

Remuneration Policy Statement

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Colchester Global Investors is an independently-owned business providing discretionary investment management services in sovereign fixed income to institutional clients on a separate account basis or through funds it has established and operates.

This policy is applicable to Colchester Global Investors Limited ("Colchester") and its associated companies (the "Group"). It sets out general principles that apply to the Group's remuneration structure in accordance with relevant law; such general principles are subject to specific terms as in force from time to time.

Colchester is founded on a belief that asset management is best performed in a singular focus firm. Colchester specialises in investment in sovereign bonds. This single business line model means that when it determines remuneration there is no confusion over performance metrics at unit level, which ensures commonality of interests across the entire staff. Colchester believes that this focus avoids potential conflicts and thereby delivers better outcomes to its shareholders and clients.

Remuneration Philosophy

Colchester's remuneration philosophy is as follows:

1. Aligning remuneration with client and shareholder value;
2. Aligning total remuneration with corporate and individual performance and encouraging a shared success culture but remunerating to attract, motivate and retain staff; and
3. Integrating risk management into the remuneration assessment.

The Colchester Group's remuneration philosophy, particularly in respect of determining variable remuneration, is reflected in the governance, design, implementation and risk-managed application of its remuneration policy as further set out in this Policy under the following headings:

1. Governance and Regulation around Remuneration;
2. Remuneration Structure: fixed and variable remuneration, guaranteed bonuses, new hires and leavers;
3. Assessment of Performance and Pay: Code Staff and performance assessments; and
4. Alignment of Risk Management and Remuneration: Framework and Alignment.

1. Governance and Regulation around Remuneration

Governance: The Board of Colchester oversees the implementation and revision of this Policy and ensures the application of the remuneration philosophy. The Board consists of three executive directors and two non-executive directors. This Policy, the Code Staff (see below) and the related Pillar 3 disclosure on remuneration, is subject to review and approval by the Board on an annual basis. This Policy (or a summary of it) is published on Colchester's website.

Regulation: Colchester is a BIPRU firm and a full-scope UK Alternative Investment Fund Manager ("AIFM"). It is also the investment manager of an Irish UCITS. This policy has been prepared in accordance with the applicable requirements of the FCA Handbook SYSC19B (AIFM Remuneration Code)¹ derived from the Alternative Investment Fund Managers Directive ("AIFMD") and is intended to be equally as effective as the requirements in the latest iteration of the Undertakings for Collective Investment in Transferable Securities Directive ("UCITS V"). Pursuant to such rules, Colchester is required to identify individuals who, due to their role and / or responsibilities, could potentially have a material impact on the Group's risk profile or that of the Alternative Investment Funds ("AIFs") and UCITS funds Colchester manages. Such individual members of staff are referred to as "Code Staff".

¹ Compliance with SYSC19B achieves compliance with SYSC19C (BIPRU Remuneration Code) under SYSC 19C.1.1A

2. Remuneration Structure: fixed and variable remuneration, guaranteed bonuses, new hires and leavers

Fixed remuneration: Staff receive a competitive fixed base salary which also allows for a fully flexible policy on variable remuneration. Base salary increases are managed annually. Where applicable, they are supplemented by pension benefits which are limited to employer contributions calculated as a percentage of base salary payable into pension plans established under applicable law. No discretionary pension benefits are payable.

Variable remuneration: Variable remuneration is discretionary and the flexible policy means it decreases as a result of the Group's negative performance and could also go down to zero in some cases. Variable remuneration is payable in line with the Group's remuneration philosophy with a focus on motivating and rewarding staff's contribution to the success of the Group as a whole, whilst honouring its core values and conduct rules and risk management controls

Variable remuneration payments are made in the form of cash. Whilst no transfers of units or shares of AIFs or UCITS are made to Code Staff by way of variable remuneration, many employees are required to invest at least 3% of their total net remuneration in each financial year into shares of Colchester or units or shares of Colchester's AIFs or UCITS. This percentage requirement is expected to increase over time. Share ownership amongst employees ensures a clear alignment of interests between Colchester, its employees and its clients.

Guaranteed bonuses and new hires: Colchester does not permit the use of guaranteed variable remuneration arrangements for any individual other than in the first year of employment and then only on an exceptional basis having regard to an individual's remuneration arrangements with their prior employer, any additional guidance on the issue provided by the FCA and the role for which they are being recruited at Colchester.

Leavers: No contractual arrangements are in place to provide early termination payments to any member of staff. Any such payments would be agreed at the time of termination in accordance with then applicable law and regulation.

3. Assessment of Performance and Pay: Code Staff and performance assessment

Code Staff: Employees that are denoted as Code Staff across the Group may include (but are not limited to):

- Executive Directors of Colchester and its associated companies;
- Investment Managers;
- Members of the Senior Management team; and,
- Heads of Business Departments, including the Risk Management and Compliance teams.

Due to the singular approach to portfolio and risk management employed within the Group, Code Staff contribute to all types of business transacted by Colchester whether in relation to AIFs, UCITS or separate accounts and accordingly a single Code Staff list is maintained. The Board reviews Code Staff on an ongoing basis. Such Code Staff are informed that they are Code Staff and notified of any impact on their remuneration structure pursuant to this Policy.

Performance Assessment: The Board has established broad parameters which seek to reward employees in the Group having regard to individual performance, length of service and total remuneration. In line with Colchester's policies, employees are subject to formal appraisal on an annual basis. The appraisal considers quantitative and qualitative factors in measuring employee performance and contribution but is not linked quantitatively, or algorithmically, to business performance. Variable remuneration is dependent on the performance of the individual and the overall results of the Group. Compliance with all the Group's policies and procedures, including policies and procedures relating to conduct and controls around risk are

considered as part of the appraisal. Specifically, Investment Managers' appraisals include an analysis of their contribution to Colchester's understanding of sustainability risk (as defined below) as applicable to its investment process.

Colchester also considers the employee's interaction with their colleagues, clients and other stakeholders, and adherence to Colchester's core values such as respect and humility.

Appraisals are undertaken by line managers with direct reporting line responsibilities who obtain input into the process from others who may have insight on an individual's performance in their role. The performance of the Chief Compliance Officer and the Chief Risk Officer is reviewed and assessed by the Chief Executive and this assessment is subject to review and approval by the Chairman.

4. Alignment of Risk Management and Remuneration

Risk Management Framework: Colchester's risk management framework focuses principally on the business and operational risks faced by the Group. The Group's risk management process consists of a cycle of risk identification and assessment, control evaluation and action planning, action completion, measurement and reporting, monitoring and assurance and Board level review.

Alignment of Risk Management and Remuneration: Colchester believes that it has achieved a close alignment between its risk management objectives and remuneration policy. Colchester believes that the Group's risk management objectives have been established with the interest of clients in mind and that in particular they are consistent with, and promote, sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profile of the instruments constituting the AIFs and UCITS it manages.

This view is based on the following factors:

Firm Structure:

- Involvement of owner-managers in close oversight of business performance, risk management and remuneration awards.
- A remuneration model which rewards staff on the basis of whole-firm performance, without regard to future performance and with a view to ensuring that capital and liquid resources are not eroded imprudently before the end of a financial reporting period. This approach results in a significant proportion of remuneration – at the firm and individual level – being awarded after Colchester's fiscal year end with unpaid variable remuneration representing an effective additional capital resource, or source of self-insurance, of greater liquidity and flexibility than reserves in the form of share capital.
- The remuneration model also ensures no variable remuneration is payable in the event the Group generates a loss, and limits payments where profitability declines.

Employee Alignment:

- Competitive base salaries ensure attraction and retention of appropriately skilled and experienced staff.
- Significant staff ownership of Colchester shares enhances focus and aligns interest with those of our clients.
- Investment Manager remuneration is linked to overall firm performance and individual contribution, not directly tied to portfolio's they manage.
- The requirement to invest an increasing percentage of annual total gross remuneration into shares of Colchester or Colchester's AIFs or UCITS increases that alignment.

- Code Staff may not undertake personal hedging strategies or enter into remuneration- or liability-related contracts of insurance intended to undermine the objectives of Colchester's remuneration policy.

Fees:

- An ad valorem basis for investment management fees (including those earned in respect of the management of AIF and UCITS assets) which are subject to competitive pressures in different markets and invoiced in arrears, avoids conflicts generated from the use of fees charged on the basis of other quantitative measures (such as levels of transactions) or those linked to future performance. This ensures alignment of interests between firm and client.
- The limitation of the use of performance fees to a small number of accounts where a performance fee arrangement has been requested by the client in question and in which case fees are charged in arrears.

Investment process, instruments and vehicles:

- The Group does not hold client money and does not undertake proprietary trading so any conflicts this may present as between the Group (and / or individual employee) interests and client interests are avoided.
- There is at least fortnightly liquidity for investors in AIF and UCITS managed by Colchester.
- No delegation, and no intention to delegate, investment management activities, other than to Group entities covered by this Policy.
- The use of leverage is permitted only where consistent with a client's investment risk and reward objectives.
- Portfolios are predominately comprised of liquid sovereign bonds and currencies, with little to no derivative products, which provides contemporaneous transparent pricing and valuation of client portfolios.
- The consideration of sustainability risk in Colchester's investment philosophy ensures contingent liabilities are assessed appropriately. Colchester believes countries with better ESG practices and policies produce better economic outcomes, more stable balance sheets and better financial outcomes. "Sustainability risk" as defined in the EU Sustainable Finance Disclosure Regulation (2019/2088), means "an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment".