

PHASE ONE UCITS V REMUNERATION POLICY

REFLECTS ADHERENCE TO UCITS V LEVEL 1 OBLIGATIONS ONLY

Fidante Partners Liquid Strategies ICAV

(the "Company")

Remuneration Policy

15 March 2016

REMUNERATION POLICY

1 INTRODUCTION

The Company has been authorised by the Central Bank of Ireland (the "**Central Bank**") as a self-managed Undertaking for Collective Investment in Transferable Securities ("**UCITS**") pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011), as may be amended, consolidated or substituted from time to time (the "**UCITS Regulations**").

Article 14a of the UCITS Directive¹ (as updated by UCITS V² and transposed into Irish law pursuant to Regulation 24A of the UCITS Regulations), requires UCITS management companies (and by incorporation self-managed UCITS such as the Company³) to, "*establish and apply remuneration policies and practices that are consistent with, and promote, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the UCITS that they manage nor impair compliance with the management company's duty to act in the best interest of the UCITS.*"

The Company has prepared this Remuneration Policy (the "**Remuneration Policy**") to outline how it adheres to the remuneration requirements set out in the UCITS Regulations.

The purpose of this Remuneration Policy is to provide a clear direction and policy regarding the Company's remuneration policies and practices consistent with the principles in the UCITS Regulations.

This document forms the written element of the remuneration policy for the Company. This supplements and should be read in conjunction with, the Company's regulatory framework documentation, in particular its UCITS Business Plan.

The board of directors of the Company (the "**Board**") recognise the important role played by sound risk management in protecting its stakeholders. Moreover, the Board acknowledges that inappropriate remuneration structures could, in certain circumstances, result in situations whereby individuals assume more risk on the relevant institution's behalf than they would have done had they not been remunerated in this way.

In addition to ensuring that this Remuneration Policy aligns the risk taking behaviour of staff with the Company's risk appetite, the remuneration policy is designed to ensure that the Company is able to attract, retain and motivate highly qualified staff in order to produce long term value creation for shareholders.

In preparing this Remuneration Policy, the Company has taken into account the nature, scale and complexity of its business. In determining the range of activities to be undertaken by the Company, the Company has given due consideration to the sub-funds within the Company, the type of investments, the investment strategies, the investment location, the distribution model and the investor base. Due consideration has also been given to the resources available to the Company and the resources and expertise of the various third parties engaged to support the Company and carry out certain functions on its behalf.

¹ Directive 2009/65/EC

² Directive 2013/14/EU

³ Per Recital (2) and Article 30 of UCITS V.

2 LEVEL 1 APPLICATION ONLY

Recital (2) of UCITS V provides that the UCITS V remuneration policies and practices "*should apply, in a proportionate manner, to any third party which takes investment decisions that affect the risk profile of the UCITS because of functions which have been delegated in accordance with Article 13*".

However, UCITS V / the UCITS Regulations do not otherwise address how/if the UCITS remuneration requirements should apply to any delegates of an affected UCITS management company or self-managed UCITS. ESMA has been mandated to issue remuneration guidelines that are expected to address this issue, once finalised. These guidelines have been published in consultation paper form but are not yet final⁴.

Pending this guidance, the Remuneration Policy does not extend to any delegates of the Company and is restricted in scope to the Company itself.

Once ESMA has published its *Guidelines on sound remuneration policies under the UCITS Directive* and they are effective and applicable as regulation in Ireland, this Remuneration Policy will be revised accordingly.

3 APPLICABLE REGULATION AND INTERPRETATION

For the purposes of this Remuneration Policy, the following legislative/regulatory references are of particular note:

"Applicable UCITS Regulation" means collectively the UCITS Directive, the UCITS Regulations, and the Central Bank UCITS Regulations, as appropriate;

"Central Bank" means the Central Bank of Ireland;

"Central Bank UCITS Regulations" means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015;

"Fund" means a sub-fund of the Company.

All other stated defined terms used in this Remuneration Policy shall have the same meaning as in the UCITS Business Plan.

In relation to various aspects of this Remuneration Policy where there is any perceived ambiguity or lack of clarity in the Applicable UCITS Regulation and/or the Guidelines, the Company will have regard to any published guidance on the relevant point by the Central Bank or in the absence of any such published guidance that of any other EU national competent authority, if appropriate.

The Company confirms that it has reviewed and understands all regulatory requirements applicable to its Remuneration Policy set out in the Applicable UCITS Regulation and has addressed these requirements in this Remuneration Policy and/or materials referenced herein.

4 SCOPE OF REMUNERATION

Remuneration consists of all forms of payments or benefits made directly by, or indirectly, but on behalf of the Company, in exchange for professional services rendered by staff. This shall include, where appropriate:

- (i) all forms of payments or benefits paid by the Company;

⁴ Currently in Consultation Paper form: available at: http://www.esma.europa.eu/system/files/2015-1172_cp_on_ucits_v_aifmd_remuneration_guidelines.pdf

- (ii) any amount paid by a Fund including carried interest;
- (iii) any transfer of shares of a Fund; and
- (iv) in exchange for professional services rendered by the Identified Staff (as defined in section 5 below).

For the purpose of item (ii) above, whenever payments, excluding reimbursements of costs and expenses, are made directly by the Funds to the Company for the benefit of the relevant categories of Identified Staff for professional services rendered, which may otherwise result in a circumvention of the relevant remuneration rules, they shall be considered remuneration for the purpose of this Remuneration Policy.

Fixed remuneration means payments or benefits without consideration of any performance criteria.

Variable remuneration means additional payments or benefits depending on performance or, in certain cases, other contractual criteria.

5 IDENTIFIED STAFF

The provisions of this Remuneration Policy only apply only to "**Identified Staff**". Identified Staff are staff members who have a material impact on the Company's risk profile, defined as follows:

"categories of staff, including senior management, risk takers, Control Functions as defined below 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 Company's] risk profile ... and categories of staff of the entity(ies) to which portfolio management or risk management activities have been delegated by [the Company], whose professional activities have a material impact on the risk profiles of [the Company]."

For the above purposes, "**Control Functions**" means:

"staff (other than senior management) responsible for risk management, compliance, internal audit and similar functions within [the Company] (e.g. the CFO to the extent that he/she is responsible for the preparation of the financial statements)."

For the above purposes, "**remuneration bracket**" means:

"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."

Specifically for the Company, as a self- managed UCITS, Identified Staff members may fall into either of the following categories:

- directors; and/or
- any individuals who report directly to the Board or who head significant business lines;
- staff responsible for Control Functions;
- other risk takers – being staff members who acting individually or as part of a group can materially influence the Company's risk profile;
- staff whose remuneration takes them into the same bracket as senior managers and risk takers but who don't fall into one of the categories above must be assessed to determine whether they have a material impact on the risk profile of the Company.

A list of the Company's Identified Staff is appended herewith (at Schedule 1). It should be noted that the inclusions of persons in Schedule 1 shall relate specifically to their role within the Company and their remuneration (if any) received directly by the Company and shall not affect any remuneration such persons may otherwise receive from entities connected with the Company, delegates of the Company or otherwise.

Any new staff will be considered for inclusion on this list when they are hired or if their role changes. It will be the responsibility of the Chairman of the Board in consultation with the Compliance Officer to make recommendations to the Board to include staff on this list. The list will be reviewed by the Board on an annual basis

6 REMUNERATION PROCESS AND PRINCIPLES

6.1 Variable remuneration

Variable remuneration is an important tool to incentivise staff. It also gives the Company flexibility such that, in years where the Company performs poorly, variable remuneration may be reduced or eliminated and the capital of the Company can be preserved. In some circumstances, however, variable remuneration, if inappropriately structured, can lead to excessive risk taking as employees may be incentivised to keep taking risk to maintain or increase their variable remuneration.

In deciding the mix between fixed and variable remuneration of Identified Staff, the Company is mindful of the need to ensure that the basic pay of staff is adequate to remunerate the professional services rendered taking into account, inter alia, the level of education, the degree of seniority, the level and expertise and skills required. The Company is a self-managed UCITS and its revenues are based on a percentage of the value of securities held in the Company and its revenues may be more volatile than other types of businesses. Variable remuneration allows the Company to reduce the risk that its capital base is eroded due to the need to pay fixed remuneration cost should trading revenues decline. Owing to the nature of the contracts the Company enters into with its Identified Staff, it is considered appropriate that the ratio of variable remuneration to fixed remuneration is relatively low (if any) but will be kept under review.

6.2 Remuneration process

Following the finalisation of the annual financial statements and during the first quarter of each financial year in respect of the Company, the Company shall decide what, if any, variable compensation to award staff.

The factors that are taken into account in deciding the quantum of the variable remuneration are as follows:

- the profit that the Company made during the previous year;
- for revenue producing roles, the risk and resource adjusted profit or loss in comparison to the expected profit or loss in addition to the achievement of any specific objectives;
- the resources that were consumed (for example IT, capital, legal and compliance resources);
- for non-revenue producing roles, achievement against objectives and whether the individual exceeded what was expected of them during the year;
- for all roles, compliance by the individual with all relevant compliance and risk requirements and other firm policies and procedures;
- for all roles, the achievement of objectives which are set during the annual review process and updated during the year;

- whether the individual helped to develop new businesses, improved processes, worked in a collegial way and assisted in the training, education and mentoring of other employees;
- other factors as may be determined from time to time by the Board.

6.3 Remuneration principles – in compliance with UCITS requirements

It is primarily the responsibility of the Company to assess its own characteristics and to develop and implement remuneration policies and practices which appropriately align the risks faced and provide adequate and effective incentives to its Identified Staff.

When establishing and applying the total remuneration, inclusive of salaries and discretionary pension benefits for Identified Staff, the Company shall comply with the following general principles in a way and to the extent that is appropriate taking into account its size, internal organisation and the nature, scope and complexity of its activities:

- (a) Identified Staff engaged in Control Functions are compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control in order to avoid any conflict of interest;
- (b) where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business function concerned and of the overall results of the Company, and when assessing individual performance, financial as well as non-financial criteria are taken into account;
- (c) the assessment of performance is set in a multi-year framework appropriate to the life-cycle of the Company in order to ensure that the assessment process is based on longer term performance and that the actual payment of performance-based components of remuneration is spread over a period which takes account of the redemption policy of the Company and its investment risks;
- (d) guaranteed variable remuneration is exceptional and occurs only in the context of hiring new staff and is limited to the first year;
- (e) fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy, on variable remuneration components, including the possibility to pay no variable remuneration component;
- (f) payments related to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure;
- (g) the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks;
- (h) subject to the legal structure of the Company and its rules or instruments of incorporation, a substantial portion, and in any event at least 50% of any variable remuneration consists of units or shares of the Company, or equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments;
- (i) a substantial portion, and in any event at least 40%, of the variable remuneration component, is deferred over a period which is appropriate in view of the life cycle and redemption policy of the Company and is correctly aligned with the nature of the risks of the Company. The period referred to in this sub-section shall be at least three to five years unless the life cycle of the Company is shorter; remuneration payable under deferral arrangements vests no faster than

on a pro-rata basis; in the case of a variable remuneration component of a particularly high amount, at least 60% of the amount is deferred;

- (j) the variable remuneration, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the Company as a whole, and justified according to the performance of the business unit, the Company and the individual concerned. The total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the Company occurs, taking into account both current compensation and reductions in payouts of amounts previously earned, including through malus or clawback arrangements;
- (k) any pension policy (if such policy is put in place in the future) is in line with the business strategy, objectives, values and long-term interests of the Company. If the pension beneficiary leaves the Company before retirement, discretionary pension benefits, if any, shall be held by the Company for a period of five years in the form of instruments defined in point (h). In the case of a pension beneficiary reaching retirement, discretionary pension benefits, if any, shall be paid to the pension beneficiary in the form of instruments defined in point (h) above, subject to a five year retention period;
- (l) Identified Staff are 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; and
- (m) variable remuneration may not be paid through vehicles or methods that facilitate the avoidance of the requirements of the UCITS Regulations.

7 SCOPE OF THE REMUNERATION POLICY AND APPLICATION OF THE PRINCIPLES

The principles outlined in section 6.3(j) and (k) respectively may be disapplied in respect of the Company, if it is proportionate to do so. However, as no variable remuneration is paid by the Company to its Identified Staff, as at the date of this Remuneration Policy, the Board finds that it is not necessary to consider further the proportionality provisions as it will not wish to disapply the principles outlined in section 6.3 (g)-(k) to the Company's Identified Staff.

8 ABSENCE OF A REMUNERATION COMMITTEE

It is noted that the requirement for a UCITS to establish a remuneration committee (pursuant to Article 14b(4) of the UCITS Directive) applies to UCITS *"that are significant in terms of their size ... their internal organisation and the nature, the scope and the complexity of their activities."*

Having assessed the requirements outlined in Article 14b(4) of the UCITS Directive, the Company has determined that it is not "significant" with respect to its internal organisation and therefore shall not have a remuneration committee.

9 BOARD OVERSIGHT AND UPDATES TO THIS REMUNERATION POLICY

The Board will be responsible for the oversight of compliance with this Remuneration Policy. It will review the appropriateness of this Remuneration Policy annually and will ensure that it is operating as intended. It will also review this Remuneration Policy to ensure that it continues to be compliant with applicable national and international regulations, principles and standards. This Remuneration Policy shall be reviewed and updated as necessary on at least an annual basis or as and when is required or deemed necessary by the Company.

Material changes to this Remuneration Policy will be approved by the Board.

10 FIRST ANNUAL PERFORMANCE PERIOD

The first annual performance period in which the Company has to comply with Articles 14a and 14b of the UCITS Directive is the year ending 31 December 2017. For the year ending 31 December 2016, the Company shall include the remuneration related information in the annual report on a best efforts basis and to the extent possible, explaining the basis for any omission.

SCHEDULE 1

Identified Staff List

Name	Reason for inclusion
Magnus Spence	Director
Fergus McKeon	Director
Victoria Parry	Director