



VICTORY ASSET MANAGEMENT S.A.

REMUNERATION POLICY

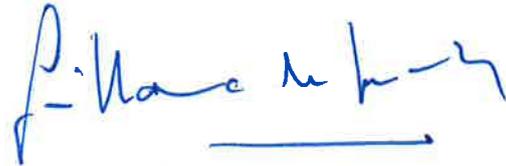
Manual of Procedures – Chapter V	
Remuneration Policy	
Drafted by: Robin Vandekerkove	Date: November 21 st , 2018
Recipients: Victory AM's staff members	Entry into force:

The members of the Board of Directors of the Company, by unanimous consent, agree on the content of the Remuneration Policy in its version of November 14th, 2018, and confirm its enforcement as of the date of signature.

Luxembourg, November 14th, 2018



M Eric Sauzedde
(Président)



S.A.R. Prince Guillaume de Luxembourg
(Administrateur)



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1. Introduction

Victory Asset Management is a public limited company incorporated from October 5th, 2006 and governed by the laws of the Grand Duchy of Luxembourg.

Victory Asset Management S.A. is supervised by the *Commission de Surveillance du Secteur Financier* (“CSSF”) as a management company governed by chapter 15 of the law of 17 December 2010 relating to Undertakings for Collective Investments, and of the law of 12 July 2013 on Alternative Investment Fund Managers.

Two undertakings for collective investment are under the management of Victory Asset Management S.A.: BOLUX S.A. which is a SICAV « part I » has a European passport, and ELEUSIS which is a SICAV « part II ». Since September 2018, Victory Asset Management S.A. also manages a restricted alternative investment funds which is “Lucelen AIF”.

Moreover, in accordance with the article 101 of the Law of December 17th, 2010, Victory Asset Management S.A. provides investment advisory services, individual and discretionary portfolio management services in respect to a number of separately managed accounts (the “Mandates”). The Funds and Mandates are hereafter jointly referred to as the “Portfolios”.

Victory Asset Management S.A. is referred in this policy as the “Company”.

This Policy is designed with a view to comply with the requirements set out in:

- (i) The European Commission Delegated Regulation (EU) N° 231/2013 of December 19th, 2012, supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (the “Delegated Regulation”);
- (ii) The Directive 2011/61/EU of the European Parliament and of the Council of June 8th, 2011 on Alternative Investment Fund Managers (the “AIFMD”), transposed into the July 12th, 2013 Law;
- (iii) The European Securities and Markets Authority’s Guidelines on sound remuneration policies (the “ESMA Guidelines”):
 - ESMA/2016/411 of the 31 March 2016 under the UCITS Directive and AIFMD;
 - ESMA/2016/575 of 14 October 2016 under the UCITS Directive;
 - ESMA/2016/579 of 14 October 2016 under the AIFMD;
- (iv) The Law of December 17th, 2010 relating to undertakings for collective investment, especially articles 111bis and 111ter, as amended (the “UCI Law”);
- (v) The CSSF Regulation N° 10-4 of December 20th, 2010 (as amended), as regards organizational requirements, conflicts of interest, conduct of business, risk

management and content of the agreement between a Depositary and a Management Company (the “CSSF Regulation 10-4”);

- (vi) The CSSF Circular 18/698 of August 23rd, 2018 relating to the authorization and organization of the Investment Fund Managers (“IFM”) of the Luxembourg Law and to the specific arrangements regarding the fight against ML/FT applicable to the IFM and entities exercising the Registrar Agent function (the “CSSF Circular 18/698”);
- (vii) The CSSF Circular 10/437 (as amended) related to the guidelines concerning the remuneration policies in the financial sector (the “CSSF Circular 10/437”);
- (viii) The CSSF Circular 07/290 (as amended) relating to the definition of capital ratios pursuant to article 56 of the amended law of 5 April 1993 on the financial sector, and its application to investment firms and management companies subject to chapter 13 of the law of 20 December 2002 (the “CSSF Circular 07/290”).

1.1. Scope

The Company is currently organized as follows:

- The Company has set up an internal governance structure based on the “three-lines-of-defence” model.
- The first “line-of-defence” is the appropriate organisation of the departments or business units’ activities. The Company’s organisation ensures that it has in place effective processes to identify, measure, assess, monitor, mitigate and report on the risks to which the Company is subject.
- The Company has also developed a thorough Internal Control framework, widely known as a second “line-of-defence”, in order to ensure effective and efficient operations, adequate control of risks, prudent conduct of business, reliability of financial information and compliance with laws and regulations. There is also a proper segregation of duties between the portfolio management and the Risk Management departments, with separate lines of reporting and accountability.
- Finally, the Internal Audit function, which provides an independent review and a critical valuation of the previous two lines, shall be the third “line-of-defence”.

In assessing the effectiveness of the internal controls within the Company, the Board of Directors shall be able to rely on the work of the Internal Control Functions, namely Risk Management, Compliance and Internal Audit.

The Organisation Chart of the Company as at 14 November 2018 may be found in **Appendix 1** of this Policy.

1.2. Purpose and Application

This Policy is applicable to any employee of the Company receiving total remuneration that takes them into the same remuneration bracket as the Identified Staff, as defined below under Section 2.2.

This Policy does not apply to the employees of Service Providers when acting for or on behalf of the Company.

The objective of this Policy is to lay down the principles governing how the remuneration of the Company's employees shall be established, applied and monitored.

This Policy takes into account the principle of proportionality, as detailed in the following section, "which allows procedures, mechanisms and organizational structure to be calibrated to the nature, scale and complexity of the Company's business and to the nature and range of activities carried out in the course of its business".

The overall philosophy of this Policy is to promote sound and effective management in a long-term perspective, and to discourage excessive risk-taking by the Company's employees. In particular, consideration has been given to the business strategy, objectives, values and interests of the Company and the Funds it manages and those of the investors in such Funds, in accordance with the Conflicts of Interest Policy. The general principles and provisions set out by the Policy shall prevail over all existing principles and rules set by other documents.

This Remuneration Policy shall be approved by the Board of Directors and implemented by appropriate functions to promote effective corporate governance. This Policy becomes effective immediately after its approval. The Conducting Officers are responsible for the periodic review and implementation of this Policy and for preventing and dealing with any relevant risks that this Policy can create.

They shall also inform the relevant personnel of this Policy and of any change thereto. Those staff members shall be informed in advance of the criteria that shall be used to determine their remuneration and of the appraisal process. This process and this Policy shall be properly documented and transparent to the concerned individual staff members.

1.3. Resort to the Proportionality Principle

This Remuneration Policy is designed by applying the principle of proportionality.

The application of the principle of proportionality is motivated by the following elements:

- **The size of the management company:** The Company has a staff of 7.8 full-time equivalent employees. The Company has no branches and is not listed on any stock exchange.
- **The size of the UCITS and AIF under its management:** As of September 30th, 2018, regardless of the discretionary management and investment advisory services, the Company is the designated management company of one UCITS of EUR 32 million, and one AIF of EUR 85.2 million. Since September 2018, the Company also manages a restricted AIF of EUR 249.1 million. The Company also manages per delegation one UCITS for EUR 19 million and four Specialized Investment Funds for EUR 79.5 million. As a result, the Company has 3 funds under its management for a total of EUR 366.3 million and is the asset manager of 1 UCITS fund and 4 SIFs for EUR 98.5 million.
- **Nature, scope and complexity of the activities:** The Company manages Luxembourg regulated Funds investing in traditional asset classes with straightforward investment strategies and no exotic instruments. Leverage is limited to 30% for any of the Funds. Although the Company has a licence to manage real-estate AIFs, at the moment only the sole AIF pursues this type of strategy indirectly through other funds. The Company does not actively market the managed Funds. Furthermore, the internal organisation of the Company is relatively straightforward such that the main activities performed by the Company, collective/discretionary portfolio management and risk management, are clearly separated with distinct reporting lines. The risk management function is fully dedicated to measuring, monitoring and managing the risk exposure borne by the managed Funds including the operational risks.

In this context, as defined in the ESMA Guidelines, the Company decided not to apply the following requirements:

- Requirement to pay out a part of the variable remuneration in instruments and, de facto, the related instrument retention obligations;
- Requirement to pay out a part of the variable remuneration through a deferral scheme and, de facto, the related ex-post risk adjustment obligations (malus);
- Requirement to set up a Remuneration Committee at the Board of Directors level, composed of members of the management body who do not perform any executive functions in the Company.

However, for the purpose of closely monitoring matters linked to remuneration practices, the Company has established a Remuneration Committee whom the composition is described in Section 5.2 of this Policy.

1.4. General principles

The Policy's overriding principles reflect the Company's business strategy, objectives, values and interests.

They are based on the following pillars:

- **Sound and effective risk management**

The Policy and related practices aim to protect the long term interests of the Company, the Funds it manages and all the Company stakeholders. In this context, the Company has established, implemented and shall maintain a Policy which does not encourage excessive risk-taking, and which is consistent with and promotes sound and effective risk management.

- **Avoidance of conflicts of interest**

The Policy includes measures to avoid conflicts of interest, as set out by the Company's Conflicts of Interests Policy.

- **Competitive and attractive remuneration**

To ensure that the satisfaction and the protection of the Company's stakeholders remain at the heart of its philosophy, the Company wishes to attract, retain and motivate highly qualified professionals in their respective domains. With this in mind, the Company offers remuneration packages that, while in line with market practices, do remain competitive and attractive.

- **Alignment between performance and remuneration**

Variable remuneration methods, while being part of the standard compensation packages offered by the Company, are linked to effective performance and are subject to strict assessment rules that aim to prevent excessive risk-taking, the ultimate objective being to protect the long term interests of the different stakeholders. In this context, the Company does not reward failure.

1.5. Principles on delegated activities

This Remuneration Policy does not apply to fees and commissions to intermediaries and external service provider in case of outsourced activities.

With regard to the Funds under its management, the Company shall ensure that the third parties adhere to the principles set out in this Policy. Should it be necessary, appropriate contractual arrangements shall be in place with entities to which portfolio management activities have been delegated in order to ensure that no remuneration rules contained in this policy are circumvented.

Specifically, compliance with these principles shall be assessed by the Company through its oversight function, in accordance with the rules set out in its Outsourcing Policy.

2. Risk analysis and definition of the Identified Staff

2.1. Approach

The risk analysis is carried out by the Company's Authorized Management, with the support of the Internal Control Functions, in accordance with the regulatory requirements. This analysis shall be reviewed by the Remuneration Committee (see Section 5.2).

2.2. Definition of the Identified Staff

The Company shall identify its members of staff whose professional activities have a material impact on its risk profile or on the risk profiles of the Funds it manages, referred to as the "Identified Staff".

The list of Identified Staff shall be determined by the Authorized Management of the Company, based on the following criteria:

- The Company's profile (structure, organization, activities);
- The risks related to the Company's activities and related safeguards;
- The analysis of job functions and responsibilities as prescribed by the ESMA Guidelines.

List of Identified Staff:

- Executive and non-executive members of the Board of Directors of the Company;
- Conducting Officers and members of the Authorized Management of the Company;
- The heads of the Internal Control Functions which are not outsourced: i.e. the Chief Risk Officer and the Chief Compliance Officer;
- The heads of the asset management and portfolio management department;
- The employees who have a material impact on the risk profile of the Company and/or of a Fund it manages, and whose total remuneration takes them into the same remuneration bracket as a person mentioned here above;
- The other Risk-Takers such as: staff members whose professional activities (either individually or collectively) can exert a material influence on the risk profile of the Company and/or of a Fund it manages. Such staff can include, for instance, sales persons as they are capable of entering into contracts/positions and take decisions that materially affect the risk position of the Company and the Funds;

The list of Identified Staff can be amended at any time in order to include any person who is considered as having a material impact in the risk profile of the Company and the Funds.

The Identified Staff is listed in the Appendix 2.

2.3. Other Definitions

Internal Control Functions: Refers to Compliance, Risk Management and Internal Audit of the Company which are closely involved in the design, update and follow up of this Policy

Remuneration:	Refers to either Fixed or Variable Remuneration (see below); it may include monetary payments or benefits (such as cash, shares, options, loans to staff members, pension contributions, remuneration by the Funds e.g. through carried interest models) or non (directly) monetary benefits (such as discounts, fringe benefits or special allowances for car, mobile phone, etc.), as defined by ESMA Guidelines
Fixed Remuneration:	Refers to payments or benefits without consideration of any performance criteria
Risk:	Refers to risks relating to the Company's business and the Funds
Risk-Takers:	Refers to an employee that when performing his/her job assignments can have a material impact on the risks of the Company and a Fund
Service Providers:	Refers to all companies providing services to the Company pursuant to outsourcing agreements, specifically with regard to the accounting, central administration agency, custodian, information technology, internal audit, investment management and payroll management functions
Variable Remuneration:	Refers to additional payments or benefits depending on performance, or in certain cases, other contractual criteria

2.4. Remuneration and Risk

The total amount of remuneration is based on a combination of the assessment of the individual performance of the employee, of the performance of the Funds, and of the overall results of the Company. When assessing individual performances, financial as well as non-financial criteria shall be taken into account.

The Company strives for Remuneration to be competitive and to comply with the market standards, with the applicable legal and regulatory framework, and with the Company's values.

In addition, the Remuneration should be aligned with the Company's business strategy and with the long-term interests of its shareholders and clients (in particular with the Funds under the management of the Company and, by extension, with the investors in these Funds).

Furthermore, the Company acknowledges that competitive Remuneration is an important component allowing it to attract, retain and motivate employees.

However, the Remuneration, and in particular Variable Remuneration, may lead to excessive risk-taking. On the other hand, Variable Remuneration serves as an important incentive to facilitate the business strategy of the Company, and to stimulate employees to make efforts to strengthen the long-term value of the Company for the benefit of its shareholders and clients.

Accordingly, in order to enable the Company to identify, measure, manage, and have control of the risks linked to Remuneration, the latter shall be structured in a manner that promotes a sound and effective management and counteracts excessive risk-taking by employees.

3. Structure of the Remuneration packages

The Company shall structure its remuneration packages around a fixed component and a variable component:

3.1. The Fixed Remuneration

The Company shall remunerate its employees primarily with a salary, i.e. a fixed amount of pay per month. This **Fixed Remuneration** which is determined on the basis of the role of the staff member, including the level of responsibility, the job complexity and the local market conditions, includes the annual base salary and the fringe benefits:

- Annual base salary which is paid monthly in 12 instalments;
- Fringe benefits including lunch vouchers (unit value of EUR 10.80), and the pension scheme established by the Company based on the terms of the contract signed with the Company.

These fixed remuneration components are normally granted to all the Company employees.

It is also to be noted that the Company may, at its own discretion, offer additional fringe benefits to some employees such as parking places, leasing cars, representation allowances and accommodation costs.

3.2. The Variable Remuneration

Variable Remuneration is granted on the basis of the results of the performance assessment process. It shall be based on relevant, pre-determined and measurable criteria linked to the Company's corporate values, business strategy goals, long-term interests of

its shareholders and clients, and risk management. There shall be an appropriate balance between Fixed and Variable Remuneration as determined in Section 3.4.

Specifically, Variable Remuneration for Identified Staff shall be based both on the individual performance of the employee and on the collective performance of the Company. Both financial and non-financial criteria (such as seniority, years of service, etc.) shall be considered when assessing the employee's performance. The financial and non-financial criteria on which the Variable Remuneration is based on shall be specified and documented for each employee of the Identified Staff.

Assessment of the results of the Company shall be conducted using a multi-year perspective in order to ensure that the assessment process is based on longer term performance.

The Company shall ensure that the employees of the Internal Control Functions are independent from the business units they supervise and have appropriate powers and resources to monitor and control the risks associated with the Company's remuneration system. Any Variable Remuneration paid to employees responsible of the Internal Control Functions shall be based on goals linked to their position, which shall be independent from the result in the controlled business areas.

For confidentiality reasons, the employees shall only receive information relating to his/her own remuneration.

3.3. The Remuneration Principles

The maximum overall amount for all Company employees shall represent maximum 100% of the Company's operating income, excluding provisions and charges for variable compensation, and maximum 100% of income including exceptional items, excluding provisions and charges for variable compensation, depending on whether these exceptional items may have a positive or negative impact on income. The Board reserves the right to increase this maximum overall amount allocated to variable compensation by incorporating available reserves or provisions.

As mentioned earlier, the Variable Remuneration is determined through both financial and non-financial criteria, enabling the alignment of the employees' interests with the Company and the Funds it manages. The Variable Remuneration is based on a combination of the individual performance of the employee, the collective performance of the department/business unit, and of the overall results of the Company.

3.3.1. Considerations for specific categories of employees

Members of the Board of Directors

The remuneration of the members of the Board of Directors shall be determined by the shareholders. If shareholders decide to allocate a global amount to the Board instead

of a fixed amount to each member, the amount shall be distributed among all the members by the Board of Directors itself based on the powers, duties, expertise and responsibilities of each Director. When the Board of Directors deliberates on the allocation of the global remuneration to one of its members, in accordance with the principles mentioned here above, the member whose remuneration is being discussed must abstain from voting and participating in the deliberations concerning his/her own allocation.

The remuneration of the members of the Board of Directors shall in no case be linked to the results of the Company, and no variable remuneration shall be granted to the Directors for the exercise of their mandate.

Members of the Authorized Management

Conducting Officers and members of the Authorized Management have both Fixed Remuneration and Variable Remuneration, based on their role in the organization and their performance. Their Remuneration is decided by the Board of Directors.

Internal Control Functions

These functions have a compensation in line with the achievement of objectives associated with their role, independently of the performance of the operational departments. The balance of fixed and variable remuneration of staff members in Internal Control Functions is weighted in favor of fixed remuneration. The variable remuneration granted to Internal Control Functions is proposed by the Remuneration Committee and approved by the Board of Directors.

Other Risk-Takers:

The Variable Remuneration granted to other Risk-Takers is subject to the criteria and restrictions set out in this Policy. Their Remuneration is proposed by the Remuneration Committee and approved by the Board of Directors.

3.3.2. Guaranteed Variable Remuneration

By principle, the Company shall not offer guaranteed Variable Remuneration.

Deviations from this principle may only be made if such Variable Remuneration is paid to an employee in connection with a new employment. These “Welcome bonuses” may be granted in the context of recruiting of new employees on an exceptional basis only and can be offered only during the first year of employment within the Company (i.e. sign-on bonus to cover Variable Remuneration which was generated but not paid out by a previous employer).

Decision to grant guaranteed Variable Remuneration shall be decided by the Board of Directors of the Company.

3.3.3. Specific Pay-Out Provisions

The Company shall maintain a sound financial situation and shall take into consideration any negative financial result and performance of the Company and/or the Funds.

- **Malus clause**

Variable remuneration is awarded to Identified Staff based on their performance and on the premise that he/she has been fully compliant with the regulatory framework and internal procedures of the Company.

In the event of inappropriate behavior of the employee, such as harassment or failure to comply with the Code of Conduct or Policies of the Company, the Remuneration Committee may consider a partial or total reduction of the bonus paid to the employee. Malus event shall be defined as fraud, lack of capital, regulatory issues, liquidity or solvency breaches.

In case the Company needs to strengthen its financial situation, the Board of Directors can exceptionally decide to reduce the Variable Remuneration to employees as appropriate.

- **Clawback**

In certain circumstances as follows, the Company's Board of Directors can decide that an employee shall pay back the Variable Remuneration he/she received:

- In case of violation of this Policy, the Company shall be entitled to seek reimbursement of the variable component of compensation unduly paid or to take any other corrective action it deems appropriate;
- In case of established fraud or misleading information;
- In case of misbehavior or serious error, such as breach of the Company's Code of Conduct or Policies.

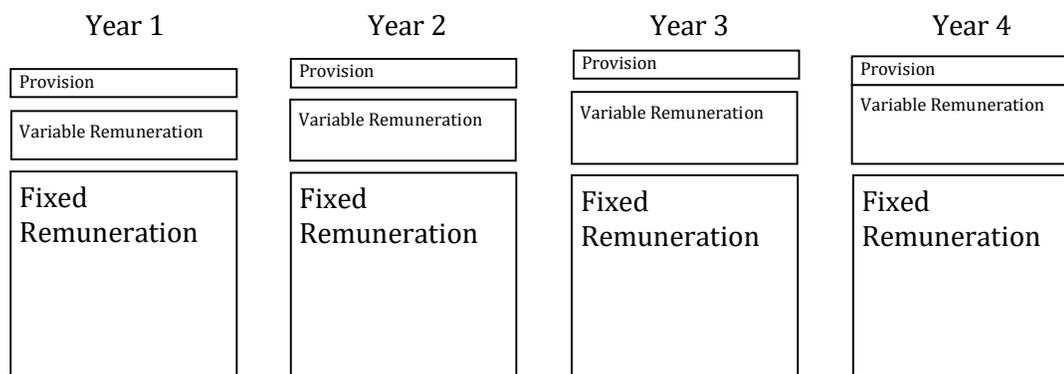
3.3.4. Other terms and conditions relating to Variable Remuneration

Part-time employment and absences

Variable Remuneration, if any, shall be based on the employee's actual working hours. Hence, if the employee has been absent from work or worked part-time during the relevant remuneration year, the Variable Remuneration shall be reduced accordingly (pro rata).

Retention scheme

The Company, with the approval of the Board of Directors, may decide to setup specific provisions in relation to the Variable Remuneration. Independently to the Variable Remuneration which may be paid annually to the concerned Identified Staff, an additional provision allows the Company to increase the Variable Remuneration on the following years. This retention scheme is constituted at the employer's discretion in order to retain the concerned Staff members and the amounts of provision shall never be communicated.



As a consequence, the provision is not a guaranteed Variable Remuneration. It may be used to pay a Variable Remuneration to the concerned Staff members when the financial situation of the Company normally does not allow it. Should the personal performance assessment of the employee not allow the payment of a Variable Remuneration, the payment of the provision(s) shall be postponed to the following years.

Termination of employment

In the event an employee gives or receives notice of termination of his/her employment with the Company, regardless of the reason hereof, before any Variable Remuneration has been paid out, the employee is not entitled to Variable Remuneration, even if the amount of Variable Remuneration for the preceding year and which is to be paid out to the employee, has been determined and communicated to the employee, prior to notice of termination. This shall apply also during the employee's period of notice.

Pension schemes

The Company shall not make payments of discretionary pension benefits or gratuities. A pension scheme is implemented by the Company and is in line with the business strategy, objectives, values and long-term interests of the Company and the Funds it manages. The pension schemes favor the establishment of a long-term relationship between the Company and its employees, and are disconnected from the performance of the funds/assets under management. Contributions to pension plans are included in the employment contracts of the employees.

Insurances

Employees shall not use personal risk hedging strategies or take out insurances that aim at reducing or eliminating the effects of Variable Remuneration being adjusted or cancelled altogether.

3.4. Balance between Fixed and Variable Remuneration

Remuneration that is comprised of both Fixed and Variable Remuneration shall be appropriately balanced. Fixed Remuneration shall represent a large enough portion to be able to, if necessary, set any or all Variable Remuneration to zero.

As a general principle, the Company does not pay any variable component exceeding 100% of the fixed component to any of its employees. On an exceptional basis, the Company may apply a higher maximum level of the ratio between the fixed and variable components which would in no case exceed 200% of the fixed component. In this case, a detailed recommendation describing the reasons for, and the scope of, the approval sought (incl. the number of staff affected, their functions and the expected impact on the requirement to maintain a sound capital base) shall be submitted by the Board of Directors to the shareholders of the Company in the Ordinary General Meeting.

Regarding the proportion of the variable remuneration, the following limits apply to the Company's Identified Staff:

	Maximum Variable Remuneration in % of the annual fixed Remuneration
Authorized Management & Conducting Officers	100%
Asset Managers & Portfolio Managers	50%
Internal Control Functions	50%
Other Identified Staff	50%

From a global standpoint, the total amount of Variable Remuneration to be paid by the Company to all its employees shall not exceed 75% of the total annual Remuneration of all staff members.

4. Performance assessment

The Company assesses the performance of all of its employees once a year, but from a long term perspective, and taking into account outstanding risks associated with performance. This yearly performance assessment makes it possible to, on the one hand, define and follow up on the development plan and career path of every staff member and, on the other hand, determine the evolution of both fixed and variable components of remuneration.

4.1. General criteria

The annual and individual appraisal process consists of assessing the performance based on the following criteria:

- The individual performance, based on qualitative and quantitative criteria, including the achievement of the personal objectives;
- The overall results of the Company (i.e. achievement of the financial objectives);
- The milestones achieved in terms of the overall objectives related to each business unit, which shall be defined by avoiding inappropriate incentives;
- The verification that the employee has acted in compliance with regulation, internal policies and procedures and the values of the Company as detailed in the Code of Conduct and other documents;
- The provisions set out in this Policy.

4.2. Specific criteria

More specifically, the annual and individual appraisal process shall consist of assessing the performance based on the following criteria:

(i) Seniority and professional experience

In order to evaluate the experience criteria, the person in charge of the evaluation shall take into consideration:

- The theoretical experience gained through education and trainings;
- The practical experience gained in previous positions;
- The specific skills and technical knowledge: banking, fund management, economics, finance, marketing, IT, accounting, regulatory, investment company business strategy, risk management, compliance, auditing, legal;
- The career criteria: length of career, number of previous employers, nature/type/complexity of previous functions, responsibilities, number of persons under his/her hierarchical responsibility.

(ii) Individual commitment and personal efforts

In order to assess individual commitment and efforts, the person in charge of the evaluation shall review:

- The availability of the staff member concerned;
- His/her team spirit;

- His/her interaction with other stakeholders;
- His/her regular participation in the various meetings

(iii) Reputation criteria

Reputation criteria shall be assessed particularly on the basis of:

- Extracts from criminal records, reputation of previous employers, potential regulatory sanctions, analysis of administrative sanctions, current and past investigations, violation of compliance obligations declared by regulatory or professional bodies as well as potential refusal of authorisation by a supervisory authority or a professional;
- Any evidence that the member has not been transparent, open and/or cooperative in its relations with supervisory or regulatory authorities or management;
- The reasons for any termination of employment or any position of trust, fiduciary relationship, or similar situation, or having received a request to resign from employment in such position.

The following situations concerning the past performance and solvency of an employee shall be considered:

- His/her registration on a list of unreliable debtors or any negative registration established by a recognized credit agency, if available;
- A declaration of personal bankruptcy; or
- Any civil, administrative or criminal proceeding, major investments/exposures or loan contracted, insofar as these could have a significant impact on the solvency of the staff member.

(iv) Long-term profitability

In order to assess the personal cost-effectiveness, the person in charge of the evaluation shall take into consideration:

- The influence of the staff member on the Company's profitability;
- The influence of the staff member on the profits of his/her department of activity or on the concerned funds;
- The profitability of the staff member him/herself.

(v) The achievement of personal objectives

The Authorized Management shall hold, on an annual basis, a meeting to evaluate the performance of each staff member during the year and to define the evaluation parameters for the following year. At this meeting, the Authorized Management shall also set quantitative and qualitative objectives for the staff. The assistance of the head of the concerned department may be requested.

Quantitative objectives

- Company results or results of a specific department/function;
- Efficiency/cost savings;
- Long-term profitability;
- Adequate performance.

Qualitative objectives

- Compliance;
- Values and ethics;
- Teamwork/management;
- Customer satisfaction;
- Attitude to learn;
- Risk governance;
- Creation of sustainable value in the performance of his/her duties

Weighing of quantitative/qualitative objectives

- Quantitative: 50%
- Qualitative: 50%

4.3. Conclusion on the performance assessment

Each employee shall be informed of the individual criteria that govern his/her Remuneration and how his/her performance is assessed. As a consequence, the performance assessment shall include a discussion with the employee the milestones and the results she/he achieved. The review shall be finalized once all the parties have agreed on the formal record of the assessment.

5. Governance

5.1. Board of Directors

The Board of Directors is responsible for the design of this Policy and its principles, and for the monitoring of the Policy's implementation, maintenance and review.

Amongst others, the Board of Directors shall ensure that the Remuneration Policy:

- is consistent with the Company's economic strategy, objectives, values and interests;
- does not encourage excessive risk-taking in relation to the investment policy of the funds managed by the Company;
- enables the Company to align the interests of the funds and their investors with those of the Identified Staff who manage these funds, and
- enables the Company to achieve and maintain a sound financial position.

The Board of Directors also ensures to take into account all the adequate inputs provided by all competent control functions (i.e. risk management, compliance, etc.). The Board of Directors shall follow what the shareholders meeting has resolved in reference to Remuneration. In the preparation, the Board of Directors shall take into account the long-term interest of shareholders, investors and other interested parties.

The Board of Directors is assisted in its tasks by the Remuneration Committee, set up as a specialized Committee of the Company.

Finally, the Board of Directors ensures that the implementation of the Policy is reviewed on an annual basis at a minimum. Such central and independent reviews undertaken by Internal Control Functions shall assess whether the remuneration system (i) operates as intended and (ii) is compliant with the regulatory requirements. The results of these reviews shall be reported to the Board and a copy of this report shall be made available to the CSSF.

5.2. Remuneration Committee

The role of the Remuneration Committee is to assist and advise the Board in all analyses and decisions related to nomination and remuneration.

The Remuneration Committee is constituted in a way that enables it to exercise competent and independent judgments on the remuneration policy and practices and the incentives created for managing risks.

In accordance with the principle of proportionality, the Remuneration Committee is not exclusively composed of members of the management body who do not perform any executive functions in the Company. Due to the size of the Company, the Remuneration Committee is composed of two members of the Board of Directors, of the Conducting Officer in charge of the administration and HR function, and of the Compliance Officer of the Company. Sole a Director who does not perform any executive functions in the Company shall be designated as the Chairman of the Remuneration Committee. The latter has a veto right in case of equality or no decision situation. The composition of the Remuneration Committee is detailed in Appendix 3.

Finally, all the decisions taken by the Remuneration Committee are reported to the Board of Directors for acknowledgment and approval.

5.3. Authorized Management

Notwithstanding the fact that the overall responsibility for the Policy remains in the hands of the Board of Directors, it is important to note the active role of the Authorized Management which ensures the operational implementation of the Policy and takes appropriate measures to ensure that it is applied properly.

5.4. Internal Control Functions

As mentioned earlier, Internal Control Functions (Risk Management, Compliance and Internal Audit) are closely involved in the design, update and follow up of the Policy.

On a first hand, the Compliance Officer shall carry out independent control and shall ensure the follow-up and application of such Policy. The Compliance Officer shall review on a regular basis the Policy and whenever a material change occurs that affects it, shall do the relevant amendments. In the event the Compliance Officer finds that Remuneration applied in the Company deviates from this Policy, the latter shall immediately report to the Company's Board of Directors.

On a second hand, the Risk Management function shall assess the impact of the variable compensation structure on the Company's risk profile. In particular, the Risk Officer shall validate and evaluate the risk consideration.

Finally, the internal audit function shall periodically and independently monitor the development, implementation and impact of the Company's Remuneration Policy.

6. Internal report

The Remuneration Committee shall report on an annual basis the results of their performance analysis and remuneration allocations to the members of the Authorized Management and the Board of Directors of the Company for their approval. The report shall disclose information on the link between remuneration and performance, including the key performance measures and the decision-making process followed by the Remuneration Committee for the Identified Staff to whom it applies. The report shall also disclose information on the design and structure of the remuneration processes, especially on how the Company ensures that employees in control functions are compensated independently of the activities they supervise.

The report shall precede the payment of the variable component of Remuneration in order to allow the Compliance Officer and the members of the Board of Directors to submit their comments and to give their approval.

7. Record-Keeping

The Company shall record all the documents in relation to the implementation of this policy, including the determination of the total collective Variable Remuneration and its allocation procedure.

8. Responsibilities

Responsible for the implementation of this Policy: Authorized Management of the Company

Responsible for the monitoring this Policy: Chief Compliance Officer of the Company

Responsible for the annual review of this Policy: Board of Directors of the Company

9. Disclosure

9.1. Disclosure on the Annual Report

An account of all Remunerations paid by the Company to employees shall at the latest be disclosed in connection with the publication of the Annual Report. The Report shall indicate the way in which the Policy is structured and applied.

- This Report shall also include: the total remuneration of the entire staff of the Company, indicating the repartition of fixed and variable remuneration, and the number of beneficiaries;
- The proportion of the total remuneration of the staff of the Company attributable to the Funds, including the way the remunerations were calculated;
- The total remuneration per category of staff who are fully or partly involved in the activities of the Funds: executive Directors, Authorized Management (Conducting Officers), Asset/Portfolio Managers, Internal Control Functions and other identified staff;
- Any significant change which occurred during the year and impacted the Policy.

Where relevant, the total remuneration for the financial year shall also mention the carried interest paid by the Fund.

Where information is disclosed at the level of the Company, an allocation or breakdown shall be provided in relation to each Fund, in so far as this information exists or is readily available. As part of this disclosure, a description of how the allocation or breakdown has been provided shall be included.

The Company shall provide general information relating to the financial and non-financial criteria of the Policy and practices for relevant categories of staff to enable investors to assess the incentives created. The Company shall disclose at least the information necessary to provide an understanding of the risk profile of the Funds and the measures it adopts to avoid or manage conflicts of interest.

The Company shall ensure that the following information is disclosed:

- Information concerning the decision-making process determined in this Policy;
- Information on the link between remuneration and performance;

- Information on the criteria used for performance measurement and the risk adjustment;
- Information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based, if any;
- The main parameters and rationale for any annual bonus scheme; and
- The main parameters and rationale for any other non-cash benefits.

For confidentiality reasons, the information must be published in such a manner that the economic conditions of individuals are not revealed.

The Company discloses information at the level of the Funds in the annual report of the relevant Funds. It is to be noted that all the aforementioned information shall only be disclosed from the accounting period commencing 1st of January of the considered year, i.e. in the Annual Audited Report of December 31st of each year and of each Fund.

9.2. Internal Distribution

This Policy shall be distributed internally in the Company.

The Conducting Officer in charge of the administration and HR function shall inform the relevant staff of this Policy and of any change thereto. He/she shall also inform in advance those staff members of the criteria that shall be used to determine their remuneration and of the assessment process.

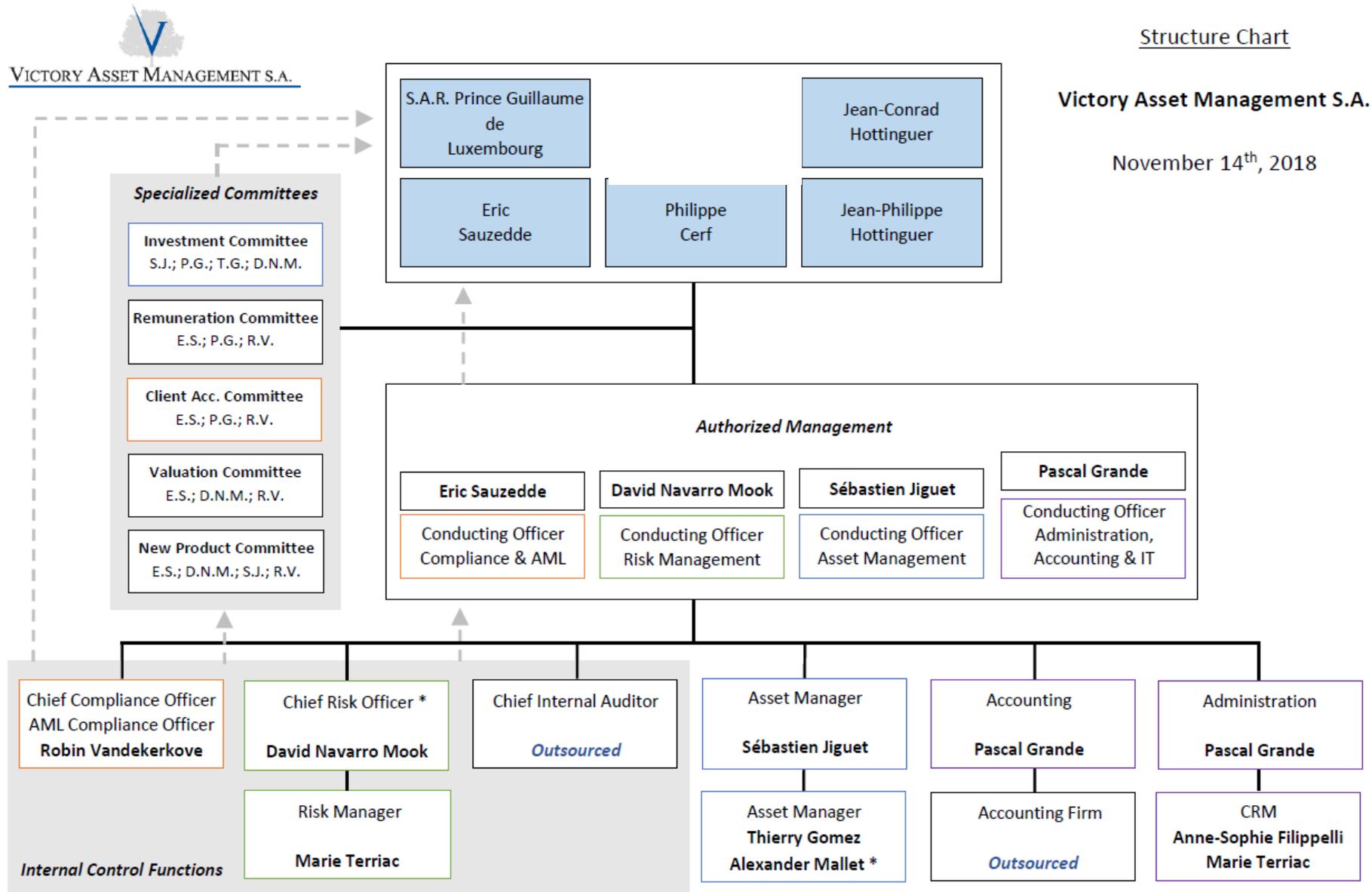
The assessment process and the Policy shall be properly documented and transparent to all employees.

9.3. External Distribution

The distribution to third parties is subject to the approval of the Authorized Management of the Company. However, in accordance with the UCI Law, details of the remuneration policy shall be made available to the shareholders of the UCITS funds managed by the Company.

Furthermore, the Company shall make available appropriate information on this Policy and on any material changes to it to the Funds' shareholders.

Appendix 1 – Organisational structure chart



Structure Chart

Victory Asset Management S.A.

November 14th, 2018

—> Reporting lines * Part-time

Appendix 2 – List of Identified Staff (November 2018)

Position	Name
Members of the Board of Directors (Executive Directors)	Eric Sauzedde S.A.R. Guillaume de Luxembourg Jean-Conrad Hottinger Jean-Philippe Hottinger Philippe Cerf
Members of the Authorized Management (Conducting Officers)	Eric Sauzedde Pascal Grande Sébastien Jiguet David Navarro Mook
Risk-takers (Asset & Portfolio Managers)	Sébastien Jiguet Thierry Gomez Alexander Mallet
Internal Control Function (Compliance) (Risk Management)	Robin Vandekerkove David Navarro Mook

Appendix 3 – Composition of the Remuneration Committee

Position	Name
President of the Board of Directors and Conducting Officer in charge of the Compliance Function	Eric Sauzedde
Member of the Board of Directors	Philippe Cerf (Chairman of the Committee)
Conducting Officer in charge of the administration and HR function	Pascal Grande
Chief Compliance Officer	Robin Vandekerkove