

REMUNERATION POLICY

1. Introduction

In line with the provisions of Section 14 of the Alternative Investment Fund Managers Laws of 2013 to 2021 (the “Law”), SPA Financial Services Ltd (the “Company”) must establish and apply remuneration policies and practices which are consistent 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 funds it manages (the “Policy”).

The Policy applies to 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 or of the funds managed.

The Company’s Board of Directors (“BoD”) shall approve the Policy. The Company’s executive directors shall be responsible for its day-to-day implementation and the monitoring of compliance risks related to it.

2. Principles of the Policy

When establishing and applying the Policy, inclusive of salaries and discretionary pension benefits, the Company shall comply with the following principles in a way and to the extent that is appropriate to their size, internal organisation and the nature, scope and complexity of its activities:

- a) the Policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the AIFs managed,
- b) the Policy is in line with the business strategy, objectives, values and interests of the Company and the AIFs it manages or the investors of such AIFs, and includes measures to avoid conflicts of interest,
- c) the management body of the Company, in its supervisory function, adopts and periodically reviews the general principles of the Policy and is responsible for its implementation,
- d) the implementation of the Policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the management body in its supervisory function,
- e) 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,
- f) the remuneration of the senior officers in the risk management and compliance functions is directly overseen by the BoD,
- g) 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 unit or AIF 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,

- h) the assessment of performance is set in a multi-year framework appropriate to the life-cycle of the AIFs managed by the Company 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 AIFs it manages and their investment risks,
- i) guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year,
- j) 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,
- k) 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,
- l) 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,
- m) subject to the legal structure of the AIF and its rules or instruments of incorporation, a substantial portion, and in any event at least 50% of any variable remuneration consist of units or shares of the AIF concerned, or equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments unless the management of AIFs accounts for less than 50% of the total portfolio managed by the Company, in which case the minimum of 50% does not apply; the instruments referred to in this section shall be subject to an appropriate retention policy designed to align incentives with the interests of the Company and the AIFs it manages and the investors of such AIFs; the Commission may, by Directive, place restrictions on the types and designs of those instruments or ban certain instruments as appropriate. This paragraph applies to both the portion of the variable remuneration component deferred in line with sub-paragraph (n) below and the portion of the variable remuneration component not deferred,
- n) 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 AIF concerned and is correctly aligned with the nature of the risks of the AIF in question; the period referred to in this sub-paragraph shall be at least three to five years unless the life cycle of the AIF concerned 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,
- o) the variable remuneration, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the AIFM as a whole, and justified according to the performance of the business unit, the AIF and the individual concerned; the total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the Company or of the AIF concerned occurs, taking into account both current compensation and reductions in pay-outs of amounts previously earned, including through malus or clawback arrangements,
- p) the pension policy is in line with the business strategy, objectives, values and long-term interests of the AIFM and the AIFs it manages; if the employee leaves the Company before

retirement, discretionary pension benefits shall be held by the Company for a period of 5 years in the form of instruments defined in paragraph (m); in the case of an employee reaching retirement, discretionary pension benefits shall be paid to the employee in the form of instruments defined in paragraph (m) subject to a 5 year retention period,

- q) 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,
- r) variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the requirements of the Law.

The principles set out above shall apply to remuneration of any type paid by the Company, to any amount paid directly by the AIF itself, including carried interest, and to any transfer of units or shares of the AIF, made to the benefits of those categories of staff, including senior management, risk takers, control functions 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 their risk profile or the risk profiles of the AIF that they manage.

3. Remuneration Committee

The Company has opted not to establish a Remuneration Committee.

4. Company Remuneration

None of the Company's employees and/or Directors can be remunerated based on the successful promotion of products or services over others as it may create a conflict of interest in promoting what is best or most suitable for the client.

Executive Directors:

Fixed remuneration: Executive Directors shall be eligible for an annual remuneration paid in 13 instalments as may approved by the BoD always taking into consideration the scale and complexity of the company's operations, prevailing market conditions and geographical area of operation. The BoD may recommend increments to the existing remuneration structure and approve them with the shareholder(s)' consent. The fixed remuneration will include any statutory contributions (such as social insurance and general health system) by the employee.

Variable remuneration: A performance-based remuneration might be given should the Company's performance be deemed satisfactory to the shareholders or their representatives.

Non-Executive Directors:

The Non-Executive Directors may receive a fixed monthly or annual remuneration by way of Director's fees invoiced to the Company.

Employees/other staff:

Employees are entitled to a fixed remuneration. For the fixed remuneration, the employees will be entitled to an annual remuneration paid in 13 instalments as may be approved by the

BoD. The fixed remuneration will include any statutory contributions (such as social insurance and general health system) by the employee.

Variable remuneration: A performance-based remuneration might be given should the Company's performance be deemed satisfactory to the shareholders or their representatives.

Performance-based remuneration:

At the discretion of the Company, a staff member may be awarded an annual bonus. The exact amount of the bonus shall be determined based on the members discretionary performance assessment provided by the members direct supervisor, and shall be paid for the whole year, or adjusted in proportion to the number of full months of the member's work if the member started working during the year for which the bonus is paid. The bonus shall be paid from the second calendar year of the member's employment and is not paid for the first year of the member's employment.

Milage allowance:

The mileage allowance for domestic business travel is variable and discretionary and is calculated at 35 cents per kilometre.

Overseas business travel:

An employee shall make overseas business trips from time to time, in connection to the performance of his/her obligations. In the event of overseas business travel, the employee will be entitled to a full business travel reimbursement, within a reasonable range, which may include accommodation, transport, leisure activities, and food & beverage.

Training / seminars:

All staff members will be reimbursed or prepaid to the provider directly for any trainings and or seminars that are directly related to the Company's operations.

Other benefits:

Other individual benefits may be awarded to individuals on a case-by-case basis.

5. Updating and Review of the Policy

At least on an annual basis, the Company shall assess and review its Policy, and shall take all appropriate measures to address any deficiencies. Any update made to the Policy will be subject to the prior approval of the BoD.