



Remuneration Policy Summary

September 2017

Introduction

Gamax Management AG (hereinafter, “Gamax”, or “the Company”) is a Luxembourg fund management company authorized to manage UCITS under the law of 17 December 2010 (UCITS law) and AIFs under the law of 12 July 2013 (AIFM law) and is part of the Mediolanum Group (the “Group” or “Banca Mediolanum S.p.A.”). Its shareholder is Banca Mediolanum S.p.A. which holds 100% of the Company’s share capital. Banca Mediolanum S.p.A. is authorised as a credit institution by the Bank of Italy. Gamax is therefore also subject to the Mediolanum Group Remuneration Policy (the “Group Policy”).

In line with the UCITS law and the AIFMD law, Gamax has a remuneration policy (the “Policy”) in place, which includes the relevant principles governing how the Company remunerates its members of staff and recognised “Identified Staff”. The Policy is reviewed on an annual basis and updated as required to ensure compliance with all regulatory obligations such as the ESMA Guidelines on sound remuneration policies under the AIFMD (ESMA/2013/232 and ESMA 2016/579) and ESMA Guidelines on sound remuneration policies under the UCITS Directive (ESMA /2016/575) together ESMA Guidelines.

Objectives and Scope of the Policy

Preparation: the Policy has been prepared by the Compliance Department and reviewed by the General Manager. In drafting this Policy the Compliance Department has endeavoured to ensure that employee incentive mechanisms are not conflicting with the best interests of the Company’s clients.

Approval: the Policy was approved by the Board of Directors (the “Board”) on 7th September 2017 and applies to all employees as well as non-executive directors of the Board and freelance contractors, if any.

Objective: The Policy sets out the remuneration policy of GAMAX, including the principles governing how the Company remunerates its members of staff including “Identified Staff”. It reflects GAMAX’s objective for good corporate governance and is aligned with Gamax’s business strategy and values. In addition, it ensures that:

- Gamax is able to attract, develop and retain high-performing and motivated employees in a competitive, international market;
- employees are offered a competitive remuneration package;
- Gamax meets its long term business objectives.

Purpose: the purpose of the Policy is to seek to ensure that the remuneration arrangements of “identified staff”:

- are consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk appetite and instruments of incorporation of the Company or risk profiles of the funds under management ; and
- are consistent with the Company’s business strategy, objectives, values and interests, in addition to those of the funds, and include measures to manage conflicts of interest.

Gamax complies with the above objectives by:

- having a business model which by its nature does not promote excessive risk taking;
- defining performance goals and objectives for all employees that are aligned with the business objectives and risk appetite; and
- ensuring that the fixed remuneration element for each employee takes into account the market rate.

Approach to determining Identified Staff

The Policy sets out in detail how the Identified Staff list is compiled so as to include 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 GAMAX's risk profile or the risk profile of the Funds that it manages and categories of staff of the entity (ies) to which investment management activities have been delegated by the management company, whose professional activities have a material impact on the risk profile of the Funds that GAMAX manages.

Accordingly, as of the date of the policy, GAMAX has identified the following employees as falling within the meaning of the Identified Staff as defined in the ESMA Guidelines;

- General Manager (who, among others, is responsible for administration and human resources);
- Members of the Board of Directors
- Conducting/Senior Operations Officer *;
- Senior Product Manager; **
- Senior Internal Auditor; **
- Risk Control Officer; **
- Compliance Officer. **

*Employees who have an agency agreement with GAMAX to provide services.

** Supporting Services agreement in place

In line with the ESMA principles of sound remuneration practices, the Identified Staff are required to undertake not to use personal hedging strategies or remuneration and liability-related insurance to undermine risk alignment effects embedded in their remuneration arrangements. Any payments in connection with the early termination of a contract will reflect the performance achieved by the employee concerned and will not reward failure.

Variable Remuneration of Employees in control functions

Gamax ensures that employees in control functions receive competitive fixed remuneration, therefore avoiding a potential conflict of interest. This structure ensures that the relevant employees in the control function operate independently and objectively. GAMAX believes that the limited variable Remuneration potential in place ensures that the employees in these roles continue to operate with independence and are not exposed to conflicts of interest. For this reason the bonus consists of the achievement of non-financial and individual objectives relating directly to the delivery of their role in the control function and adjusted in accordance with the provisions laid down in the remuneration policy of GAMAX. The decision in relation to variable remuneration for the senior managers in the control functions is overseen directly by the Board of Directors. The performance of the senior manager in the controls functions will not be linked to the performance of GAMAX.

Application of Principle of Proportionality

It is primarily the responsibility of GAMAX to assess its own characteristics and to develop and implement remuneration policies and practises which appropriately align the risks faced and provide adequate and effective incentives to its staff.

To this extent, Gamax must comply with the applicable remuneration principles in a way and to the extent that is appropriate to its size, the size of the Funds (UCITS and AIFs) it manages, its internal organisation and the nature, scope and complexity of its activities.

“Based on an internal assessment, taking into consideration the size, internal organisation of the Company, nature and scope of its activities, especially the characteristics of the UCITS and AIFs managed, the Company intends to rely on a proportional application of the applicable regulatory requirements at the level of the institution.

As a consequence, the Company is not required to set up a remuneration committee and may neutralise the requirements relating to the pay-out process of Variable Remuneration, namely payment in non-cash instruments, retention and deferral as well as *ex post* incorporation of risk.”

Remuneration Committee

The Appointments and Remuneration Committee established by the parent company Banca Mediolanum S.p.A. (consisting of three Independent Directors) generally meets four times per annum. This Remuneration Committee advises on the terms of reference relating to the application of remuneration principles within the group which are incorporated into the Group Remuneration Policy that is drawn up by the parent company. The view is to provide the necessary guidelines for the Group Policy’s implementation and proper application across the Mediolanum Group.

Gamax as part of the group has considered the requirement that management companies that are significant in terms of their size or the size of the funds they manage, their internal organisation and the nature, scope and complexity of their activities must establish a remuneration committee.

The Policy sets out the assessment conducted whereby the size, internal organisation, nature, scope and complexity of its products were all taken into account based on the principle of proportionality where it was decided not to establish a separate remuneration committee for Gamax.

Ultimately, the Board is responsible for approving and maintaining the Remuneration Policy and overseeing its implementation. The Board must ensure that the Policy is consistent with and promotes sound and effective risk management and does not encourage excessive risk taking.

Conflicts of interest

The Policy is designed to avoid conflicts of interest between Gamax, its Funds and the investors. GAMAX has put in place measures to ensure that the variable remuneration awarded does not impair its duty to act in the best interest of the clients

Escalation Process

Action may be required if remuneration levels are not adhered to and material issues will be escalated to the Board for determination.

Guaranteed remuneration

Guaranteed variable remuneration is exceptional and would in any case be limited to the first year of service, in the context of hiring new staff.

Delegation

When delegating portfolio management and / or risk management activities (or any part thereof) GAMAX will use its best efforts to ensure that:

- a) 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 applicable under the ESMA Guidelines; or
- b) appropriate contractual arrangements are put in place with entities to which portfolio management or risk management activities have been delegated in order to ensure that there is no circumvention of the remuneration rules set out in the ESMA Guidelines; these contractual arrangements should cover any payments made to the delegates’ identified staff as compensation for the performance of portfolio or risk management activities on behalf of the Company.

For the avoidance of doubt, where Gamax delegates portfolio management and / or risk management activities to another subsidiary of the Mediolanum Group, since such entity is subject to the Group Policy, they are deemed to be subject to remuneration requirements that are as equally effective as those applicable under the ESMA Guidelines by virtue of being CRD IV compliant.

Further information

Further information can be found in the Prospectus of each Fund available on www.gamaxfunds.com and a paper copy of the Policy will be made available from of charge upon request.