

REMUNERATION POLICY OF DORVAL ASSET MANAGEMENT

The remuneration policy is developed in accordance with the provisions relating to remuneration in the EU Directive 2014/91/EU of the European Parliament and the Council of 23 July 2014 (hereinafter referred to as the “UCITS V Directive”) in its capacity as an asset management company, and EU Directive 2001/61/EU of the European Parliament and of the Council of 8 June 2011 (hereinafter referred to as the “AIFM Directive”), on the basis of its status under the AIFM lighter regime.

It consists of overall principles that apply to all staff, specific principles that apply to specific staff categories identified under UCITS V, and a governance set-up that applies to all employees.

In accordance with the applicable regulations, the Management Company (Dorval Asset Management) has a remuneration policy established on a durable medium.

Overall principles

The remuneration policy is a strategic component of Dorval Asset Management’s policy. It acts as a tool for both mobilizing and engaging staff, and ensures competitiveness and attractiveness as compared with market practices, while also guaranteeing strict financial balance and compliance with regulation. It also includes an incentive mechanism to retain key staff via the allocation of free shares. Dorval Asset Management’s remuneration policy applies to all staff and one of its fundamental principles is the alignment of staff and investor interests:

The policy is consistent and promotes sound and effective risk management, and does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the products managed;

The policy complies with the business strategy, objectives, values and interests of the management company and the products it manages, and of the investors in such products, and includes measures to avoid conflicts of interest.

Dorval Asset Management’s remuneration policy covers all aspects of compensation, including fixed salary and, where applicable, variable compensation.

The fixed salary compensates staff for skills, professional experience and their degree of responsibility. It also factors in market conditions.

Variable compensation is based on an assessment of the collective performance, which is measured both in terms of the asset management company’s performance and the products it manages, as well as individual performance. It factors in both quantitative and qualitative aspects, which can be assessed on an annual or multi-annual basis in order to manage the weighting of strictly financial or temporary performance.

Qualitative aspects of the remuneration policy

The remuneration policy covers all aspects of compensation. It distinguishes between fixed salary, based on an assessment of the skills required for the role, and variable compensation, which is based on an assessment of certain defined individual and/or collective performance criteria.

Compensation therefore consists of the following items:

- Fixed salary;

- Collective and individual variable compensation;
- Incentive measures to retain key staff.

Assessment of performance includes qualitative criteria for all staff. These qualitative criteria consistently include compliance with regulation and inhouse procedures on risk management and fulfilment of Dorval Asset Management's compliance rules.

For each staff category, all quantitative and qualitative goals are set and provided individually to each staff member at the start of the year.

Individual variable compensation is therefore awarded in a discretionary manner on the basis of an assessment of individual performances and how performances were achieved based on objectives, as part of the annual compensation review and in accordance with overall variable compensation budgets set. Variable compensation paid to staff is affected by any inappropriate risk and compliance management, or in the event of failure to comply with regulation and inhouse procedures over the year in question.

There is no contractual guarantee as regards variable compensation, apart from variable compensation that may be awarded for the first year in a role as part of a recruitment package.

Balance between fixed salary and variable compensation

Dorval Asset Management guarantees an appropriate balance between the fixed and variable components of total remuneration, and ensures that the fixed salary represents a sufficiently high proportion of total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component. All individual situations where variable compensation equates to more than 100% of the fixed salary and that can be attributed to market practices and/or an exceptional level of responsibility, performance and behavior are listed by the Human Resources department as part of the yearly compensation review.

Set-up applicable to variable compensation paid to specific staff categories **Specific staff categories and scope**

In accordance with regulation, specific staff categories at Dorval Asset Management consist of the following, including senior management: risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the management companies and/or of the products that it manages. These staff are identified depending on their professional activity, their degree of responsibility or their total compensation.

Each year ahead of the annual compensation review, the Human Resources department draws up and sets out the methodology for identifying and setting the scope of these specific staff categories at Dorval Asset Management, in coordination with the Head of Compliance and Internal Control. The scope for the entire range of staff identified in this respect is then approved by senior management at Dorval Asset Management and presented to the Natixis compensation committee.

In accordance with regulation and to ensure alignment between staff, investors and the asset management company, if variable compensation (including the free share allocation system at the time of allocation) for these identified categories exceeds a certain threshold, it is then partly deferred and partly paid in the form of financial instruments over a period of three years.

Currently, application conditions for deferred compensation are as follows:

- Between €200K and €499k: 50% deferred;
- From €500K: 60% deferred.
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Thresholds from which variable compensation must be partly deferred may change depending on regulation and any changes in inhouse policies. In this case, new thresholds will be submitted to Dorval Asset Management's senior management and the Natixis compensation committee for approval.

Variable compensation is also at least 50% awarded in financial instruments in the shape of cash investments indexed to a basket of products managed by Dorval Asset Management and to the change in pre-tax underlying profit¹ for the year before the year of allocation². The variable remuneration system depends on the status of the employee concerned (CEO, deputy CEOs & CIO, portfolio managers, non-portfolio managers) and is recorded in an inhouse procedure.

Staff with deferred variable compensation are prohibited from using individual hedging or insurance strategies over the entire acquisition period.

Similarly, Dorval Asset Management will not pay out variable compensation to the specific staff categories via vehicles or methods that facilitate the avoidance of requirements set out in the AIFM and UCITS V directives.

Compensation governance

The overall and specific principles of the remuneration policy are set out formally by the Human Resources department.

The Head of Compliance and Internal Control at Dorval Asset Management plays an active role in developing, constantly monitoring and assessing the remuneration policy.

Dorval Asset Management is a public limited company with a board of directors. The current remuneration policy is approved by Dorval Asset Management's board of directors.

Dorval Asset Management set up a compensation committee in 2015. The board of directors is the parent body for this committee. It takes place on a yearly basis, and is made up of executives and the Head of Human Resources at Dorval Asset Management as well as representatives of Dorval Asset Management's board of directors who belong to Natixis Investment Managers. It is chaired by the chair of the board of directors, or a member that he/she appointed who does not hold executive functions in the asset management company.

The overall and specific principles, compliance of Dorval Asset Management's remuneration policy with the regulation it is subject to, terms for application and summary data on the policy, including specific staff categories identified and the highest remunerations, are subject to a review from the Dorval Asset Management compensation committee.

All this information is also assessed by the Natixis compensation committee and then approved by its board of directors.

Dorval Asset Management reviews the overall principles of this policy on a yearly basis and will assess whether this policy is fully complied with. A record is kept of this control and review.

Transparency set-up

¹ Pre-tax underlying profit, as defined in the French general chart of accounts, minus employee profit-sharing, performance fees and related variable remuneration (10%)

² In the event of change in business scope, pro forma profit may be defined

Dorval Asset Management informs its staff and investors in Funds of the main aspects of its remuneration policy in a detailed way in its KIID, prospectuses and fund annual reports.

Useful information on the remuneration policy is published in the financial statements or in the shape of an independent declaration.

Control set-up on variable compensation

This policy is set up to minimize risks in this area. The Head of Compliance and Internal Control includes control of implementation of the policy in his/her yearly program.

Controls conducted by the Head of Compliance and Internal Control involve checking that the remuneration policy is established in such a way as to align with the business strategy and long-term goals, values and interests of the management company and the funds managed, as well as with those of investors, while ensuring sound and stringent risk management.

The Head of Compliance and Internal Control at Dorval Asset Management includes the question of variable remuneration in potential risks of conflicts of interest.

Lastly, Dorval Asset Management's entire remuneration policy is subject to an annual centralized and independent review by the Natixis IM Internal Audit department.

Compensation paid out for 2019

The total amount of compensation for the year, broken down into fixed salary and variable compensation, paid by the asset management company to its staff and the number of beneficiaries are as follows:

Payroll for 2019	€4,549,284
O/w variable compensation paid for the 2018 performance	€1,745,879
O/w deferred variable compensation awarded for the year 2017 and paid in 2019 (second third)	0
O/w deferred variable compensation awarded for the year 2018 and paid in 2019 (first third)	€216,718
Total staff involved	29

The total amount of compensation, broken down between senior executives and members of staff at the asset management company whose work has a significant impact on the asset manager's risk profile and/or the risk profile of portfolios:

Payroll for 2019 for all specific staff categories identified	€3,545,580
O/w payroll for senior executives	€2,224,811
Total specific staff categories identified	15

Events over the period:

ESG criteria were included in the investment strategy.

Change in maximum stock-market capitalization for equities in which the Fund invests 75% of its assets (increase from €5 bn to €10 bn).