

REMUNERATION POLICY

Introduction

Unicorn Asset Management (UAM) is a Collective Portfolio Management Investment firm (CPMI) and is subject to the MIFIDPRU and UCITS remuneration codes.

UAM's remuneration arrangements reflect a mixture of the most stringent applicable requirements of the MIFIDPRU and UCITS Remuneration Codes.

The aim of both remuneration codes is to ensure that UAM has remuneration policies that are:

- non-discriminatory and gender neutral
- in line with the firm's business strategy, objectives and long-term interests
- avoid conflicts of interest; and
- promote sound and effective risk management and responsible business conduct

UAM's remuneration policy and procedures are proportionate to its scale. In addition to the above, they seek to ensure that the firm's practices secure positive customer outcomes whilst ensuring that the firm is able to attract and retain talent.

As a small non interconnected (non SNI) firm, UAM does not have a separate remuneration committee. Responsibility for implementation and oversight of the firm's remuneration policy is held by the UAM Board.

Employees are prohibited from using a personal hedging strategy or remuneration, or contracts of insurance, to undermine the risk alignment effects of UAM's remuneration arrangements.

1. What UAM employees are in scope?

UAM applies its remuneration policy to employees falling into the following categories:

- a) Material Risk Takers (MRT):** *employees whose professional activities have a material impact on the risk profile of the firm and the assets or UCITS funds that the firm manages.* UAM has determined that its MRTs include:
 - members of the senior management team (excluding Non-Executive Directors)
 - portfolio managers
- b) Those receiving total remuneration that takes them into the same remuneration bracket as Material Risk Takers (as required by the UCITS Remuneration Code):** The UAM board undertakes an annual review to identify its population of MRTs.

2. What does the policy mean for an individual's remuneration?

All permanent UAM employees are paid a fixed salary and twice a year receive a variable payment, which takes the form of a share of profits. UAM has two performance periods: interim and year-end.

The variable element is calculated in two parts:

- i. the profit share pool is determined by pre-tax profitability, whereby one third of pre-tax profits are allocated to the profit-share pool; and
- ii. each individual's payment out of the overall pool is determined by their own individual performance (employee performance is rated by assessment of both financial and non-financial factors)

UAM applies a maximum fixed ratio of five times variable to fixed remuneration. For the reasons set out below, we believe that this approach supports our ability to retain a sound capital base whilst attracting and retaining talent. Our view is that the ratio represents an appropriate balance and reflects our business model and strategy whilst ensuring that employees are not rewarded for poor conduct:

- i) The firm operates as a single business unit and operates a single profit share pool. Restricting the pool to a maximum of one third of the firm's pre-tax profits enables the firm to retain the majority of profits for the purposes of ensuring that it retains prudent levels of capital resources. Retaining higher levels of capital enables the firm to protect itself and its customers from risks to which it is or may be exposed to.
- ii) We recognise that all staff members contribute to the firm's profitability in various ways although not all are revenue generating. We do not impose or assess financial performance against fixed targets. We review individual performance against a number of characteristics including non-financial ones. These are set out in our performance ratings. We apply weightings of approximately 70/30 to financial and non-financial performance.

Non-financial performance is measured against criteria including, but not limited to:

- Adherence to the firm's policies and procedures
- Completion of prescribed training
- Demonstrating effective risk management
- Demonstrating behaviours in line with firm values and standards
- Ethics and conduct

Each employee is assessed against their objectives for both performance periods. Employees are awarded a performance rating which determines the amount of the target profit share allocation they are to receive.

Furthermore, for Material Risk Takers, if UAM identifies behaviour falling short of expected standards (including but not limited to situations where the individual was responsible for or participated in conduct which resulted in significant losses to the firm) or where their behaviour fell short of appropriate standards of conduct, fitness or propriety, UAM can apply ex post risk performance adjustments.

The board are responsible for determining whether an MRT's profit share allocation is to be reduced to reflect the situation. Where this occurs prior to payment of the profit share, this is known as a *Malus reduction*.

If the conduct is identified post payment of the profit share, the board may decide that it is appropriate to clawback some or all of the payment from the MRT. As the firm's variable remuneration is paid in cash, there is no vesting period. Therefore, UAM has determined that it is appropriate to apply a 12 month ex post risk adjustment period.

All employees are also required to annually attest that they are in Compliance with the UAM Remuneration Policy and the FCA's Remuneration Code, including that they do not use any personal hedging strategies. Variable remuneration is not paid through vehicles or methods that facilitate non-compliance with the FCA's Remuneration Code.

In keeping with the UK Corporate Governance Code on Remuneration, Non-Executive Directors are not entitled to receive bonuses, nor are they eligible to participate in the profit-share pool.

3. Conflicts of interest

UAM has adopted policies and procedures aimed at mitigating any conflicts that may arise between staff and UAM, staff and its clients and between one client and another.

The UAM Conduct Committee reviews potential conflicts on a regular basis. It recognises that individuals may act unfairly between clients if their remuneration structure encourages them to favour one client over another and ensures that this is not the case. No individual is rewarded on the basis of fund performance, or fund gathering and inappropriate risk taking is thereby discouraged.

4. Control functions

Control Functions are functions that are:

- independent from the business unit(s) it controls
- responsible for providing an objective assessment of the firm's risks, and
- responsible for reviewing and reporting on those risks

In UAM, examples of Control Functions are Risk and Compliance. Remuneration of these functions is overseen and determined by the UAM board.

Where possible, UAM ensures that Control Functions are independent from the business units they oversee, have appropriate authority and are remunerated to attract and retain skilled and experienced staff.

As UAM is a small firm, the compliance oversight function, money laundering reporting function and risk management function is held by an executive director who holds other responsibilities. Potential conflicts are identified and recorded in line with the firm's Conflicts of Interest Policy.

5. Remuneration and capital

UAM ensures that variable remuneration is only paid after UAM has satisfied its capital resources requirements.

The year-end profit share is considered to reflect risks that the firm has been exposed to during the financial year and therefore, the firm does not apply any additional risk ratings to the size of the pool which is fixed at one third of pre-tax profits.

The interim profit share is based on the forecast results for the entire financial year. The board's approach is to cap the size of the interim profit share at 45% of one third of the forecast pre-tax profit for the full year. An equivalent amount is used to pay shareholder dividends with the remainder held as capital, which enables the firm to protect the business from actual or potential risks to the business.

6. Non-Standard Remuneration

By its nature, non-standard remuneration payments fall outside of our normal remuneration practices.

The UAM board are responsible for reviewing and approving payments such as:

- Guaranteed variable remuneration
- Severance payments
- Buy out awards
- Retention payments

When considering such payments, the board will assess the merits of the payments to determine whether they are consistent with the firm's business model and strategy and whether they may lead to potential conflicts of interest, excessive risk taking or poor consumer outcomes.

7. Pension policy

UAM's pension policy is in line with its business strategy, objectives, values and long-term interests. The firm does not offer discretionary pension benefits.

8. Proportionality of the Remuneration Code

As a small Non SNI firm, UAM have developed and implemented remuneration policies and procedures consistent with the scale and complexity of the firm. The firm's remuneration practices are subject to annual review by the board of UAM to ensure that they remain proportionate to the firm's size, business activities and associated risks. The review also ensures that the firm's remuneration structure continues to promote a culture of effective risk management across the organisation

9. Governance

As a small Non SNI firm. UAM does not have a Remuneration Committee. The UAM board as the managing body of the firm are responsible for:

1. Developing and implementing the firms' remuneration policy and procedures and for ensuring that they:
 - promote good conduct and effective risk awareness and management
 - align remuneration with the firms' culture, risk appetite, values, aims, objectives and regulatory obligations (including environmental, social and governance risk factors)
 - support the avoidance of conflicts of interest
2. Ensuring that the size of the profit share pool reflects the impact of actual or potential risks to the business or its clients.
3. Determining whether employees are MRTs
4. Reviewing and agreeing remuneration awards for Control Function employees
5. Determining the ratio of fixed to variable remuneration for MRTs in accordance with the FCA Remuneration Code requirements.
6. Undertaking an annual review of the firms' remuneration policies and procedures
7. Determining application of malus and clawback to individual awards.

8. Agreeing non-standard remuneration awards such as termination payments, retention awards or those associated with securing new joiners.

10. Non – discrimination

UAM's remuneration arrangements are gender neutral and will not discriminate on the grounds of any other protected characteristic.