# REMUNERATION POLICY

Contents

# 1. Purpose

This document sets out the Remuneration Policy of Margetts Fund Management Ltd (the 'Firm'). The Firm has been determined to be a non-SNI MIFIDPRU investment firm and so this policy is required to meet the requirements of section 19G of the FCA's Senior Management Arrangements, Systems and Controls (SYSC) sourcebook, "MIFIDPRU Remuneration Code" (the 'Code').

The Remuneration Policy is designed to re-enforce the Firm's values, ethics, culture, promote right and proper behaviours, and allow the risks associated with remuneration to be avoided or managed, in accordance with the Code.

This Remuneration Policy has been designed to support the strategy and long-term interests of the Firm, its shareholders and customers and other stakeholders and to allow the Firm to uphold its culture and values.

This Policy should be read in conjunction with the completed FCA MIFIDPRU Remuneration Code Template (maintained by Compliance).

The policy covers all Code Staff, which are employees whose professional activities have a material impact on the Firm's risk profile including Material Risk Takers. Material Risk Takers (MRT) are staff who may have a material impact on the Firm's risk profile or its assets under management.

# 2. Responsibilities

The Remuneration Policy is reviewed and approved by the Remuneration Committee. It will be reviewed at least annually and:

- On a significant change to the business activities of the Firm;
- On a significant change to a business relationship which forms a material part of the business of the Firm; or
- At such other point as the Board or Remuneration Committee considers necessary in order to comply with the principles contained in this Policy.

Following recommendations made by the Executive Committee, the Chief Financial Officer has responsibility for decisions relating to remuneration for all Code staff. The awards will be supported by evidence of performance measured across the relevant factors (see 'Application' section below).

The Remuneration Committee oversees the remuneration of all identified Code staff, ensuring that it is managed in line with this Policy, and will review all changes to Fixed Salaries and any variable awards before payment is made.

The Remuneration Committee also oversees all variable elements of remuneration and discretionary pension benefits and takes account of any conflicts of interest that have been identified and how they are managed.

The Remuneration Committee are responsible for identifying decisions and activities that do not meet this Policy, and for escalating all such concerns to the Board.

The external auditors assess adherence to the Remuneration Policy on an annual basis and report all findings to the Board and the Remuneration Committee.

## 3. Application

The Remuneration Committee consists of all nominated independent non-executive Directors. The Committee meets quarterly, in line with its Terms of Reference, which is approved by the Board.

The Firm identifies Code Staff and MRTs in its Certified Persons, MRT Staff & Rationales matrix which will be reviewed at least annually.

Remuneration structures are designed to reward individuals based on profitable, sustainable, compliant and right behaviours over multi-year periods.

Individuals' remuneration consists of a basic package which is payable in any event and represents a market rate for the duties undertaken.

Additional payments are discretionary and will only be awarded on the basis that the individual has contributed to the long-term sustainable well-being of the business and the Firm's business strategy measured across a range of factors including profitability, training and competence, compliance with the FCA's requirements and other factors considered relevant. When assessing individual performance both financial and non-financial criteria are taken into account and this will include the performance and conduct of the individual, the business unit or fund concerned, the reputation of the Firm and the overall results of the Firm.

The Remuneration Committee will consider the long-term interests of investors, other stakeholders and the public interest when overseeing remuneration awarded to those individuals covered by this Policy.

The Firm's approach to variable remuneration is such that all variable remuneration is discretionary in nature and will not reward risk-taking behaviour outside of the Firm's stated Risk Appetite. The Firm will not reward conduct that is not in the interest of investors or jeopardises either the Firm's current regulatory capital position, or the future identified capital and liquidity planning needs.

Any variable remuneration can be withheld in the event of gross misconduct or gross or wilful negligence. This can include adversely affecting the reputation of the Firm such as bringing the Firm into disrepute or a breach of contract of employment or engagement. Examples of this could be inappropriate conduct and non-compliant behaviour, suppressing documents, inflating trading income and discrimination in the workplace.

When considering the above, consideration is also given to the following risks, capital and liquidity factors:

- Conflicts of interest;
- Consistency, timing and likelihood of revenues;
- Decline in value of funds under management or advice through market movements, investment performance or departure of clients;
- Decline in value of fees from ACD services as a result of structural change;
- Departure of staff and potential impact on future revenues;
- Pressure on fees and competitor pressure;
- The cost and quantity of capital and liquidity requirements;
- The impact of future increases in the cost of administering the business arising from both inflationary and decision (i.e. future expansion) factors.

The Firm's pension policy is standard and there are no individual discretionary awards. This does not form part of performance-related remuneration and no discretionary pension benefits are paid to retirees.

Variable remuneration will not exceed twice the fixed remuneration and will only exceed the fixed remuneration if it has been agreed by the Board by resolution and approved by shareholders representing at least 50.1% of the issued share capital.

The Firm will not guarantee any variable remuneration and will ensure any payments in relation to early termination reflect performance and not reward failure. Apart from Variable Bonuses, payment of which has been reported to the Remuneration Committee, the Remuneration Policy expressly prohibits any other payment (whether made directly or indirectly) to be made to any MRT staff other than those relating to fixed salaries, proper reimbursement of expenses and dividends paid on ordinary shares if applicable.

Where variable remuneration may exceed 1/3 of MRTs' total compensation or it is in excess of £167,000 per annum then malus and clawback provisions will apply for 3 years. Malus refers to a downward adjustment of incentive awards before they become payable, and Clawback implies that recipients of variable pay are required to pay back all or some of an amount they have already received.

Triggers for malus and clawback include: -

- Identification of current or historic wrongdoing or poor conduct
- Identification of material prior underperformance of the individual or business function
- Identification of poorly designed and planned systems and controls for Senior Managers

Where malus or clawback is triggered the Remuneration Committee will review evidence and make a recommendation to Board.

As the Firm is in scope of the MIFIDPRU Remuneration Code it is expected to complete and submit annually the MIFIDPRU Remuneration Report (MIF008) on RegData within 4 months of the Firm's accounting reference date.