

Flexagon Capital Management Ltd. | Remuneration Policy

Flexagon Capital Management Limited (Flexagon) has a Remuneration in place.

The aim of the Remuneration Policy is to ensure that Flexagon has risk-focused remuneration policies and practices that are consistent with and promote sound and effective risk management and do not encourage risk-taking that is inconsistent with risk profiles, fund rules, offering documents, or instruments of incorporation of the Alternative Investment Funds that it manages (“AIFs”). By aligning its Remuneration Policy with effective risk management, it is less likely that the Manager’s employees will have incentives to act in a manner that is inconsistent with the risk-tolerance of the AIFs and contrary to interests of their investors.

This Remuneration Policy has been adopted in compliance with SLCs 3.05 and 3.06 of the Malta Financial Services Authority’s (“MFSA”) *Investment Services Rules for Investment Services Providers – Part BIII: Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as AIFMS* (the “AIFM Rules”) including, in particular, *Appendix 12 – Remuneration Policy* to the AIFM Rules (the “Remuneration Provisions”). The Remuneration Provisions are principally concerned with the risks created by the way remuneration arrangements are structured, not with the absolute amount of remuneration, which is generally a matter for the Manager’s Board of Directors (the “Board”).

The specific requirements of this Remuneration Policy apply only in relation to certain categories of the Manager’s employees, namely: senior management, risk-takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk-takers, whose professional activities have a material impact on the Manager’s risk profile.

In accordance with the Proportionality Principle and SLC 4.01.7 of the Remuneration Provisions, the Manager has disapplied:

- (i) all of the requirements on variable remuneration in instruments, retention, deferral, and ex post incorporation of risk for variable remuneration and
- (ii) the requirement to establish a remuneration committee. The role and functions of the remuneration committee, however, will generally be retained, where appropriate and/or applicable (in keeping with the Proportionality Principle) by the Board.

Having performed an assessment of each of the disapplied requirements, the Manager has determined that such disapplication is reconcilable with the risk-profile, risk-appetite and strategy of the Manager and the AIFs based on the following facts:

- The Manager is not listed;
- The legal, organisational, and internal governance structures of Flexagon are not complex;
- The Manager has less than 10 Employees (including all members of the Board);
- The Manager has less than EUR1.25billion of Assets under Management; and

Flexagon Capital Management Ltd. | Remuneration Policy

- The Manager delegates part of the day to day portfolio management function to a number of sub-investment managers and supervision of the performance of the sub-investment managers is undertaken by the Investment Committee members of the Manager.