

REMUNERATION POLICY

I. GENERAL INTRODUCTION

A. Strategic positioning of Ellipsis Asset Management

Ellipsis Asset Management is a management company specialising in value-added assets: convertibles funds, credit funds (high-yield and short term) and exclusive funds (overlay, dividend, long-short credit). As a specialised player, the goal of Ellipsis Asset Management is to maintain a relatively small range of high-performance products. Given the high level of demand imposed by the company's positioning, the purpose of the compensation plans is to actively contribute to the attraction of new talent, the loyalty and motivation of Ellipsis Asset Management employees, as well as the long-term performance of the management company and the convergence of interest with its clientele.

B. Regulatory and legislative context

In accordance with Directive 2014/91/EU, Ellipsis Asset Management has put in place a remuneration policy ("Remuneration Policy") compatible with sound and effective risk management, applying in particular to the categories of personnel whose activities have a substantial impact on the risk profile of the UCITS and AIFs managed. This policy has been developed on the basis of the following texts:

- Directive 2014/91/EU, known as the UCITS V Directive of the European Parliament and Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) with respect to depositary functions, remuneration policies and sanctions;
- Directive 2011/61/EU, known as the "AIFM Directive";
- the ESMA 2016/411 Guidelines on sound remuneration policies under the UCITS Directive and AIFMD;
- the Guide published by the AMF for management companies "UCITS V Directive".

The Remuneration Policy takes into account the general organisational and operational requirements of Ellipsis Asset Management, as well as the nature and scope of its activities.

C. Governance of the remuneration policy:

- The Supervisory Board of Ellipsis Asset Management establishes a separate remuneration committee ("Remuneration Committee") to delegate the implementation of the actions necessary to fulfil its obligations under the Remuneration Policy. The Remuneration Committee defers the conclusions of its work to the Supervisory Board.
- The Remuneration Committee's main task is to prepare the decisions that the Supervisory Board makes regarding remuneration, particularly those that have an impact on risk management.
 Its members are: Nicolas Chanut (Chairman of the Committee), Pierre Sequier and the Human Resources Department - Exane group represented to date by Isabelle Mathieu.
- The Head of Compliance and Internal Control and the Human Resources Department review the Remuneration Policy to ensure compliance with the regulations, before it is submitted to the Remuneration Committee. In addition, the Remuneration Committee may use these functions for any support or analysis and invite them to participate in certain meetings of the Remuneration Committee. This entire system must ensure that the Remuneration Policy is consistent with the strategy, objectives, values and long-term interests of Ellipsis Asset Management and that it promotes sound and effective risk management that does not exceed the level of risk accepted by the institution at the global level and at the level of each portfolio.
- The Remuneration Policy thus defined is implemented by the Human Resources Department, under the responsibility of the Management Board, and in accordance with the principles established by the Supervisory Board.

II. GENERAL PHILOSOPHY, KEY PRINCIPLES AND SPECIFIC RULES

A. General philosophy

Ellipsis Asset Management has defined its Remuneration Policy in order to fulfil, in particular, 5 major objectives:

- Ensuring the long-term growth of the company. In this sense, the Remuneration Policy aims in particular to defer substantial variable compensation elements over time in order to ensure the involvement of its employees in the development of a measured and justified activity over the long term and not only encouraging short-term performance;
- Aligning the interests between investors and employees with a special focus on "Identified Employees". Thus, variable compensation should not encourage managers to take excessive risks in the UCITS or AIFs under their responsibility, even if this possibility is in fact already very much framed by the independent daily monitoring of regulatory management constraints and additional internal rules by Risk Control.
- Aligning the interests between the company and the employees. Thus, this variable compensation must be established in light of the company's financial situation.
- Taking into account compliance risk and operational risk.
- Preventing situations of conflict of interest.

Finally, Ellipsis Asset Management wanted to set up a framework and rules as simple as possible to ensure maximum transparency and the adherence of all employees to this Remuneration Policy.

B. Share of variable compensation in total compensation and effective variability

Employee compensation consists of fixed compensation and variable compensation.

The basic fixed remuneration primarily reflects the professional experience related to the position held and the responsibilities exercised as stipulated in the employment contract or mentioned in the job description. The level of this fixed remuneration is studied during the annual compensation review process and is subject to double review by the managerial line and the Human Resources teams. It must be high enough that a flexible policy can be exercised with regard to the variable portion of remuneration, in particular the possibility of paying no variable part, in the case of objectives that have not been achieved, fault or inappropriate behaviour or if the financial situation the management company does not allow it.

The variable compensation is not a right and is established each year in accordance with the Remuneration Policy in force. The variable compensation reflects performance with respect to the objectives set, it is established on the basis of a combined assessment of the individual performance of the employee, his/her business unit and the overall result of the company. The performance evaluation takes into account all the risks to which the institution is likely to be exposed.

C. Determination of individual variable compensation and multi-criteria approach

Ellipsis Asset Management wishes to control the elements of individual remuneration both in their definition and in the processes involved in their establishment.

Thus, in order to better assert and control the link between performance and variable compensation, Ellipsis Asset Management is part of the formal and robust process of assessing individual performance (Assessment and Development Interview Process) established at the Exane group level. Individual performance is thus assessed according to different criteria: quantitative and qualitative, financial and non-financial. The multi-criteria analysis, both qualitative and quantitative, performed by managers is the basis for determining individual variable compensation. Ellipsis Asset Management insists on the establishment of qualitative criteria in the valuation vehicles.

The Human Resources Department accompanies and reviews both the setting of objectives and the determination of individual variable compensation in order to ensure that the criteria thus defined in the valuation are properly taken into account.

D. Importance of compliance criteria and risk management in the determination of variable compensation

The framework described in the previous paragraph is further complemented by the establishment of a system for the development and validation of knowledge and compliance with internal rules and procedures for compliance and risk management, with a follow-up of any shortcomings. This system has largely been strengthened and is now structured around: developing knowledge of compliance rules and procedures, controlling financial risks, permanent controls and operational risks, as well as those of information system security.

E. Importance of ESG criteria in the determination of variable compensation

The remuneration policy takes into account sustainability risk in the same way as the other risks borne by the portfolios and subject to contractual commitments. In addition, in order to develop an ESG culture, Ellipsis AM seeks to involve as many

employees as possible in the construction and development of ESG integration. Thus, many employees are assigned objectives related to the development of ESG.

III. PROCESS RELATING TO THE DETERMINATION OF VARIABLE COMPENSATION

The total variable compensation amounts are first calculated using iterations between the estimated individual remuneration (bottom-up analysis) and a framework analysis at the company level (top-down analysis).

A. Framework analysis of amounts allocated at the company level

1) Bottom-up analysis

This analysis consists of estimating the level of individual variable compensation of each employee. It is conducted by the main managers and the Executive Board in the manner described in the paragraph "Determination of individual variable compensation".

2) Top-down analysis

The sum of individual variable compensation thus proposed makes it possible to make an initial estimate of the allocated amounts.

The Management Board with the support of the Human Resources Department is based on these bottom-up estimates and a top-down audit to determine the amount of the allocation to be proposed to the Remuneration Committee.

The Remuneration Committee therefore conducts a top-down audit of the variable compensation package based on a bottom-up approach, examining in particular the following points:

- Ratio of the amount of the overall variable compensation package to income before tax and provision for variable compensation.
- Ratio of total payroll to turnover net of distributor retrocessions and market fees related to the funds.

This review also includes the collective assessment of the compliance and risk management teams established during the Control/Remuneration Committee in order to ensure that these elements are formally taken into account in the determination of overall compensation packages.

B. Determination of individual variable compensation

Within the framework of the overall allocations thus determined, the final process for establishing individual compensation is as follows.

To be able to affirm the link between performance and compensation, Ellipsis Asset Management has focused on the formalization of the annual performance assessment (Assessment and Development Interview Process). Each manager is responsible for the evaluation of his/her employees, accompanied by the Human Resources Department, which guarantees the quality and smooth running of the process. Individual performance is assessed according to different criteria: quantitative and qualitative, financial and non-financial adapted to each position. Employees are compensated on the basis of a multi-criteria analysis combining these quantitative and qualitative criteria.

The achievement of compliance and risk management objectives as described in the general principles of the Remuneration Policy are also included in the annual performance evaluation. The Control/Remuneration Committee qualifies the knowledge and the respect of the compliance and control rules and procedures. These elements are repeated and commented on in the annual employee evaluations.

In all cases, employee compensation is impacted by the qualitative assessment of compliance rules and internal procedures.

In the particular case of management teams, although there is no indexing formula, the level of fund outperformance fees is taken into account in determining variable compensation. The calculation of these fees benefits from a "High Water Mark" structure, which ensures a first level of alignment of interests on a multi-year horizon.

IV. DEFERRED AND VARIABLE COMPENSATION STRUCTURE

A. Principles

The variable compensation remunerates the employee's performance in the year, but is also an element of employee loyalty that contributes to the Group's long-term performance.

The variable compensation is allocated in the form of an amount paid in cash and, if applicable, variable compensation deferred over 3 years. This duration is in line with the maximum observation period on which the outperformance fees are calculated, if applicable. Any deferred variable compensation is paid in three-thirds and in three instalments, in the first half of year N+2, year N+3 and year N+4.

The collection of the deferred variable compensation will depend on the actual presence of the employee, within the notice period, within the Group on the payment dates.

The method of payment of the variable compensation of employees differs according to the category to which they belong. The "Identified Employees" is potentially subject to deferred variable compensation when a variable compensation level, set by the management company and reviewed annually, is exceeded. In addition, penalty and indexation clauses also apply to ensure the alignment of long-term interests, of investors, the management company and employees.

B. Variable compensation of "Identified Employees"

1) Determination of "Identified Employees"

The determination of the "Identified Employees" is made on the basis of the criteria defined in the "ESMA 2016/411 Guidelines on sound remuneration policies under the UCITS Directive and AIFMD" and the Guide published by the AMF for management companies "UCITS V Directive".

Each year, the Management Board establishes with the Human Resources Department and the Head of Compliance and Internal Control the list of "Identified Employees". The list is validated by the Remuneration Committee.

The list of activities and jobs identified is as follows:

- Members of the Management Board
- Head of Compliance and Internal Control
- Risk Controllers
- Portfolio Managers
- Sales Professionals
- Support Function Managers

In accordance with the regulations, "Identified Employees" designates in general, all employees whose professional activities have a significant impact on the risk profile of Ellipsis AM or the investment funds that it manages, and whose overall compensation is in the same category as that of the Management Board and risk takers.

2) Compensation structure of "Identified Employees"

As previously stated in the section "Share of variable compensation in total compensation and effective variability", the variable compensation of "Identified Employees" is established in such a way as to maximize its involvement while retaining a significant capacity for adjustment in the event of poor performance, thus ensuring good risk management. The variable compensation is allocated in the form of an amount paid in cash and the deferred variable amount.

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