



<b>Beresford Funds plc Remuneration Policy</b>
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## **The Company**

Beresford Funds plc (the Company) is an open-ended umbrella investment company with segregated liability between funds. The Company has been authorised by the Central Bank as an Undertaking for Collective Investments in Transferable Securities (UCITS) pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended (“the UCITS Regulations”). The Company shall be managed and its affairs supervised by its Directors.

For details on each of the Directors please refer to section 2 of the Prospectus, available to download at <http://www.fundweblibrary.com/individual/ireland/en/BERESFORD>

### **1. The Policy**

The Company has established this remuneration policy (the “Remuneration Policy”) to ensure that the Company has in place remuneration policies and procedures which are in compliance with the regulatory requirements under in accordance with UCITS V Directive (Directive 2014/91/EU) (“UCITS V”) and in particular, the European Securities and Markets Authority (“ESMA”) Guidelines on sound remuneration policies under UCITS V and AIFMD (ESMA/2016/411) (the “ESMA Guidelines”) to the extent that is appropriate to its size, internal organisation and the nature, scope and complexity of the Company’s activities.

It is the Company’s policy to maintain remuneration arrangements that are consistent with, and promote, sound and effective risk management and do not encourage risk-taking that is inconsistent with the risk profile of the Company and that do not impair compliance with the Company’s duty to act in the best interests of its shareholders. The Company’s Remuneration Policy is designed to ensure that any relevant conflicts of interest can be managed appropriately at all times.

The Remuneration Policy has been adopted by the non-executive members of the Board in their supervisory function, who have expertise in risk management and remuneration and any revision to the Remuneration Policy requires approval of such members. In addition, the Remuneration Policy will be reviewed on an annual basis by such members to assess whether its overall remuneration system operates as intended and is compliant with the remuneration policies as set out in UCITS V.

### **2. Scope**

For the purposes of the Remuneration Policy and related remuneration policies and practices, ‘remuneration’ consists of all forms of fixed and variable (which should be performance-based and risk adjusted) remuneration paid to ‘identified staff as defined in the ESMA Guidelines (“Identified Staff”) and includes all payments and benefits, whether monetary or non-monetary paid to those Identified Staff.

### **3. Persons subject to the Policy**

The Company shall apply the provisions of the Remuneration Policy to its Identified Staff.

The Company is responsible for identifying the members of staff who fall within the definition of Identified Staff. The term 'Identified Staff' is broadly defined in the ESMA Guideline's and includes:

- senior management;
- risk takers;
- control functions;
- employees whose professional activities have a material impact on the Company's risk profile; and
- staff of the entity to which portfolio and/or risk management activities have been delegated by the Company, whose professional activities have a material impact on the risk profile of the Company.

Accordingly, the Company has determined that the following staff members would fall within the definition of "Identified Staff":

- Members of the Board of Directors;
- Compliance and Risk Officer;
- Money Laundering Reporting Officer (MLRO); and
- A Designated Person with responsibility for Audit Assurance, accounting policies and procedures and financial control (Designated Person).

Although the definition of Identified Staff includes staff of the entities to which investment management activities have been delegated and whose professional activities have a material impact on the Company's risk profile, these individuals are not specifically included in the Company's Remuneration Policy as they are not remunerated directly by the Company. However, for further information on those entities to which investment management activities have been delegated, please refer to section 4 below.

In order to ensure that the delegation of portfolio management functions does not act to circumvent the rules and requirements of the Remuneration Policy, the Company will ensure that any delegates so appointed will comply with the Remuneration Policy or, alternatively, are subject to equally effective.

Accordingly, the Company will ensure, when delegating investment management activities, that 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.

### **4. Remuneration of Identified Staff**

The Company's Independent Non-Executive Chairman and Non-Executive Directors, who are not employed by the Investment Manager or any affiliate of the Investment Manager, will accept a fee in

accordance with the Company's Memorandum and Articles of Association the Prospectus. The fees paid to the Non-Executive Directors are not performance-related fees but are subject to an agreed fee schedule. The remaining Directors have agreed to waive this fee.

The Compliance and Risk Officer, MLRO and Designated Persons have been seconded to the Company by Irish Life Investment Managers Limited ("ILIM"). A service level agreement is in place between the parties to document this arrangement. The secondees are employed by ILIM as and are subject to ILIM's Remuneration Policy. They do not receive additional remuneration in respect of their roles within the Company.

#### **5. The Investment Managers – Irish Life Investment Managers Limited and Setanta Asset Management Limited (the "Investment Managers")**

The Investment Managers are subject to regulatory requirements on remuneration that are equally as effective as those applicable under UCITS V.

The Investment Managers are both investment firms authorised under the Markets in Financial Instruments Directive ("MiFID"), and complies with the ESMA Guidelines on remuneration policies and procedures (the "MiFID Remuneration Guidelines"), which the Company has determined are equally as effective as those applicable under UCITS V. The Investment Managers have provided a copy of its Remuneration Policy to the Company.

Staff employed by the Investment Managers are compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control. A service level agreement is in place between the Company and ILIM to document arrangements in respect of remuneration.

#### **6. Proportionality Principle**

As noted above, the Company must comply with the UCITS V remuneration principles in a way and to the extent that is appropriate to its size, its internal organisation and the nature scope and complexity of its activities. Accordingly, some UCITS can determine to meet the remuneration requirements through very sophisticated policies whereas others can do so in a simple and less burdensome way. The application of the proportionality principle may lead on an exceptional basis and taking into account specific facts to the disapplication of some remuneration principles for Identified Staff if that is reconcilable with the risk profile, appetite and risk strategy of the Company and within the limits set by the ESMA Guidelines.

The ESMA Guidelines provide that only certain of the remuneration requirements may be disappplied on proportionality grounds. These are as follows:

- (i) The requirements on the pay-out process. This means that some UCITS, either for the total of their Identified Staff or for some categories within their Identified Staff, may decide not to apply the requirements on;

- Variable remuneration in instruments;
- Retention;
- Deferral; and
- Ex-post incorporation of risk for variable remuneration, (hereinafter the “Pay-Out Process Rules”).

(ii) The requirement to establish a remuneration committee. A UCITS that is significant in terms of its size, its internal organisation, and the nature, scope and complexity of its activities is required to establish a remuneration committee.

The ESMA Guidelines further provide that if a UCITS disappplies any of the foregoing remuneration requirements it should be able to explain to the competent authorities (i.e. the Central Bank of Ireland) the rationale for each and every single requirement that is disappplied.

The ESMA draft Guidelines provide that criteria relevant to the application of proportionality are (i) the size of the UCITS; (ii) its internal organisation; and (iii) the nature scope and complexity of its activities.

In assessing what is proportionate, the focus is on the combination of all the mentioned criteria (size, internal organization and the nature, scope and complexity of the activities) and, as this is not an exhaustive list, of relevant criteria.<sup>1</sup>

(a) Size of the Company

The size criterion can relate to the following:

- value of the Company’s capital;
- the value of assets under management (including any assets acquired through the use of leverage) of the Company;
- liabilities or risk exposures of the Company; or
- the number of staff and branches or subsidiaries of the Company.

As of 31 December 2015 the cumulative assets under management of the sub-funds of the Company was €2,696,719,202 and the liabilities and risk exposures of the sub-funds was €2,582,073. The Company has no staff other than the Board of Directors and has no subsidiaries.

(b) Internal organisation

The internal organisation can relate to the following:

- legal structure of the Company;
- the complexity of the internal governance structure of the Company; or

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<sup>1</sup> E.g. AUM of UCITS may well be small-scale but could still include complex risk-profiles because of the strategies of the UCITS or its sub-funds

- whether the Company itself is listed on a regulated market.

The Company is an open-ended variable capital investment company with segregated liability between sub-funds, and is registered under the Companies Act, 2014 with limited liability. The objective of the Company is the collective investment in transferable securities of capital raised from the public, operating on the principle of risk spreading.

(c) Nature, scope and complexity of activities

The nature, scope and complexity of activities can relate to the following;

- the type of authorised activity;
- the type of investment policies and strategies of the Company;
- the national or cross-border nature of the Company's activities.

The Company is authorised for collective investment management.

The sub-funds aim to achieve their stated investment objectives by investing in those instruments listed in the investment policy section of each sub-fund Supplement. The Company has a relatively small suite of non-complex funds. The range of funds available do not utilise complex investment strategies or exotic derivatives. Accordingly, the Company views itself as a simple and non-complex UCITS.

The Company is domiciled in Ireland, however, a small number of sub-fund's shares have been registered for distribution in Italy, the Netherlands and Germany.

In order to identify whether a remuneration committee is required, the factors mentioned in (a) to (c) above need to be considered. When assessing whether or not the Company is significant, the Company must consider the cumulative presence of all the three factors (i.e. its size, its internal organisation and the nature, scope and complexity of its activities). A UCITS which is significant only with respect to one or two of the three above factors is not required to set up a remuneration committee.

Without prejudice to the foregoing, the specific (non-exhaustive) elements to be taken into account when determining whether or not to establish a remuneration committee are:

- whether the Company is listed or not;
- the legal structure of the Company;
- the number of employees of the Company; and
- the Company's assets under management.

(d)

Taking all of the above proportionality criteria into account, the Board has decided to disapply the requirement to establish a remuneration committee. The Board is satisfied that this disapplication is reconcilable with the risk profile, risk appetite and the strategy of the Company and its sub-funds.

The Company does not pay any variable remuneration to its Directors and secondees, therefore, the Pay-Out Process Rules are not applicable and an assessment of whether they need to be disappplied is not required.

#### Pensions

The Company does not contribute to staff pensions.

#### Severance arrangements

Severance payments may be payable in particular circumstances. In drafting severance payment provisions in contracts and in negotiating any severance payments, the Company ensures that the relevant payments do not reward (i) failure or (ii) poor performance.

#### Anti-circumvention rules

Each staff member of the Company must undertake not to use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in his or her remuneration arrangement (if any).

### **6. Disclosure**

The general principles of the Remuneration Policy and the specific provisions for Identified Staff are disclosed internally and documented in this procedure.

In addition, pursuant to the UCITS V requirements, the following disclosures are required in the following documents:-

#### Prospectus of the Company

The prospectus of the Company is required to include either:

- (a) the details of the up-to-date Remuneration Policy, including, but not limited to, a description of how remuneration and benefits are calculated, the identities of persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, where such a committee exists; or
- (b) a summary of the Remuneration Policy and a statement to the effect that the details of the up-to-date Remuneration Policy, including, but not limited to, a description of how remuneration and benefits are calculated, the persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee where such a committee exists, are available by means of a website – including a reference to that website – and that a paper copy will be made available free of charge upon request.

It is proposed that a summary of the Remuneration Policy and a statement to the above effect will be disclosed in the prospectus of the Company and that such details will be made available on [www.ilim.com/fund-info/fund-facts-sheets/ucits-funds](http://www.ilim.com/fund-info/fund-facts-sheets/ucits-funds)

### Key Investor Information Document (KIID) of UCITS

The KIIDs of the sub-funds are required to include a statement to the effect that the details of the up-to-date Remuneration Policy, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, where such a committee exists, are available by means of a website – including a reference to that website – and that a paper copy will be made available free of charge upon request.

### Annual Report of UCITS

The annual report of the Company is required to disclose the following additional information:

- (a) the total amount of remuneration for the financial year, split into fixed and variable remuneration paid by the Company (including any performance fee paid for the benefit of any Identified Staff), and the number of beneficiaries;
- (b) the aggregate amount of remuneration broken down by categories of employees or other members of staff as referred to in Article 14a(3) of the UCITS V;
- (c) a description of how the remuneration and the benefits have been calculated;
- (d) the outcome of the reviews referred to in points (c) and (d) of Article 14b(1) of the UCITS V Directive including any irregularities that have occurred;
- (e) material changes to the adopted Remuneration Policy.

### General

The Board may deviate from the Remuneration Policy in individual cases to the extent legally acceptable under applicable law, if justified by extraordinary circumstances subsequent to the approval in a duly convened Board meeting.

The Remuneration Policy does not form part of any staff member's terms and conditions of employment or engagement and is implemented and subject to amendment at the Board's sole discretion in accordance with Section 2 above.

Records relating to this Remuneration Policy must be kept for a period of at least 5 years.