

Investment Fund Services Limited

The Remuneration Policy

Policy Document

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Definitions

	Meaning
AFM	Authorised Fund Manager
ACD	Authorised Corporate Director
AIF	Alternative Investment Fund
AIFM	Alternative Investment Fund Manager
Board	the board of directors of the Company or any suitable constituted committee appointed by the Board from time to time
ESMA	European Securities and Markets Authority
FCA	Financial Conduct Authority
IFSL	Investment Fund Services Limited
Investment Manager	Investment Fund Services Limited, or any other person or persons being duly appointed investment manager of the Company in succession to Investment Fund Services Limited, in accordance with the requirements of the FCA, and where the Investment Manager has delegated responsibility for the management of all or part of the assets of a fund of the Company, the term Investment Manager shall also refer to the investment manager of that fund.
NURS	Non-UCITS retail investment scheme
SYSC	Senior Management Arrangements, Systems and Controls
UCITS	Undertaking for Collective Investment in Transferable Securities

1. Introduction

1.1 Business and Regulatory Context

The Remuneration Policy (“Policy”) records the remuneration policy for Investment Fund Services Limited (“IFSL” or the “Company”).

IFSL provides investment management services, including acting as an AFM and an Investment Manager, for both UK UCITS and NURS.

IFSL is authorised and regulated by the FCA in the control of such business.

The Company has adopted a remuneration policy in accordance with the requirements of both the UCITS Directive (Directive 2014/91/EU of 23 July 2014) and the AIFM Directive (Directive 2011/61/EU of 8 June 2011), in each case, as on-shored into the UK under the European Union (Withdrawal) Act 2018 (“EUWA”) as well as the Remuneration Codes set out by ESMA (as on-shored into the UK under EUWA) and in Chapters 19B and 19E of the FCA’s SYSC Handbook.

The Company’s Policy also complies with the Investment Association’s Principles of Remuneration.

1.2 Policy purpose

The aim of the Policy is to set out the rules and principles for remuneration within the Company taking into account relevant regulatory requirements and guidance. In particular, it aims to ensure:

- The implementation of appropriate remuneration practices and activities.
- The implementation of suitable reporting and monitoring routines to ensure effective control of remuneration activities and manage the associated risks.
- That remuneration practices do not encourage risk taking which is inconsistent with the risk profile and prospectuses of the Company’s Funds.
- That remuneration practices do not impair its duty to act in the interest of the Funds.
- That remuneration practices include measures to avoid conflicts of interest.
- That remuneration awards do not threaten the Company’s ability to maintain an adequate capital base and consider the long-term interests of the business and its stakeholders.

1.3 Risks addressed by the Policy

The Company considers the Policy to be appropriate to the size, internal operations, nature, scale, and complexity of the Funds it manages, its ownership structure, its policies in relation to risk management and monitoring, and in line with the risk profile, risk appetite and the strategy of those Funds. Having considered these factors, and taking into account the guidance provided by the FCA in the *General guidance on the AIFM Remuneration Code* (SYSC 19B) (January 2014), the Company has determined that it is appropriate to apply the proportionality rules set out at SYC 19B.1.4 and SYSC 19E.2.4.

The Company recognises that remuneration practices and principles influence the management of the business and desires that its practices promote sound, prudent and effective management of its business and does not encourage risk taking, which exceeds the risk tolerance limits of the Company.

By making sound risk management a key part of remuneration, this supports the execution of the risk management system and helps to manage all risks to which the Company is exposed.

The Policy also addresses the risk of not recruiting or retaining individuals without the skills and experience required for the role, which may lead to increased risk for the business and/or its success.

This policy also addresses the risk of not meeting the required regulatory standards.

2. *Remuneration Code Staff*

The Policy will apply to the fixed and variable (if any) remuneration, including salaries and pension benefits received by the identified Remuneration Code Staff.

The identified Remuneration Code Staff are those whose professional activities have a **material impact on the risk** profile of the AFM, AIFM and the Funds, including:

- Senior management.
- Risk takers.
- Staff engaged in control functions.
- Any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers.

The Company considers that individuals can be Remuneration Code Staff notwithstanding that they are not directly employed by the Company.

3. *Oversight and governance*

3.1 *Board responsibilities*

Given the size and nature of the business, the Board in its supervisory capacity is responsible for overseeing and approving the Remuneration Policy and associated remuneration and reward processes and practices, subject to the approval and direction of the Company's ultimate principal shareholder and non-executive director.

The Board is responsible for:

- Determining, reviewing, amending and approving individual remuneration packages for individuals who have been classified as Remuneration Code Staff, subject to the approval and direction of the Company's ultimate principal shareholder'.
- Reviewing, amending and approving the annual overall remuneration spend (to include salary and discretionary incentive bonus scheme spend).
- Overseeing the remuneration of senior officers in the Risk and Compliance functions.

3.2 *Line 1 responsibilities*

Any proposals regarding variable and fixed remuneration of Remuneration Code Staff within Line 1 are made by the relevant line managers and are subject to approval by the Board.

3.3 *Line 2 responsibilities*

The Policy owner, together with Risk and Compliance, shall make an annual assessment and review of the Policy and remuneration practices to ensure they are consistent with sound and effective risk management.

3.4 Line 3 responsibilities

The Internal Audit function shall independently assess the remuneration system to ensure it complies with the Remuneration Policy on a frequency to be agreed from time to time by the Board.

4. Fixed and variable remuneration

The structure of remuneration for Remuneration Code Staff is designed to be in line with the Company's business strategy, taking account of any conflicts of interest and the existing and future capital requirements of the business.

It typically consists of fixed pay and variable remuneration.

Remuneration is based on, but not limited to:

- An appropriate balance between fixed and variable remuneration, including the possibility of paying no variable remuneration.
- Fixed remuneration, based on market rates and the experience and skill of the individual.
- Variable remuneration that is discretionary and involves assessment of the performance of the individual, the financial performance of the Company, the performance of the Company's Funds, the performance of the business unit and its risks, including an assessment of longer-term performance.
- Individual performance assessment will not solely relate to financial criteria but will also include compliance with regulatory obligations, adherence to effective risk management, adherence to the Company's Code of Conduct, and adherence to the Company's business principles and policies.
- The measure of the Company's financial performance is based principally on net profits and not revenue or turnover.
- Long-term variable incentives are aligned to the Company's strategic objectives.
- The reduction or cancellation of any variable remuneration in the case of an individual's underperformance.

The Company currently operates three different variable remuneration schemes:

- Sales commission.
- Fund Management bonus.
- Discretionary bonus.

Deferral

In order to align its incentives with the long-term interests of the Company, the Funds and its investors, the Company requires the deferral of part of the Fund Management Bonus and for its senior staff the deferral of part of the annual discretionary bonus.

5. Pension

The Company operates a self-invested personal pension scheme and contributions are set at an appropriate level to attract and retain high performing people. The Company does not offer any discretionary pension benefits.

6. *Conflicts of interest*

Conflicts of interest include a failure by the Company to act in the best interests of its clients and a material risk of damage to the interests of those clients. To ensure that individuals act in a fair manner, the Company has procedures in place to reduce conflicts and manage risks.

The management of potential remuneration conflicts includes:

- Any assessment for awarding financial remuneration, other benefits and career progression is clearly linked to performance criteria that encourages staff to act in the best interests of clients.
- Remuneration awards that are not solely linked to sales.
- Clear structural segregation of business functions is in place to allow for their independent running, and this is reflected in the composition of the Management Board.

The Company regularly reviews potential, perceived and actual conflicts and maintains an up-to-date conflicts of interest register.

7. *Guaranteed variable remuneration*

The Company does not award, pay or provide guaranteed variable remuneration unless it:

- Is exceptional.
- Occurs only in the context of hiring new staff.
- Is limited to the first year of service.

8. *Anti-avoidance*

All employees are prohibited from using personal hedging strategies or remuneration and liability insurance in relation to any aspect of their remuneration, in line with regulatory requirements and to avoid undermining the principles of risk adjustment set out in this Policy and in their remuneration arrangements.

The payment of variable remuneration will be paid in cash or otherwise invested in Funds (managed or administered) by the Company. The Company will not make payment of variable remuneration in a form that may facilitate avoidance of the Remuneration Code.

9. *Termination payments*

Termination payments will be calculated to reflect performance over time and will be designed in a way so as to avoid the reward of failure.

10. *Delegation*

In respect of any investment management delegates, under the ESMA guidance on remuneration of AIFs and UCITS, the Company requires that the delegated entities:

- (i) Are subject to regulatory requirements on remuneration that are equally as effective as those applicable to the Company.

or

- (ii) Must have appropriate, contractual arrangements in place to ensure that there is no circumvention of the remuneration rules set out in the ESMA Guidelines or the FCA Handbook.

11. Reporting

The Board is responsible for overseeing the design of the Remuneration Policy and remuneration practices, their implementation and operation.

The Policy Owner produces, for approval by the Board, an annual report of the Remuneration Policy and practices.

12. Annual Policy review and attestation

On an annual basis, the Company will review (and update where necessary) this Policy and assess whether the overall remuneration system operates as intended and is compliant with remuneration obligations.