MUFG Lux Management Company S.A.

Remuneration Policy

Version 4.2

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Chapter 1. General Rules

Article 1. (Purpose)

This remuneration policy (hereafter the «**Policy**») sets forth the matters to be considered by MUFG Lux Management Company S.A. (hereafter the «**Management Company**») Board of Directors and the management prior to paying or deciding to pay out remuneration to a Management Company's employee, manager or director. It is in line with its parent company, namely Mitsubishi UFJ Investor Services & Banking (Luxembourg) SA, and with the group's, namely Mitsubishi UFJ Financial Group, policies and standards in order to comply with the specific requirements in force in the Grand Duchy of Luxembourg.

This Policy integrates the provisions of, both Alternative Investment Fund Manager ("AIFM") and Undertakings for Colletive Investment ("UCITS") Laws, the European Union and Luxembourg regulatory requirements relating to remuneration and corporate governance and in particular the provisions of the EU Directive 2014/91/EC of the European Parliament and of the Council of 23 July 2014 such as implemented into Luxembourg law of 17 December 2010 (the "2010 Law") and of 12 July 2013 (the "AIFM Law") as both amended by the Luxembourg law of 10 May 2016 (the «**UCITS V Law**»).

The authorized management (hereafter the «**Management**») of the Management Company is responsible for implementing this Policy.

This Policy and its appendices might be modified in the future in order to be in compliance with possible evolution of the applicable regulatory provisions.

This Policy 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 funds (the "**Funds**") managed by the Management Company .

This Policy is in line with (i) the business strategy, objectives, values and interests of the Management Company and the Funds and (ii) the best interest of investors of the Funds and (iii) includes measures to avoid conflicts of interest.

Article 2. (Scope of the Policy)

This Policy deals with the determination and payment of all kind of remunerations regarding the Management Company.

It is divided into two major parts, fixed remuneration and variable remuneration.

Principle of proportionality

The Management Company has taken into consideration the principle of proportionality in the sense that it shall comply with the principles stated in the UCITS V Law and AIFMD[1] in a way and to the extent that is appropriate to its size, internal organization and the nature, scope and complexity of its activities. Considering more specifically its particular nature:

- small number of employees
- liquidity profile of the Funds being largely assets that can be readily converted to cash
- investment management being delegated and carried out by well-known portfolio management companies

The Management Company is of the opinion that given the actual size, complexity and risk profile, it would be appropriate to make use of the principle of proportionality when it comes to the scope of application of the UCITS V Law and AIFMD rules, as detailed within this Policy.

Following to the principle of proportionality to be applied to the Management Company, it has been taken into consideration that it is exempted to set up a Remuneration Committee. It is considered that the Management Company does not fall under the Art. 14b(4) UCITS Directive, respectively. Par. (3) Annex II AIFMD, which requires a Remuneration Committee for the Management Companies which are significant in terms of their size, organisation and nature.

According to ESMA guidelines, the elements taken into consideration to decide not set up a Remuneration Committee are:

- that the Management Company is not listed,
- the number of employees reaches a maximum number of 10 individuals,
- the Management Company is fully owned by the Mitsubishi Group, Mitsubishi UFJ Financial Group,
- most of the Funds have a liquid profile, and
- the Management Company has contractually delegated the central administration, the portfolio management and the distribution.

Delegation of activities

At the time of elaboration of this Policy, the Management Company has contractual delegation arrangements in place with external parties regarding accomplishment of some activities. The activities relating to portfolio management have all been delegated to large and globally known professionals.

[1] AIFMD Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Di-rectives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (the "AIFMD").

The Management Company ensures that:

- the entities to which portfolio management activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under AIFMD, ESMA Guidelines and the UCITS V Law; or
- appropriate contractual arrangements are put in place with entities to which portfolio management activities have been delegated in order to ensure that there is no circumvention of the remuneration rules set out in the AIFMD, ESMA Guidelines, UCITS V Law and related guidelines: these contractual arrangements cover any payments made to the delegates' identified staff as compensation for the performance of portfolio or risk management activities on behalf of the Management Company.

The activities for transfer agency, central administration and internal audit are also contractually delegated mostly to the group, namely the Mitsubishi Group, Mitsubishi UFJ Financial Group.

Article 3. (Additions, Amendments and Abolishment)

1. Additions, revisions, amendments and abolishment of this Policy are to be approved by the Board of Directors, upon suggestion of the Management or upon their own initiative.
2. The Management may decide minor revisions, such as changes of sentences, expressions, and name of department based on the Deliberation and Reporting Items with MUFG subject such changes are approved at the next Board of Directors meeting.
3. The Management is responsible for issuing the procedures (if necessary) requested in this Policy. Such procedures have to be approved by the Board of Directors prior to entry into force. The Board of Directors and the Management are authorized, but not under a duty of, requesting the external auditor's opinion or nihil obstat to any matter in relation with this Policy and related procedures.
4. This Policy is to be reviewed periodically on an annual basis by the Management.
5. Track of any revision or amendment to the Policy and related procedures will be kept by Human Resources Department of the Bank.

Article 4. (Governance)

The Board of Directors is ultimately in charge of deciding the remuneration of the directors, of the Management and of the Staff.

«Management» means the conducting officers that have been entrusted with the day-to-day management of the Management Company.

«Staff» includes all the people involved in the day-to-day operations that are not a member of Management, thus also includes Division and Department heads.

«Bank» mean the sole shareholder of the Management Company, namely Mitsubishi UFJ Global Custody S.A.

«Group» designates the ultimate entity that owns the Management Company and the Bank and the parent companies of the Bank, namely Mitsubishi UFJ Financial Group.The Management will report to the Board of Directors once a year on the general evolution of the remuneration structure of the Management Company.

Article 5. (Department in Charge for the Policy)

The Head of Human Resources of the Bank with the assistance of Risk Management function and of Legal and Compliance function is responsible for this Policy.

Article 6. (Publication)

Internal Publication
The employees are regularly informed about their remuneration, criteria used to measure performance and the link between performance and pay through emails / discussions with their manager and Human Resources.

External Publication
The communication of the remuneration policy is made available on the group internet site of the Management Company.

The present remuneration policy is at the disposal of the CSSF, the Board of Directors, the Bank's Internal Audit, the Bank's Head of Human Resources, the Board of Directors of the Management Company and the Management Committee of the Management Company.

Article 7. (Entry into force)

This Policy will enter into force as of the day of authorization by the Board of Directors of the Management Company for any payment of a remuneration that relates to a period that includes a date that is situated after 31st of December 2015.

Such entry into force is subject to any requirements that labour law may impose on the Management Company and as a consequence may be delayed for certain employees. The Human Resources Department of the Bank will enter into negotiations with the concerned staff to amend the employment agreement as soon as practicable.

Article 8. (Applicability of this Policy)

This Policy applies to all remunerations paid by the Management Company to persons that have an employment contract with the Management Company, as the case may be, directors, Management and Staff of the Management Company, including expatriates (consequently the word «Staff» as used in this Policy includes all the above-mentioned categories of persons). It is also applicable to the branches of the Management Company, if any.

Article 9. (Third level controls)

In accordance with the applicable regulatory provisions, application of this Policy falls within the scope of the third level controls made by the Internal Auditor and the Compliance Officer of the Management Company. The result of such controls has to be reported to the Board of Directors on an annual basis. Copies of such reports have to be kept to the order of the *Commission de Surveillance du Secteur Financier*.

Chapter 2. Payment of a fixed remuneration

Article 10. (Definition)

A fixed remuneration is any remuneration that is paid out without consideration of any performance criteria. A fixed remuneration may consist of:

1) a recurrent, generally monthly payment to an employee that is made upon the basis of an employment contract;

2) a 13th month payment;

3) payments or benefits that are available up to the same amount to all Staff or to a particular group of Staff, irrespectively of the performance of the Staff or of the department in which the Staff is working (including, but not limited to personal and mortgage loan subsidies, *chèques repas* (lunch vouchers), pension plan, parking spaces.

Payment of overtime, night-time or of working time on holidays or Sundays is not related to performance criteria and is considered to be a part of the fixed remuneration.

Article 11. (Beneficiaries)

1) Board of Directors' members

The Management Company pays no remuneration to the members of the Board of Directors, apart from non Group directors and the directors that are also members of the Management of the Management Company.

2) Management's members

The fixed remuneration of the members of the Management is determined by the Board of Directors. To prevent any potential conflict of interest, those Members of the Management that are also members of the Board of Directors are prohibited from board meetings deciding the Management's remuneration when it concerns their own remuneration for those specific items.

3) Staff

The fixed remuneration of the Staff is determined by the Management under the supervision of the Board of Directors.

As explained *supra*, by virtue of the principle of proportionality, the Management Company does not include as such a remuneration committee, but decisions on remunerations are decided at board meetings.

Article 12. (Changes)

Any increase to the fixed remuneration is based upon the discretionary opinion of the Management.

A decrease of the fixed remuneration is only possible if certain legal formal requirements are met (as further specified in the Labour Code).

Article 13. (Department in charge of the payment of the fixed remuneration)

The Human Resources function of the Bank is in charge for the payout of the fixed remuneration.

Chapter 3. Payment of a Variable Remuneration

Article 14. (Definition)

The Management Company has a performance based-culture and therefore rewards its employees through variable remuneration. This is designed to attract, retain and motivate its employees without encouraging taking inappropriate risks.

Having delegated its activities which potentially attract risks to be taken by employees (activities relating to portfolio management are externalized by agreement), and taking into consideration also application of the principle of proportionality, the Management Company has set some requirements on pay-out processes for Identified Staff including:

a. The payment of variable remuneration in instruments
b. The retention period
c. The deferral requirements
d. The ex-post incorporation of risk (sometimes referred to as bonus withholding or clawback).

A variable remuneration is any payment on a discretionary basis (unless contractually determined) that is made to a director or a member of the Management or Staff as a consequence of performance of the receiver, the receiver's business area, the Management Company as a whole or the Group the Management Company belongs to (hereinafter a «**Variable Remuneration**»).

The decision of allocation of a Variable Remuneration to the Management Company's employees lies with the Board of Directors.

Article 15. (Categories of Beneficiaries)

A distinction is made between the following categories:

1. The Identified Persons

Identified Persons are persons whose professional activities have a material impact on the Management Company's risk profile and include the Board of Directors, Management, Control Functions and Risk Takers.

1.1) Board of Directors (Four members)
The Board of Directors is not paid any Variable Remuneration by reason of their directorial function.

1.2) Management (Three members)
The Variable Remuneration paid to the Management is determined by the Board of Directors. Members of the Management that are also members of the Board of Directors are prohibited from attending Board of Directors' meetings discussing and deciding the Management's remuneration.

1.3) Control Functions (Two[2] people)
The control functions are the Internal Auditor[3], the Risk Management Officer and the Compliance Officer (the "**Control Functions**").
The Variable Remuneration paid to the Control Functions is determined by the Board of Directors upon consultation with the Management.

The internal audit will be externalized to the internal audit of the Bank.

1.4) Risk Takers

Risk Takers are identified as being the persons whose remuneration are in the same bracket that the Management or that may engage the Management Company's money by entering into trades on the Management Company's behalf.

Therefore, no Risk Takers have been identified.

2. All other Staff of the Management Company

Anyone not belonging to one of the categories mentioned under point 1 above or that is considered not to be an Identified Person under the last paragraph of point 1 above.

Article 16. (Form of a variable remuneration)

The Management Company's intention is to pay out only variable remunerations in the form of a bonus in cash, payable at 100% on the payment day subsequent to the allocation, unless deferred in accordance with Article 19 of this Policy.

Given the small number of Identified Persons, if any, the Management Company has no intention to differentiate in the form of payment between Identified Persons and other Staff. Only the criteria of allocation may differ, in accordance with Article 21 hereafter.

The Management Company is thus applying the principle of proportionality as provided in ESMA Guidelines regarding the AIFMD, respectively [article 111 bis] of the UCITS V Law.

The Management Company has presently no intention to pay any other kind of variable remuneration.

In case any of the facts detailed in this Article 16 changes, this Policy has to be amended.

[2] One member of the Management also acts as Risk Management Officer of the Management Company.
[3] The Internal Audit function is delegated to Mitsubishi UFJ Investor Services & Banking (Luxembourg)S.A.

Article 17. (Determination of a variable remuneration in a contract)

The Board of Directors and Management do not accept that a variable remuneration be fixed in the employment contract.

As an exceptional measure, and in order to help in the recruitment of experienced persons, a variable remuneration may be fixed in the employment contract, but such is only permitted for the first year of employment.

In addition, so-called “golden handshake” (additional remuneration related to the end of the employment contract) or “welcome bonus” (additional remuneration related to the start of the employment) or retention bonuses related to a merger or acquisition process may be authorised in exceptional circumstances by the Management, subject to approval by the Board of Directors.

A “golden handshake” can only be awarded if it is made sure such variable remuneration does not reward failure to perform of any kind.

Short-term incentives

- **Discretionary bonus**

  The purpose of the discretionary bonus is to annually reward and incentivise excellent performance and to align the success of the Company with that of the employee. Discretionary bonuses are intended to reflect contribution to the overall success of the Company and are designed to take a long term view of the Company’s development. All employees, except those who participate in a formula driven incentive, are eligible to receive a discretionary bonus.

- **Appraisal process within the Management Company**

  The annual appraisal process is used to evaluate and measure an employee’s performance against defined objectives. The Specific Measurable Achievable Realistic and Time-bound (or else known as «SMART») objectives concept is utilized when setting objectives.
  An employee’s primary annual objectives are agreed with his or her line manager at the start of each calendar year. Where agreed between the line manager and employee, weightings may be applied to these objectives. Objectives are linked to the general risk adverse culture of the group and whilst some may be standardized within certain functions, most are tailored to the individual employee’s role and responsibilities.

Ratio fixed vs. Variable Remuneration

For all categories of employees mentioned in this Policy as being the Identified Persons, the maximum of their variable remuneration may not exceed 150% (one hundred fifty percent) of their fixed remuneration. This measure aims to avoid any possible, if any, inappropriate risk-taking by the employees.

Article 18. (Specific applicable provisions)

Hedging strategy

The Management Company monitors that employees do not use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements. The Management Company guarantees that variable remuneration paid is not paid through vehicles or methods that facilitate the avoidance of the requirements of the AIFMD and UCITS V Law.

The Staff should not utilize any hedging strategy.

Pension policy

The pension policy is in line with the business strategy, objectives, values and long-term interests of the Management Company and the Funds it manages.

If an employee leaves the Management Company before retirement, discretionary pension benefits shall be held by the Management Company for a period of 5 (five) years in the form of financial instruments.

In the case of employment reaching retirement, discretionary pension benefits shall be paid to the employee in the form of instruments subject to a 5 (five) years retention period. Please note that this is applicable to discretionary pension benefits and therefore not applicable to the fixed contributions to pension plan.

Article 19. (Criteria for the allocation of a variable remuneration)

The Board of Directors and/or the Management (as defined in Article 4) may decide to allocate a variable remuneration based upon the following criteria (in the order of importance from up to down):

A1. the overall performance of the Management Company;
A2. the overall performance of the Management Company compared to the targets of profitability fixed;
A3. the overall performance of the shareholder Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A.

A4. the overall performance of the Group;

A5. the expectations of evolution during the next three years of the Management Company;

A6. the expectations of evolution during the next three years of Mitsubishi UFJ Trust & Banking («MUTB») or The Bank of Tokyo-Mitsubishi UFJ («BTMU»);

A7. the expectations of evolution during the next three years of the Group;

A8. the total bonus amount allocated to the Management Company by the Board of Directors;

A9. the bonus amount allocated by the Board of Directors and/or Management (as the case may be) to the respective function;

A10. the personal performance of the employee during the year for which the bonus will be paid;

A11. the personal performance of the employee during the previous two years;

A12. the personal performance of the employee compared to the targets fixed at the beginning of the respective year;

A13. the personal performance of the employee compared to other employees in a similar position (if any);

A14. the overall performance of the department of which the employee is a member during the year to which the bonus relates;

A15. the overall performance of the department of which the employee is a member during the previous two years;

A16. the overall performance of the department of which the employee is a member compared to the targets of profitability fixed at the beginning of the respective year;

A17. the overall performance of the department compared to similar departments.

A18. the discretionary appreciation of the direct supervisor or the manager (if any);

A19. the discretionary appreciation of the decision maker, the Board of Directors or Management (as the case may be).

1. For criteria A10. to A13., «performance» is to be understood as a combination of both financial and professional achievements (i.e. work quality, work quantity, flexibility and adaptability, technical proficiency, continuous improvement, ability to cooperate, verbal and written communication, compliance with AML requirements, etc), including the position of the employee within the Management Company, his adherence to the Management Company's rules of conduct (referring also to the Group Compliance Manual, including code of ethics and conflicts of interest policy), his behaviour at work and the relationship to other employees and to clients (if applicable), as further detailed in the appraisal process that takes place once a year (includes also periodical interim reviews) and the respective related procedure and evidenced by a "score" that the employee has obtained.

   For criteria A1. to A4. and A14. to A17., «performance» is to be understood as financial achievements only.

   Criteria A3. to A7. may be not applied for the Staff of the Management Company.

   In respect of expatriates, the order of importance of the above criteria, notably criteria A3. to A7. may be different and certain criteria may be not applied.

   Criteria A13. to A17. cannot be taken into account for Control Functions (as detailed in Article 15) since their performance measures will be based on the achievements and objectives of the functions, and their remuneration will be determined independently from the performance of the specific business areas they support, therefore helping to prevent any potential conflicts of interest.

The Board of Directors and/or Management (as the case may be) are authorized not to take into account one, some or most of the above criteria, subject the reason for such are duly explained to the respective Staff and documented, for inspection by the Board of Directors and the third level control.

The Board of Directors and/or Management (as the case may be) is/are not authorized to take into account any other criteria not listed above.

In case the variable remuneration has been fixed contractually (welcome bonus, variable remuneration fixed contractually linked to the achievement of objectives, target, formula…), the Board of Directors and/or Management (as the case may be), may decide to pay out an additional portion of the variable remuneration in accordance with the criteria here-above mentioned.

The Board of Directors and/or Management (as the case may be) is/are not authorized to enter into an employment contract that specifically excludes or voids any of the above criteria A1. to A2. and A10. to A13.

Article 20. (Conditions of payment of deferred variable remuneration)

Although this is not the intention of the Management Company to defer payment of variable remuneration, the deferred variable remuneration if any will be paid out subject to the following terms and conditions:

B1. Deferral of payment

A Variable remuneration, at the option of the Board of Directors and/or Management (as the case may be) can be paid over a period of up to a maximum of 5 (five) years. Payment amount of the variable remuneration will be adjusted to the number of years without that the yearly pay-out amount can be lower than 2 (two) monthly salaries of the employee, except the last year of payment.

B2. Ongoing personal performance of the employee related

The Board of Directors and/or Management (as the case may be) is authorized to reduce or cancel part of the unpaid portion that is due in a current year of a variable remuneration that has been awarded, if the receiver substantially fails to meet a corresponding level for criteria A10. and A12. mentioned above. Such a decision has to be communicated to the receiver of the variable remuneration in writing.

B3. The Board of Directors and/or Management (as the case may be) is authorized to reduce or cancel all or part of the unpaid part of a variable remuneration that has been awarded based on data which was subsequently proven to be substantially fraudulent.

<u>Claw-back (applicable on non deferred variable remuneration)</u>
Further, the Board of Directors and/or Management (as the case may be) is/are authorized to require Staff members to repay all or part of the variable remuneration that has been paid out already based on data which was subsequently proven to be substantially fraudulent, based on misleading information or on behaviour that breach AIFMD or the UCITS V Law and related guidelines. Such repayment can only be requested to the fraudster themselves. Any such a decision has to be communicated to the receiver of the variable remunerations in writing.

B4. Serious mistake made by the receiver of the variable remuneration

The Board of Directors and/or Management (as the case may be) is/are authorized to reduce or cancel all or part of the unpaid portion of a variable remuneration that has been awarded in case a serious mistake is made by the receiver and such has been communicated to the receiver in writing.

B5. Absence of profit of the Management Company

The Board of Directors and/or Management (as the case may be) is/are authorized to reduce or cancel all or part of the unpaid portion of a variable remuneration that is due in a current year, in case a situation arises that in the discretionary opinion of the Board of Directors and/or Management (as the case may be) makes it impossible to presume that the Management Company can or will continue to be able to carry out its business as a going concern. Such a decision has to be communicated to the receiver of the variable remuneration in writing.

B6. Absence of profit of MUTB, BTMU and/or MUFG

The Board of Directors and/or Management (as the case may be) is/are authorized to reduce or cancel all or part of the unpaid portion of a variable remuneration that is due in a current year, in case a situation arises that in the discretionary opinion of the Board of Directors and/or Management (as the case may be) makes it impossible to presume that the main shareholder or the group it belongs to, can or will continue to be able to carry out its business as a going concern. Such a decision has to be communicated to the receiver of the variable remuneration in writing.

The Board of Directors and/or Management (as the case may be) is/are not authorized to enter into an employment contract that specifically excludes or voids any of the above terms and conditions B1. to B6.

In case of termination of the employment contract for any reason whatsoever or in case of retirement, any unpaid portion of a variable remuneration is to be paid out with the last salary due.

Article 21. (Payment method of the variable remuneration)

A variable remuneration will be paid only in cash.

Due to the application of the proportionality principle, the Board of Directors does not intent at this moment to pay a variable remuneration, in full or in part, in shares or other equity or options.

Article 22. (Payment Date of the variable remuneration)

Payment date of the variable remuneration or a part thereof, except in cases in which such is fixed contractually, is situated on a day of the month of February or March of the next following year to which it relates.

The Management will announce the payment day each year in advance to the Staff.

The Board of Directors and/or Management may decide to fix a different date for the payment of the variable remuneration amount or part of the variable remuneration amount.

Article 23. (Department in charge of the payment of the variable remuneration)

The Human Resources function of the Bank is in charge for the payout of the variable remuneration.

Chapter 4. Various

Article 24. (Basis for the policy)

This policy is based upon the following:

- AIFMD Luxembourg Law and UCITS V Luxembourg Law
- related guidelines issued by various regulatory bodies (ESMA, …)