

# Prescient

**Prescient China Limited**

**Remuneration Policy**

## Remuneration Policy

### Introduction

In accordance with its obligations under the European Union (Alternative Investment Fund Managers) Regulations 2013 (the “**Regulations**”) (including Schedule 2 thereto), the EU Commission Delegated Regulation (EU) No. 231/2013 (the “**Level 2 Regulation**”), Regulations 24A and 24B of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016 (the “**UCITS Regulations**”), and ESMA Guidelines on Sound Remuneration Policies under the UCITS Directive 2016/ESMA/411 (“**ESMA’s Guidelines**”), Prescient Fund Services (Ireland) Limited (the “**Company**”) is required to have remuneration policies and practices for those categories of staff, including senior management, risk takers, control functions, and any employees 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 risk profiles of the Company, that are consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the Company.

### Remuneration Policy Framework

The purpose of the Company’s remuneration policy is to seek to ensure that the remuneration arrangements of “identified staff”:

- (i) is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile, rules or instruments of incorporation of the Company; and
- (ii) is consistent with the Company’s business strategy, objectives, values and interests and includes measures to avoid conflicts of interest.

The Company complies with those objectives by having a business model which by its nature does not promote excessive risk taking; by defining performance goals and objectives for employees of the Company’s delegates which are aligned with the business; and by ensuring that the fixed salary element of those involved in relevant functions reflects the market rate.

### Applicable Remuneration

The principles set out in this policy apply to remuneration of any type paid by the Company including carried interest, and to any transfer of units or shares of the Company, in certain circumstances and to certain persons prescribed in Annex II of the Directive.

The remuneration policy covers the following categories of staff of the Company:

- (i) senior management;
- (i) risk takers;

- (iii) control functions;
- (iv) any employees (if applicable) 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 risk profiles of the Company or the Fund;
- (v) categories of staff of the Investment Manager, or any delegate performing portfolio management or risk management, whose professional activities have a material impact on the risk profile of the Company and the Fund;

(hereinafter referred to as “Identified Staff”).

### **Categories of staff of the Company to which the Guidelines apply**

The ESMA Guidelines relating to governance, the remuneration committee and transparency, and certain of the risk-alignment guidelines, apply to the Company as a whole.

The risk alignment guidelines apply only to Identified Staff. It is primarily the responsibility of the Company to decide the categories of staff whose professional activities have a material impact on the Company’s or the Fund’s risk profile. Identified Staff whose compensation falls under the Regulations’ provisions typically include:

- Members of the governing body of the AIFM/UCITS Management Company; for instance, the Company’s Directors
- Senior management i.e. Head of Strategy and Business Development and members of the Management Committee)
- Risk takers, generally in relation to portfolio management i.e. Chief Investment Officer and the Portfolio Manager
- Control functions, i.e. the Head of Operations, Risk, Financial Control and Compliance.
- Staff responsible for marketing, i.e. business development
- Any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers (currently there are none)

### **Type of remuneration that is subject to the Regulations and the ESMA Guidelines**

Under the Regulations and the ESMA Guidelines, fund remuneration consists of all forms of payments or benefits paid by the Company in exchange for professional services rendered by “Identified Staff” to the Fund, including:

- Any amount paid by the Fund itself, including carried interest<sup>1</sup> but excluding payments made by an Fund to the benefit of Identified Staff to the extent the amount represents a pro rata return on any investment made by those staff members into the Fund,
- Any transfer of units or shares of the Fund, and

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<sup>1</sup> Carried interest is defined as a share in the Fund’s profits accrued to the Manager as compensation for the management of the Fund.

- Other compensation for services, including forgivable loans, pension contributions and non-monetary payments.

Dividends or similar distributions to the owner of the Company are not categorised as remuneration for these purposes unless the material outcome of such dividends results in a circumvention of the relevant remuneration rules.

The “investment” in the Fund of any staff members referred to above must be represented by an actual cash disbursement; any loans granted by the Company to the staff member and then “invested” in the Fund does not qualify as an investment and any related profit is considered compensation under the Regulations.

### **Remuneration Policy**

The Company does not impose a limit with regard to variable compensation versus fixed compensation. However, the Company’s policy is to pay all staff a fixed component representing a sufficiently high proportion of the total remuneration of the individual to allow the Company to operate a fully flexible policy, with the possibility of not paying any variable component.

Where the Company pays its staff performance related pay, the following requirements will be applied:

- (a) where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual, the business unit and of the overall results of the Company, and when assessing individual performance, financial as well as non-financial criteria are taken into account. The performance of the individual is assessed, in part, by means of a peer review system. Performance related pay will not be based on the performance of any Fund.
- (b) the assessment of performance is set in a multi-year framework 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 an appropriate period;
- (c) the Company does not pay guaranteed variable remuneration except in an exceptional case in the context of hiring new staff and is limited to the first year;
- (d) 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;
- (e) 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;

- (f) 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;
- (g) the Company currently provides fixed pension benefits to its staff. The Company's policy is in line with the business strategy, objectives, values and long-term interests of the Company.
- (h) 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;
- (i) variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the requirements of the Regulation's requirements.

#### **Portfolio/Risk Management Staff**

The Company requires when delegating portfolio management (or any part thereof) and/or risk management activities, that:

- (i) the entities to which such activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Guidelines/Annex II of the Directive; or
- (ii) appropriate contractual arrangements are put in place with entities to which such activities have been delegated in order to ensure that there is no circumvention of the remuneration rules set out in the ESMA Guidelines/Annex II of the Directive.

The remuneration of those engaged in the performance of the risk management function reflects the achievement of the objectives linked to the risk management function, independently of the performance of the business areas in which they are engaged.

#### **Other Identified Staff**

The method of determining the remuneration of the Head of Operations, Compliance Officer and other persons in the compliance function does not affect their objectivity and is not likely to do so as their remuneration is not linked in any way to the Fund's performance.

The method of determining the remuneration of the Management Function does not affect its objectivity and it is not likely to do so as their remuneration is not linked in any way to the Fund's performance.

### **Non-Executive Directors**

The Non-Executive members of the Board of Directors receive a fixed fee only and do not receive performance-based remuneration therefore avoiding a potential conflict of interest. The basic fee of a Non-Executive Board member is set at a level that is on par with the rest of the market and reflects the qualifications and contribution required in view of the Company's complexity, the extent of the responsibilities and the number of board meetings. No pension contributions are payable on Non-Executive Board members' fees.

Taking the nature, scale and complexity of the Company into consideration, the Board of Directors believes that the approach to performance-based pay as outlined above is appropriate and reflects the risk profile, appetite and strategy of the Company.

### **Appointment and Role of the Remuneration Committee**

***The Company does not based on its size internal organisation and the nature, scope and complexity of its activities consider it necessary to establish a remuneration committee.***

### **Annual Review**

This remuneration policy (together with compliance herewith) will be subject to central and independent internal annual review by the Board. Given the nature, scale and complexity of the Company, its remuneration policy will not be subject to an external, independent review.

These reviews will ensure that:

- the overall remuneration system operates as intended;
- the remuneration pay-outs are appropriate;
- the risk profile, long term objectives and goals of the Company are adequately reflected; and
- the policy reflects best practice guidelines and regulatory requirements.

The Designated Person will take appropriate measures to address any deficiencies.

### **Internal governance arrangements applied to remuneration**

#### *Remuneration Committee*

The Company believes that it is not currently significant in terms of its size, internal organisation or the nature, the scope and the complexity of its activities to warrant the establishment of a remuneration committee for the purposes of the Regulations and the ESMA Guidelines.

## **Remuneration: Role of the Designated Person**

The Designated Person and ultimately the Board of Directors are responsible for overseeing the central and independent review of the implementation of the Company's remuneration policies and practices. The role of the Designated Person is to review the compensation levels of relevant members of staff to ensure same is consistent with the Company's remuneration policies and practices.

The Designated Person will periodically monitor the implementation of the remuneration policies and practices established for the Company (at least annually).

The Company has appointed Carey Millerd as designated person (the "Designated Person") with responsibility for oversight and implementation of this remuneration policy.

This remuneration policy has been approved by the Board of Directors of the Company. Any amendments to this policy will be subject to the prior approval of the Board of Directors.

### **Circumstances where action is required**

Following a review of adherence to the Company's remuneration policies and procedures, action may be required if remuneration levels do not adhere to the principles set out therein or is at a level which is unacceptable or gives rise to conflicts of interest. The action to be taken may include possible revision of the level of remuneration payable to the individual(s) concerned.

The responsibility for determining action to be taken and for taking action lies with the Designated Person. Material issues will be escalated to the Board for determination.