REMUNERATION AND INCENTIVE POLICY

Fondaco Lux S.A.

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INTRODUCTION

Fondaco Lux SA. is a company belonging to Fondaco Group the ("Group").

The Group, through its parent company Fondaco SGR S.p.A. has adopted a set of policies and procedures to be followed by all the subsidiaries. One of the main policies concerns the principles, systems and forms of remuneration of directors, management and employees. The principles underlying this policy and its implementation schemes are set out in the following paragraphs.

The Board of Directors of Fondaco Lux SA has evaluated and agreed with the Group remuneration policy, deemed it fully consistent with the guidelines for remuneration in the financial sector issued by the CSSF. Therefore, the Board of Directors of Fondaco Lux SA has adopted the Group remuneration policy and its principles. However, there are specific elements of differentiation between the Group policy and the policy that adopts the Company. They relate to specific aspects and characteristics required by the Luxembourg regulations and provisions. These differentiation aspects, as well as the applicable Luxembourg regulations and the principles and details of the Group remuneration policy, are set out in a following paragraph.

The remuneration policy is drafted with the aim to promote a sound and prudent risk management, does not encourage excessive risk.

For the purposes of this Policy , the Recipients are considered as the below categories:

- Member of the Board of the Company
- Material Risk Takers (if any)
- Employees (including the Control Functions and conducting officers)

CSSF CIRCULAR 18/698 ON SPECIFIC PROVISIONS ON THE FIGHT AGAINST MONEY LAUNDERING AND TERRORIST FINANCING

On 23 August 2018 the Commission de Surveillance du Secteur Financier ("CSSF") released the Circular 18/698 on the fight against money laundering and terrorist financing. The Circular applies to all investment fund managers and entities carrying out the activity of registrar agent.

Pursuant to the Circular 18/698, the policy has been drafted in order to comply, amongst others, with the requirements set forth by Articles 111a and 111b of the 2010 Law, Article 12 of the 2013 Law respectively, and the guidelines of the European Securities and Markets Authority ESMA/2016/5758.

CSSF CIRCULAR 10/437 ON GUIDELINES FOR REMUNERATION POLICIES IN THE FINANCIAL SECTOR

On 1 February 2010 the CSSF released the Circular 10/437 (hereinafter "the Circular") that transposes into Luxembourg regulation the European Commission Recommendation of 30 April 2009 on remuneration policies in the financial services sector. The Circular applies to all entities supervised by the CSSF, including banks, investment firms and investment funds.

The main provisions of the Circular are as follows:

- The Circular concerns the remuneration of persons who are member of the administration and management of a financial undertaking, as well as the categories of staff whose work has a material impact on the risk profile of the financial undertaking;

- The assessment of the remuneration policy must form an integral part of the supervisory review process, as defined by CSSF; the Board of Directors of the financial undertaking should determine the remuneration of directors and establish the general principles of the remuneration policy of the firm;

- Statutory auditors must assess the internal rules related to the remuneration and their application;

- Remuneration policies must be communicated to the CSSF;

- The implementation of the remuneration policy shall, at least on annual basis, be subject to central and independent internal review by control functions (internal audit, risk management, compliance function); this review must be submitted to the Board of Directors with a copy of the report being made available to the CSSF;

- The remuneration policy must be consistent with and promoting sound and effective risk management and do not inducing excessive risk-taking;

- The policy must be aligned with the firm's strategy and its long-term objectives;

- The remuneration policy must provide an appropriate balance between fixed and variable remuneration elements; the fixed component should represent a sufficiently high proportion of the total remuneration, allowing the firm to operate a fully flexible bonus policy; the remuneration policy shall set a maximum limit on the variable component;

- Where a significant bonus is awarded, the major part of it should be deferred with a minimum deferment period; the amount of the deferred part shall be determined in relation to the total amount of the bonus as compared to the total amount of the remuneration;

- The remuneration policy must ensure that staff engaged in financial and risk control functions are compensated in a manner that is independent of the business areas they oversee and commensurate with their role in the firm;

- Performance related variable remuneration shall be paid on the basis of a multi-year combination of the individual's performance, the business unit performance and the performance of the overall firm; the measurement should include an adjustment for current and future risks related to the underlying performance and take into account the cost of the capital employed and the liquidity required; non-financial criteria, such as compliance with internal rules and procedures, as well as compliance with the standards governing the relationship with clients and investors should also be taken into account;

• The Board of Directors of the financial undertaking shall be able to require staff members to repay all or part of the bonus paid due to misstated or inaccurate results; therefore, remuneration policy must include the provision for reimbursement of bonuses found, later on, to have been based on fraudulent data (clawback clause);

• The remuneration policy should include measures to avoid conflicts of interest; the control functions and, where appropriate, human resources departments and external experts should also be involved in the design of the remuneration policy;

• The staff appraisal process and the remuneration policy shall be properly documented and transparent to the individual staff members concerned;

• The policy is accessible to all staff and should be disclosed to stakeholders either in the form of an independent statement, a periodic disclosure in annual financial statements or any other form; the precise content of this disclosure is contained in the Circular.

In this framework, the CSSF has then issued, on 11 March 2011, the Circular CSSF 11/505 repealed by Circular CSSF 22/797 relating to additional guidance for the implementation of remuneration policies within the financial sector and specifying the application of the proportionality principle whose principle has been further recalled by the CSSF through its Circular 18/698. The Circular 11/505 complements the Circular 10/437.

The purpose of the Circular 11/505 is to detail the rules laid down in CSSF circulars 10/496 and 10/497 (the "Circulars CRD III") transposing Directive 2010/76/EU of the European Parliament and of the Counsel dated 24 November 2010 as regards capital requirements for trading books and re-securitizations, and the prudential supervision of remuneration policies.

According to the Committee of European Banking Supervisors (CEBS) Guidelines (point 19), the proportionality principle aims to "consistently match the remuneration policies and practices with the individual risk profile, risk appetite and the strategy of the institution". The effect of the proportionality principle is that financial institutions have not to give substance to the remuneration requirements in the same way and to the same extent.

The CSSF clearly refers to the CEBS Guidelines as a reference document to be used by Luxembourg credit institutions and investment firms in defining their remuneration policies.

The mentioned circulars detail specific guidelines:

• if there are the conditions for the deferral, a substantial portion, and in any case at least 40%, of the variable remuneration component is deferred over a period of at least three to five years and is correctly aligned with the nature of the financial undertaking, its risks and the activities of the identified staff;

• in the case of a variable remuneration component of a particularly high amount, at least 60 % of the amount shall be deferred;

- for control functions, "the mix of fixed and variable remuneration for control function personnel should be weighted in favour of fixed remuneration".

Moreover, the Circular 11/505 reminds criteria defined by the CRD III for the application of the proportionality principle which are the size of the institutions (i.e. the value of the assets; liability or risk exposure), their internal organization (i.e. the legal structure) and the nature, scope and complexity of their activities (i.e. the type of authorized activities, the type of client). Those criteria have to be combined.

When an investment firm fulfils the mentioned criteria, it is allowed to neutralize the following requirements:

- the minimum portion of 50% of variable remuneration should be paid in instruments (shares or other instruments);

- the minimum portion of 40% of variable remuneration should be deferred for at last three or five years;

- the retention policy: the portion of the variable remuneration (including any deferred part thereof) may be adjust and may be paid only if the payment is compatible with the financial situation of the institution;

- the establishment of a Remuneration Committee which shall be in charge of the establishment of decisions relating to the remuneration policies.

Finally, pursuant to the Article 5 of the EU Regulation n.2019/2088, the Policy contains information on how sustainability risk is integrated within remuneration principles.

THE FONDACO GROUP REMUNERATION POLICY

I. Purpose of the Policy

The Policy defines the principles adopted by the Company regarding remuneration and incentive. It promotes the proper risk taking and aims to prevent conflicts of interest. The Policy enacts consistent measures with: (i) the size and type of the Company business (principle of proportionality) (ii) company strategies and(iii) long term value creations for its stakeholders.

II. General Principles

Remuneration (fixed and possibly variable) is exclusively aimed at remunerating the Recipients for the quantity and quality of the work and of the professional services, in the observance of their tasks, purposes and applicable to both internal Company and Group policies and external regulations.

The Company's remuneration and incentive policies are based on a logic of segmentation of personnel, which allows the principles of merit and fairness to be defined operationally in order to appropriately differentiate total remuneration, as well as to provide for specific mechanisms for its payment for the various departments of the Company, with particular focus on those with regulatory relevance for which stricter requirements are envisaged.

In application of these logics, the Company's personnel can be divided into the following three macro-segments:

- Risk Taker;

- Middle Management[1];

- Employees

In relation to the proportionality principle, the Company does not apply it.

III. Identification Of The Risk Takers

The process of identifying. monitoring and reviewing of the Risk Takers shall be carried out at consolidated level (by the parent company/Remuneration Committee) in application of the local regulations and at Company level, in accordance with the provisions and regulations applicable to the asset management sector.

The "Company Risk Takers" consists of the following persons:

i) Executive and non-executive members of the Board of Directors (included Conducting Officers);
ii) those who report directly to the top management (Conducting Officers);
iii) the control functions;
iv) those who, individually or collectively, take on significant risks for the Company or the managed funds;
v) those whose total remuneration falls within the same range as categories ii) and iv) above
vi) those involved in the provision of investment advice or portfolio management also known as "SFDR Staff".

In addition to the general principles set out in the regulations, specific requirements apply to the remuneration of SFDR Staff. These requirements are based on the SFDR. The Remuneration of SFDR Staff should be consistent with the integration of sustainability risks. In this respect sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

THE STRUCTURE OF THE REMUNERATION

The Remuneration is gender neutral and its level is justified according to the performance of the individual concerned.

The allocation and the calculation of the amount of Variable Remuneration is based on a combination of the assessment of the performance of the Employee and the overall results of the Company , as well as the conduct of the Employee under any relevant internal procedures, policies and compliance requirements (which may, to the extent applicable, include factors relating to Sustainability Risks).

1 All Head of Units not already included in the Risk Taker department are considered.

The Company seeks external elements to understand it's position in relation to the market.

The Company sets out for its remuneration model to be fair, comprehensible, motivating and aligned.

I. Fixed Remuneration

The Fixed Remuneration is based on the role and position of the individual employee and consistent with the employment contract of the latter and its position. The remuneration of the Employees is not composed only by a variable component.

1. Members of the Board of Directors

Members of the Board of Directors receive a fixed fee only, which is supposed to be in line with Luxembourg market practice

2. Employees and Key Function Holders

Employees are entitled to receive Fixed and Variable Remuneration.

The remuneration level of a Risk Taker and other Employees in the Control Functions is determined so as to allow the employment of qualified and experienced Employees in these functions.

The method of determining the remuneration of the relevant Risk Taker and other Employees involved in the Control Functions must not compromise their objectivity or be likely to do so. Therefore, staff engaged in financial and risk control functions are compensated in a manner that is independent of the business areas they oversee and commensurate with their role in the Company.

A mix of Fixed and Variable Remuneration for Risk Takers and other employees in Control Functions is weighted in favour of a Fixed Remuneration, equated to the significant responsibilities and commitments associated with the role.

The Company considers that the application of such ratio (between the variable and fixed components of the total remuneration) for Risk Taker and other Employees in the Control Functions is appropriate and takes into account the business activities of the Company and the risks associated with them as well as the impact on different categories of Employees.

II. Variable Remuneration

The Company expects responsible business conduct from its Employees in order to create sustainable performance and does not approve of and does not encourage Employees to take inappropriate risks to maximise the variable component of their remuneration.

The Variable Remuneration is not connected to quantitative indicators on economic products performance, but is primarily defined by qualitative factors. The Variable Remuneration is aligned with the rules of the Policy and is not guaranteed.

It consists of two pillars:

1) The variable bonus

2) Una tantum.

The Variable Remuneration is intended to recognize high performances of the Employees and provokes continuous incentive to improve professional effectiveness and avoid incurring disproportionally high-risk positions.

In light of this, there should not be a significant dependency on Variable Remuneration.

The Variable Remuneration is inspired by principles of equity, by consistency with the role responsibilities and by transparency in the relationship with the Employee.

When assessing the targets for each Employee, the Company applies clear expectations for each position. The Variable Remuneration is only paid in case of positive economic performance of the Company and may be disbursed either in cash or non-cash instruments.

Individual performance is assessed on not only "what is delivered but also on "how" it is delivered.

The variable part of the remuneration is structured in a way to promote sound, effective and sustainable risk management and to not encourage risk-taking which might be inconsistent with the risk profile, rules and instruments of incorporation of the funds managed by the Company and to sustain long term value creation for the funds it manages and its shareholders.

1. Annual assessment of Employees

Employees' assessment is the result of the sum of two kinds of assessment:

- The quantitative assessment
- The qualitative assessment.

The Remuneration Committee composed by the Chairman of the Company and the Managing Director of Fondaco SGR performs the assessment. The Remuneration Committee has the power to provide input to the assessment of all the Employees of the Company.

The Remuneration Committee can decide not to recognise the Variable Remuneration in the event of considerable negative outcomes in the qualitative evaluation.

For the purposes of determining the incentive due, the Company's performance is measured with respect to the milestones envisaged in the specific multi-year business plan at group level and, in any case, in terms of improvement year on year, in line with the medium/long-term objectives that characterise all the Group's Incentive Systems.
In accordance with the principle of sustainability, the maximum incentive that can be accrued is in any case limited to and compatible with the economic and financial context of the Company.

2. Quantitative assessment

The quantitative assessment is carried out on different targets, adjustable to three levels:

- Company
- Field of expertise

- Individual

3. Qualitative assessment

The qualitative assessment is made on the behavioural skills (so-called "soft skills") and, in some cases on the quality of the produced results. In analysing the soft skills of each individual some ESG Measurement should be taken into consideration as detailed in the below table:

Measurement	**Variables**
Environmental (E)	Environmental sustainability
Social (S)	Customer satisfaction and relationship
	Employment satisfaction
	Reputation
	Leadership
	Team Work
	Collaboration
	Brand Value
	Respect of the Ethic Code
Corporate Governance (G)	Vision and Strategy
	Respect of the Risk Management Policy
	Respect of the Compliance Policy and Company culture
	Operational Risk

4. The variable bonus

The Company emphasises compliance in the culture it promotes among its Employees. Variable Bonus is assessed annually to ensure compliance to applicable international and local regulations, business relevance, and that all risks are addressed appropriately. The timeframe of one year is considered appropriate for consistent assessment with the investment risks related to the funds.

The variable bonus can be paid either in cash or in non-cash instruments (fund units).

The individual bonus, based on the quantitative criterion specified above is adjusted relying on the following qualitative criteria:

- Respect of internal procedures;

- Respect of rules of compliance (laws, regulations and prudential provisions, internal code of conduct);

- Development of the image and reputation of the company;

- Proactivity in implementing recommendations from the internal audit concerning their function.

5. Una tantum

The *una tantum* payment rewards the particular commitment and the high levels of excellence in the work quality and for which the individual employee was marked in the medium term, or on a strategic project. The *una tantum* payment is therefore not necessarily linked to business performance and this allows to sustain long term value creation for the funds the Company manages and its shareholders.

6. Maximum thresholds to the Variable Remuneration

The sum of the two components of the Variable Remuneration is capped, depending on working area and the role of the relevant Employees, which also contributes to discouraging excessive risk taking which may be inconsistent with the risk profile, rules and instruments of incorporation of the funds managed and that it. As part of a prudent management, the variable remuneration may not exceed 100% of the Fixed Remuneration for each employee, except for the Control Functions employees, which are assigned a maximum limit of 30% of the Fixed Remuneration.

This indirect and capped variable remuneration structure aims at preventing conflicts of interest for individuals.

Exemptions to upper limits are allowed only in exceptional cases, after a proposal by the Remuneration Committee to the Board of Directors.

7. ESG Criteria

As a part of the performance evaluation process in connection with the remuneration and incentive policy the Company devote special and increasing attention to the achievement of environmental, social and governance (ESG) objectives. Due to the nature of the Company and its investors mainly Foundations involved to the preservation and sustain of the environment the ESG onbjectives are in the DNA of the Company. The short-term incentive scheme also may include, where and if appropriate, the presence of qualitative, mesurable ESG indicators. Non-financial ESG objectives have also been set with a focus on people strategy issues (diversity, training, work/life balance, staff condition, team building finalized to the environment and gender gap safeguard)

III. TASKS DELEGATION

If the Company outsources to third parties the portfolio management activities or risk management activities, the Company verifies that (i) the delegate is subject to remuneration obligations equivalent to those applicable to the Company (ii) the relevant agreements entered into with such delegate contain clauses to avoid possible circumventions of the applicable regulations in this respect.

IV. GOLDEN PARACHUTE

The Company does not recognize royalties agreed in terms of employment early termination (Golden parachutes). However, it is allowed to promote employment early termination arrangement in order to contain business costs, to rationalise team staff.

V. PROHIBITIONS

Employees cannot transfer the downside risks to another party by employing hedging strategies or liability insurances that would result in altering, circumventing or cancelling the provisions of this Policy or that would counteract the incidence of alignment with the risks incorporated into its remuneration agreements.
The Variable Remuneration is not recognized through vehicles or methods that facilitate deception of remuneration and incentive principles provided by the Policy.

The Company does not assume inconsistent risks with the individual funds profile rules and instruments of incorporation of the funds managed.

VI. Recruitment during the year and employment termination

In case of onboarding of an employee after the beginning of the year, and where such Employee is recognised a Variable Remuneration, the Variable Remuneration to which same is entitled shall be calculated in proportion to the months' service during the year.

Any amounts paid by the Company to the Employees in case of employment termination (resignation or dismissal) must reflect the real performance in accordance with the criteria of the Policy. In case of early termination, the Employee will lose all rights to receive the related not paid variable remuneration,

FINAL PROVISIONS

I. Information

Information on the remuneration of the Company's Employees is provided in the Company and in the funds annual reports in accordance with the applicable legal requirements.

The Company submits at the annual general meeting an annual report on the manner in which the remuneration and incentive policies have been implemented (so-called ex post information), broken down by role and function.

Details of the Remuneration Policy are published on the Company website.

UCI's KIIDs and prospectuses must contain information on this Policy.

Finally, the Company's Remuneration Policy is made available to all Company employees.

II. Entry into Force of the Policy, maintenance and responsibilities

The Policy shall enter into force on the day of its approval by the Board of Director.

The Remuneration Policy will be reviewed at least annually by the Compliance function of the Company and validated by the Management Committee. Any update needed will be reported directly to the attention of the Board for formal approval.

The Internal Audit Function of the Company checks the implementation of the Policy principles at least annually.

III. Individual employment contracts

The Conducting Person responsible for the HR ensures that individual employment contracts do not conflict with the provisions of the Policy.