration committee, where such a committee has been established under paragraph (4); |
| (g) where remuneration is performance-related, the total amount of remuneration is based on an assessment of the performance of the individual and of the business unit or UCITS concerned, the risks of the UCITS concerned, and of the overall results of the management company when assessing individual performance, taking into account financial and non-financial criteria; |
| (h) the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the UCITS managed by the management company in order to ensure that the assessment process is based on the longer-term performance of the UCITS and its investment risks and that the payment of performance-based components of remuneration is spread over that period; |
| (i) guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year of engagement of such staff; |
| (j) fixed and variable components of total remuneration are appropriately balanced and the fixed component represents 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; |
| (k) payments relating to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure; |
| (l) the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks; |
| (m) subject to the legal structure of the UCITS and its fund rules or instruments of incorporation not less than 50 %, or where the management of UCITS accounts for less than 50 % of the total portfolio managed by the management company, a substantial portion, of any variable remuneration component consists of units of the UCITS concerned, equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments with incentives that are as effective as any of the instruments referred to in this paragraph. |

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| In respect of such variable remuneration component the management company shall establish and apply to the instruments a retention policy designed to align incentives with the interests of the management company and the UCITS that it manages and of the unitholders of the UCITS. The Bank place restrictions on the types and designs of the instruments or ban certain instruments as appropriate. This point shall apply to both the portion of the variable remuneration component deferred in line with point (n) and the portion of the variable remuneration component not deferred; |
| (n) a substantial portion, which shall be not less than 40 %, or in the case of a variable remuneration component of a particularly high amount, not less than 60 per cent of the variable remuneration component referred to in paragraph (m), is deferred and vests no faster than on a pro-rata basis over a period which is appropriate in view of the holding period recommended to the unit-holders of the UCITS concerned, is correctly aligned with the nature of the risks of the UCITS in question and is not less than 3 years. |
| (o) a variable remuneration component referred to in paragraph (m), including any portion thereof deferred in accordance with paragraph (n)is paid or vests only if it is sustainable according to the financial situation of the management company as a whole, and justified according to the performance of the business unit, of the UCITS and of the individual concerned, and shall be considerably contracted where subdued or negative financial performance of the management company or of the UCITS concerned occurs, taking into account both current compensation and reductions in payouts of amounts previously earned, including through malus or clawback arrangements; |
| (p) the pension policy is in line with the business strategy, objectives, values and long-term interests of the management company and the UCITS that it manages and in particular -<br>If the employee leaves the management company before retirement, discretionary pension benefits in respect of the employee shall be held by the management company for a period of five years in the form of instruments referred to in point (m). In the case of an employee reaching retirement, discretionary pension benefits shall be paid to the employee in the form of instruments referred to in point (m), subject to a five-year retention period; |
| (q) staff are required to undertake not to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements; |
| (r) a variable remuneration component is not paid through vehicles or methods that facilitate the avoidance of the requirements laid down in these Regulations. |
| 3. The principles set out in paragraph 1 shall apply to any benefit of any type paid by the management company, to any amount paid directly by the UCITS itself, including performance fees, and to any transfer of units or shares of the UCITS, made for the benefit of those categories of staff (including senior management, risk takers, control functions and any employee receiving total remuneration that falls into the remuneration bracket of senior management and risk takers) whose professional activities have a material impact on their risk profile or the risk profile of the UCITS that they manage. |
| 4. A Management companies that is significant in terms of its size or of the size of the UCITS that it manages, its internal organisation and the nature, scope and complexity of their activities shall establish a remuneration committee (in accordance, where appropriate, with guidelines issued by the European Securities and Markets Authority under paragraph (4) of Article 14a of the Directive), which shall be constituted in a way that enables it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, be responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the management company or the UCITS concerned and which are to be taken by the management body in its supervisory function, be chaired by a member of the management body who does not perform any executive functions in the management company concerned, be members of the management body who do not perform any executive functions in the management company concerned. |

Where there is employee representation on the management body, include one or more employee representatives. When preparing its decisions, the remuneration committee shall take into account the long-term interest of the unitholders and other stakeholders and the public interest.