



COMPENSATION POLICY

This policy is established pursuant to the European AIFMD Directive (the "AIFMD Directive") and its transposition to Luxembourg law dated 12 July 2013 (the "2013 Law") relating to alternative investment fund managers. This Directive and the 2013 Law states that managers of alternative investment funds shall adopt a formalised compensation policy that must comply with the criteria set out in Appendix II of the Directive and the 2013 Law.

The current policy is also established pursuant to the European UCITS V Directive (the "UCITS V Directive"), directive 2014/91/EU modifying directive 2009/65/EC, coordinating legislative, regulatory and administrative provisions concerning certain undertakings for collective investment in transferable securities (UCITS) regarding the custodian functions, compensation policies and sanctions.

CA Indosuez Wealth (Asset Management) (hereafter "CAIWAM") applies such a compensation policy.

This compensation policy also includes the provisions of Circular CSSF 10/437 relating to compensation policies in the financial sector. This circular states that financial institutions subject to the prudential supervision of the CSSF, including their subsidiaries and branches in Luxembourg and abroad, shall adopt a formalised compensation policy in cases where these institutions provide their employees with a variable compensation based on collective or individual performance, in addition to a fixed compensation.

This policy has been established by the board of directors of CAIWAM. The Management Committee of CAIWAM is in charge of the implementation of this policy. It may be revised in the future to take into account legislative or regulatory changes, or changes to the policies of the Crédit Agricole Group, or other circumstances requiring a change of this policy.

THE ACTIVITY OF CA INDOSUEZ WEALTH (ASSET MANAGEMENT)

CAIWAM is a management company subject to chapter 15 of the modified Law of 17 December 2010 (the "2010 Law") relating to undertakings for collective investment that carry out the activities listed in Appendix II of the 2010 Law. The company's purpose is collective portfolio management of one or several Luxembourg and/or foreign undertakings for collective investment in transferable securities approved in accordance with Directive 2009/65/EC and of Luxembourg and/or foreign collective investment undertakings that are not covered by Directive 2009/65/EC.

The collective portfolio management activity covers the following functions:

- a) Investment management: in this respect, the Company may in particular, on behalf of the Fund,
- (i) provide investment advice and take investment decisions,
 - (ii) conclude agreements,
 - (iii) buy, sell, exchange and deliver all types of transferable securities and/or other types of assets, and
 - (iv) exercise all voting rights attached to the securities held by the investment funds under management.
- This list is not exhaustive.

b) Administration:

- i) legal and fund management accounting services;
- ii) customer inquiries;
- iii) valuation and pricing (including tax returns);
- iv) regulatory compliance monitoring;
- v) maintenance of unitholder register;
- vi) distribution of income;
- vii) unit issues and redemptions;
- viii) contract settlements (including certificate dispatch);
- ix) record keeping.

c) Marketing: This activity includes marketing and distribution of fund units/shares in Luxembourg and abroad.

CAIWAM may also act as investment adviser for these funds as part of the management and promotion of their assets.

CAIWAM is also a manager of alternative investment funds subject to Chapter 2 of the 2013 Law. As a manager of alternative investment funds, the company's purpose is portfolio management, risk management, administration and marketing of alternative investment funds, as defined in Appendix I of the 2013 Law.

DELEGATION OF PORTFOLIO MANAGEMENT ACTIVITIES

CAIWAM partly delegates the portfolio management of alternative investment funds and UCITS and in this context, in accordance with articles 20 and 13 of the AIFMD and UCITS V Directives as well as articles 16 and 18 of the ESMA guidelines (respectively ESMA/2016/411 and ESMA/2013/201), CAIWAM must ensure that:

- The entities to which the portfolio management activities have been delegated are governed by regulatory provisions on compensation that are as effective as those applicable under the ESMA guidelines; or
- Appropriate contractual provisions are established with the entities to which portfolio management activities have been delegated in order to prevent any circumvention of regulations relating to compensation set out in the ESMA guidelines. These contractual provisions must be applied to any payment paid to the delegates' identified staff as a compensation for carrying out portfolio management activities on behalf of CAIWAM.

1. PROPORTIONALITY PRINCIPLE

The different risks profiles and characteristics of investment fund managers justify a proportionate application of the compensation principles.

After analysing the relevant criteria for the application of proportionality, i.e. the level of assets under management, the internal organisation and the nature, impact and complexity of the activities, we can conclude that CAIWAM can invoke the proportionality principle.

(i) Size of CAIWAM and of the alternative investment funds and UCITS:

- The total amount of assets under management (including assets acquired by leverage effect) of the alternative investment funds managed is (approximately) €1,000,000,000, and that of the UCITS funds is €3,584,000,000 out of a total amount of €4,584,000,000 in assets under management;
- There are 11 employees in the management company;
- CAIWAM has a subsidiary (CAIWPE) that acts as General Partner and is the general partner of the private equity vehicles Tiera Capital.

(ii) Nature, impact and complexity of the activities:

AIF:

- The type of activity authorised: only the activities listed in Appendix II of the 2013 Law (no discretionary management or other related activities);
- Investment strategies of the alternative investment funds managed: Fund of Private Equity, Fixed Income Fund, Commodity Fund, Other Fund (according to the ESMA categories).

UCITS:

- The type of activity authorised: only collective portfolio management activities within the meaning of the 2010 Law (no discretionary management or other related activities listed in article 101 (3) of the 2010 Law);
- Investment strategies of the UCITS managed: the funds are mainly invested in classic securities without the use of a large number of derivative financial instruments. Moreover, the leverage effects are very limited and the overall exposure is monitored only by applying the commitment method and not a more complex method (Value at Risk).

(iii) CAIWAM internal organisation

- Legal structure: Classic limited company;
- Classic governance without particular complexity (no dual management, simple list of authorised signatures, clear and simple composition of the governance bodies, etc.);
- The investment funds under management are not listed on regulated markets.

As a result, and by application of the proportionality principle, CAIWAM therefore does not apply the principles linked to the payments of variable compensation to Identified Staff such as:

- Payment of a variable compensation in financial instruments that may link the individual performance to the performance of the AIF/UCITS managed; the application of a retention period for the part of the variable compensation paid in the form of financial instruments;
- Deferral of part of the variable compensation;
- Inclusion of ex post risks for the variable compensation (penalty);
- Creation of a compensation committee.

2. COMPENSATION PRINCIPLES

CAIWAM carries out its activity in a highly competitive environment where the excellence of the products and services offered to the customers for the most part is based on its employees' skills and motivation.

In this context, the compensation policy for CAIWAM's employees must pursue several objectives: sound management of the risks of CAIWAM and the investment funds managed, internal equity, competitiveness with respect to the competitors, fair recognition of each employee's contribution to the results obtained, support of its business plan in accordance with its strategy and long-term objectives, culture and principles without encouraging inappropriate risk-taking, providing a competitive total compensation to attract and retain experienced and talented individuals.

This policy applies to persons who are members of the Board of Directors, of the Management Committee as well as any person whose professional activity has a material impact on CAIWAM's risk profile.

The persons identified below are therefore covered by this policy:

- **The members of the Board of Directors** (5 persons):

The non-executive members of CAIWAM's Board of Directors do not receive any variable compensation for the performance of their duties but can only receive fixed emoluments and/ or attendance fees. A non-executive directorship gives no right to any variable compensation linked to the result or other performance criteria to and no right to bonus shares, stock options or extra-legal pension plans.

The executive members of CAIWAM's Board of Directors do not receive any compensation in their capacity as director if they already receive a compensation as employee of one of the companies of the Crédit Agricole Group. In the opposite case, these directors may receive a fixed compensation similar to that of the non-executive members of CAIWAM's Board of Directors set out above.

Travel, living or representation expenses incurred by the members of CAIWAM's Board of Directors in the context of and for the needs of their function are covered by CAIWAM.

- **The members of the Management Committee** (the "Authorised Management") (4 persons): The members of the Management Committee may receive a fixed compensation, a variable compensation and/or extra-legal benefits.

- **The control functions** (2 persons): This concerns the Risk Manager and the Compliance Officer. These persons may receive a compensation that includes a fixed part, a variable part and/or extra-legal benefits.

The internal audit function has been delegated, under the supervision of one of CAIWAM's executives.

- **The other "materiel risk takers"** (0 persons): Risk takers are identified as being persons whose compensation is in the same bracket as the Authorised Management or who can commit the management. Consequently, no other risk taker has been identified.

With reference to the ESMA guidelines Point V, we specify that:

- (i) There is a portfolio manager (for alternative investment funds for which the portfolio management is not delegated) who is a member of CAIWAM's Private Markets investment committee, but who is not paid by CAIWAM,
- (ii) There is no staff member in charge of administration or human resources, as these tasks have been delegated through specific contracts.

This policy applies in accordance with the budgetary framework set by the Authorised Management.

3. FIXED COMPENSATION (SALARY)

The fixed compensation of the Management Committee members is set by CAIWAM's Board of directors in close cooperation with the Human Resources department of CA Indosuez Wealth (Europe).

With reference to the AIFMD and UCITS V Directives, the compensation of the persons in charge of the Risk Management and Compliance functions is supervised by the Board of Directors.

CAIWAM ensures that the salary level is such that its employees have a satisfactory standard of living, without having to rely on a variable compensation being paid, thereby giving CAIWAM complete flexibility in whether or not to grant a variable compensation to its employees.

4. EXTRA-LEGAL BENEFITS (LONG-TERM INCENTIVES)

In addition to salaries, employees may receive extra-legal benefits that may have a significant monetary value. Some benefits are granted to all employees, whatever the function performed. Others are reserved for employees who have reached a given skill level or who perform a specific function.

Extra-legal benefits may include:

- Supplementary pension scheme
- Meal vouchers
- Complementary health insurance
- Health check-ups
- Company car
- Parking space

5. VARIABLE COMPENSATION (SHORT-TERM INCENTIVES)

Generally speaking, the variable compensation of CAIWAM's employees is based on the attainment of quantitative and qualitative objectives set in agreement with the employees during the annual review. They are formalised in the list of objectives drawn up at the start of the financial year and their degree of attainment is verified with the employee at the end of the financial year.

These objectives may be:

- **Economic** (performance of the funds managed, participation in marketing campaigns, contribution to the development of new products, execution of projects, optimisation of procedures, etc.),
- **Managerial** (fostering a culture of information sharing, development of employee skills, maintaining a good working environment, etc.),
- **Social** (CAIWAM's employees maintaining a healthy work-life balance, raising employee awareness of CAIWAM's sustainable development policy, etc.),
- **Behavioural** (listening to internal or external customers, identifying their needs, reliability in performing the tasks assigned, meeting deadlines, knowledge transfer, etc.),
- Or **ethical** (compliance with legal and regulatory provisions and with internal procedures including risk management policy, code of ethics, etc.).

Moreover, each employee's variable compensation depends on the performance of the employee's unit or department and CAIWAM's results.

At the beginning of the year, each employee receives a list of objectives that includes all relevant data relating to this employee, and in particular the fixed compensation, the target bonus, the common and individual objectives and their weighting, and the impact of the qualitative objectives.

With reference to the AIFMD and UCITS V Directives, the performance assessment is part of a multi-annual framework, adjusted to the life cycle of the alternative investment funds managed by CAIWAM, to ensure that it takes into account long-term performances and that the actual payment of the performance-related components of the compensation is spread out over a period that factors in the repayment policy for the alternative investment funds managed and the related investment risks.

Based on the assessment of the employee's individual performances, the variable compensation can reach, as a percentage of the fixed compensation, a maximum of 35% of the annual total compensation for each skill profile for the employees and 50% for the members of the Management Committee.

However, no employee is guaranteed any amount of variable compensation.

The amount of the variable compensation relating to a completed fiscal year is determined during the first two months of the following year.

The process for determining the amounts of variable compensation aims to avoid conflicts of interest.

In the event of a variable compensation in excess of €100,000 or 15% of the fixed compensation, part of the payment, at least 20%, may be deferred for three years. The deferred amount is paid only if the employment contract has not been terminated, whether at the initiative of the employee or the employer, on the payment date. This condition does not apply in the case of internal mobility within the Crédit Agricole Group, a permanent disability pension or a retirement pension.

The deferred part of the variable compensation is provisioned in accordance with current accounting practices.

The deferred part takes into account the current risks associated with the performances rewarded: it may be made up of equities, options, cash or investment funds, which will not be paid until the end of the deferral period.

The variable compensation of the Management Committee members is set by CAIWAM's Board of directors in close cooperation with the Human Resources department of CA Indosuez Wealth (Europe).

Pursuant to the AIFMD and UCITS V Directives, the variable compensation of all the other employees of CAIWAM, including **other "materiel risk takers" and the persons in charge of the control functions** is set by the Board of Directors of CAIWAM in close cooperation with the Human Resources department of CA Indosuez Wealth (Europe).

Furthermore, with reference to the AIFMD and UCITS V Directives, we specify that the staff involved in control functions is compensated according to the attainment of objectives linked to its functions, regardless of the performances of the operating segments it controls.

Should CAIWAM become aware of cases where the variable compensation paid to one or several employees has been determined on the basis of wrong or fraudulent data, it reserves the right to require the beneficiaries to repay the amounts received.

Furthermore, any proof of gross misconduct of gross negligence by an employee (for example violation of the code of conduct or other internal rules, particularly concerning risks), fraudulent conduct by an employee, or an employee providing misleading information, gives CAIWAM the right to claim the repayment of amounts paid as variable compensation.

PARTICULAR CASES

As a matter of principle, the variable compensation cannot be set in advance: it must always be based on actual performance.

An exception can be made when hiring a new employee, either in the labour market or within the Crédit Agricole Group. In these cases, the amount of variable compensation may be set out contractually for the first year of activity.

Furthermore, the variable compensation is paid only if the employment contract has not been terminated, whether at the initiative of the employee or the employer, on the payment date. This condition does not apply in the case of internal mobility within the Crédit Agricole Group, a permanent disability pension or a retirement pension.

Any contractual indemnities paid in connection with the early termination of a contract correspond to actual performances and do not reward failure.

Staff members are required to undertake not to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment. Variable compensation is not paid through instruments or methods that facilitate the avoidance of the requirements of the AIFMD and UCITS V Directives.

6. COMPLIANCE OF THIS POLICY WITH THE PROVISIONS OF THE AIFMD AND UCITS V DIRECTIVES AND CIRCULAR CSSF 10/437

This policy has been presented to the Authorised Management which has approved its content.

The Board of Directors reviews the compensation policy once a year to determine whether it is still in line with developments in legal and regulatory provisions and with developments in CAIWAM's activity.

The observations are recorded in a report made available to the CSSF.

7. VERIFICATION OF THE APPLICATION OF THIS POLICY

In addition to the monitoring of the compensation policy to ensure it is aligned with developments in CAIWAM's activity, an independent assessment of the application of the compensation is carried out at least once a year, which aims to ensure that it is in accordance with the compensation policies and procedures adopted by the Board of Directors. This assessment is carried out by an external auditor.

8. APPROVAL OF COMPENSATION POLICY

The Board of Directors approves this compensation policy and monitors its implementation.

The members of the Board of Directors in charge of approving the compensation policy and its application must have the relevant expertise and functional independence from the business units they control and have no executive position in CAIWAM, to be capable of forming an independent judgement on the suitability of the compensation policy, including the implications for risk and risk management.

This policy will take effect on 18 March 2016

Any modification of the compensation policy must be approved by the Board of Directors.

Modifications approved by the Board of Directors will be communicated to all employees as soon as possible.

DISCLOSURE

- Internal

This policy will be communicated to all employees.



The employees will be informed in advance, in a way that is understandable for a non-specialist, on the criteria that will be used to determine their compensation as well as the performance assessment procedure.

- External

Furthermore, useful information about our compensation policy will be published externally in the financial statements of the investment funds pursuant to:

- Article 69 paragraph 3 of the UCITS V Directive.

- Article 22 points e) and f) of the AIFMD Directive and the ESMA guidelines; the publication in the annual reports of the alternative investment funds can be carried out according to the proportionality principle which will also apply to the nature and the quantity of the information published.

Useful information about our compensation policy will also be published externally on our website in pursuant to articles 69 paragraphs 1 and 78 paragraph 4 of the UCITS V Directive.