

# The Colchester Multi- Strategy Global Bond Fund Plc Remuneration Policy

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## 1. Introduction and Purpose

The Company has adopted this remuneration policy in order to meet the requirements of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended (the "UCITS Regulations") in a way and to the extent that is appropriate to the Company's size, internal organisation and the nature, scope and complexity of its activities. This policy has been adopted pursuant to ESMA's Guidelines on Sound Remuneration Policies under the UCITS Directive (the "ESMA Guidelines").

The purpose of this policy is to describe the remuneration principles and practices within the Company and for such principles and practices:

- (a) to be consistent with, and promote, sound and effective risk management;
- (b) to be in line with the business strategy, objectives, values and interests of the Company;
- (c) not to encourage excessive risk-taking as compared to the investment policy of the relevant sub-funds of the Company (each, a "Fund");
- (d) to provide a framework for remuneration to attract, motivate and retain staff (including directors) to which the policy applies in order to achieve the objectives of the Company; and
- (e) to ensure that any relevant conflicts of interest can be managed appropriately at all times.

## 2. Application

This policy applies to identified staff, being those whose professional activities have a material impact on the risk profile of the Company or of the Funds and so it covers: (i) senior management; (ii) risk takers<sup>1</sup>; (iii) control functions<sup>2</sup>; and (iv) any employees receiving total remuneration that takes them into the same remuneration bracket<sup>3</sup> as senior management and risk takers, whose professional activities have a material impact on the risk profile of the Company. The Company currently does not have any employees. The only personnel are the Company's management body, i.e., the board of directors, (each, a "Director" and collectively, the "Board"), the designated persons of the Company (the "Designated Persons") and the money-laundering reporting officer of the Company (the "MLRO") who is an employee of the Carne Global Financial Services Limited. All members of the Board are non-executive Directors. This policy applies to the Directors who receive remuneration, namely those Directors who are not affiliated with the investment manager of the Funds (the "Independent Directors"), the Directors who do not receive remuneration in light of their affiliation with the investment manager of the Funds (the "Investment Manager"), the MLRO and the Designated Persons.

<sup>1</sup> The ESMA Guidelines refer in this context to "[s]taff responsible for heading the investment management, administration, marketing, human resources" and "staff members, whose professional activities – either individually or collectively, as members of a group (e.g. a unit or part of a department) – can exert material influence on the management company's risk profile or on a UCITS it manages, including persons capable of entering into contracts/positions and taking decisions that materially affect the risk positions of the management company or of a UCITS it manages. Such staff can include, for instance, sales persons, individual traders and specific trading desks."

<sup>2</sup> "Control functions" refers to staff (other than senior management) responsible for risk management, compliance, internal audit and similar functions within a management company.

<sup>3</sup> "Remuneration bracket" refers to the range of the total remuneration of each of the staff members in the senior manager and risk taker categories – from the highest paid to the lowest paid in these categories.

### 3. Governance

UCITS management companies and self-managed investment companies that are significant in terms of their size or of the size of the funds they manage, their internal organisation and the nature, the scope and the complexity of their activities are required to establish a remuneration committee. In view of the limited size of the Funds, the non-complex nature of the Company's internal structure and its activities, it is not considered appropriate for the Company to establish a remuneration committee. In particular, the Company has taken account of the following circumstances prevailing as of the date of this document:

- the current and projected assets under management of the Company;
- the Company has no employees;
- the Company's shares are not listed and its legal structure is not complex;
- the Funds engage in a limited number of investment strategies;
- none of the Funds engage in leverage on a substantial basis;
- the Company does not act as an alternative investment fund manager under Directive 2011/61/EU ("AIFMD") or provide the services mentioned under Article 6(3) of the UCITS Directive; and
- the Company is a self-managed investment company and does not manage UCITS in any other EU or non-EU jurisdictions.

Accordingly, the Company is considered to be a non-complex, small scale self-managed UCITS. The Board is responsible for the remuneration policy of the Company and for determining the remuneration of the Directors and Designated Persons. The Board is comprised of non-executive directors only. The Board has adopted this policy and periodically reviews (at least annually) the general principles of this policy and is responsible for, and oversees, its implementation in line with the UCITS Regulations. The Board considers that its members have appropriate expertise in risk management and remuneration to perform this review. Where a periodic review reveals that the remuneration system does not operate as intended or prescribed, the Board shall ensure that a timely remedial plan is put in place.

### 4. Alignment of remuneration and risk-taking

#### (a) Fixed Salary

The Independent Directors receive a fixed annual fee which is competitive and based on the individual Director's powers, tasks, expertise and responsibilities including, without limitation:

- (i) chairmanship of the Board or of Board sub-committees;
- (ii) membership of Board sub-committees;
- (iii) designated person functions; and
- (iv) performing the role of the "organisational effectiveness" director as required by the Central Bank, where applicable.

Each Director's performance is subject to annual review by the Board.

The non-Independent Directors do not receive any fee or salary from the Company.

The Designated Persons, are employees of the Investment Manager of the Company or its affiliate and do not receive any fee or salary from the Company.

### **(b) Variable Salary**

The Independent Directors receive fixed remuneration only. It is not considered appropriate that the Independent Directors receive variable remuneration from the Company. The non-Independent Directors and the Designated Persons do not receive any fee or salary from the Company. The following pay-out process rules in the UCITS Regulations applicable to variable remuneration do not apply to the remuneration paid to staff of the Company:

- (i) variable remuneration in instruments;
- (ii) retention;
- (iii) deferral; and
- (iv) ex post incorporation of risk for variable remuneration.

Following assessment by the Company of each of the pay-out process rules and taking account of Company's specific circumstances, this approach is considered to be appropriate to Company's size, internal organisation and the nature, scope and complexity of its activities as noted in Section 3.

### **(c) Expenses**

The Independent Directors will be reimbursed all reasonable, validly incurred, duly authorised and documented business expenses.

### **(d) Other Benefits**

The Company does not propose to provide benefits to the Directors or Designated Persons other than those referred to in this policy.

### **(e) Pension**

The Directors and Designated Persons are not entitled to pension contributions or other benefits from the Company in respect of their role as directors of the Company.

### **(f) Sustainability Risk**

The EU Sustainable Finance Disclosure Regulation (2019/2088) requires the Company to include in its remuneration policy information on how its policy is consistent with the integration of sustainability risks. Sustainability risk 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". The same information (or a summary of it) must be published on the Company's website.

The Company is for these purposes a "financial market participant". Accordingly, sustainability risks are risks which, if they were to crystallise, would cause a material negative impact on the value of the investments made by the Funds.

As mentioned above, the Independent Directors receive fixed remuneration only, and the non-independent Directors do not receive any fee or salary from the Company. In the event that the Company were to have employees who received remuneration comprised of a combination of fixed remuneration (salary and benefits) and variable remuneration (including bonus), then the variable component of remuneration would be discretionary and dependent on the performance of the individual, the individual's business unit, the Funds and the overall results of the Company. Compliance with all the Company's policies and procedures, including policies and procedures relating to the impact of sustainability risks on the investment decision making process would be taken into account as part of that overall assessment.

### **(g) Notice of termination and severance pay**

The maximum notice period in any Director's or Designated Person's letter of engagement shall be determined by the relevant letter of engagement. Subject to the terms of that engagement letter, a Director's or Designated Person's fee will continue to be paid during the relevant notice period. No severance payments are made.

### **(h) Conflicts of Interest**

To the extent that the Company in the future retains any staff engaged in control functions (i.e., staff (other than senior management) responsible for risk management, compliance, internal audit and similar functions), in order to address any conflict of interest such staff shall be compensated in accordance with the achievement of the objectives linked to their control functions, independent of the performance of the business area to which the control functions relate.

A Director or Designated Person may undertake external activities producing compensation that might lead to a conflict of interest with the Company or the Funds provided the conflict of interest is disclosed to the Board. No inducements may be given, solicited or accepted by the Directors without the prior approval of the Chairman. Such approval will not be forthcoming if the Chairman believes the inducement would be likely to significantly conflict with the duties of the director or the Company.

Any staff that may be engaged by the Company will be required to undertake not to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements subject this policy.

The Company has also adopted a connected party transaction policy in accordance with the requirements of the Central Bank.

## **5. Delegation of the Investment Management Function**

### **(a) Application of Remuneration Rules to Delegates**

The Company has delegated the investment management function to Colchester Global Investors Limited (the "**Delegate Manager**") and so the Company must ensure that:

- (a) the Delegate Manager is 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 the Delegate Manager 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 Delegate Manager's identified staff as compensation for the performance of investment management activities on behalf of the Company.

### **(b) Confirmation of Applicability of Remuneration Rules by Delegate Manager**

The Delegate Manager is subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Guidelines as the Delegate Manager is subject to the remuneration rules under AIFMD and its identified staff are subject to the AIFMD rules.

### **(c) Application of Remuneration Rules to Sub-Delegates**

The Delegate Manager may in turn sub-delegate the investment management function to one or more sub-investment managers, in which case the Delegate Manager must ensure that the sub-investment manager(s) comply mutatis mutandis with the above requirements.

## **6. Deviation from the Policy**

The Board may deviate from the above policy. However, in such a case, the Board must document the reason for such deviation and the relevant payments must comply with the UCITS Regulations and the ESMA Guidelines (to the extent applicable) and in addition, the Board shall approve any payments made.