

Remuneration Code Disclosure

INTRODUCTION AND SCOPE

TBFS has policies and practices for those staff whose professional activities have a material impact on the risk profile of the combined activities. TBFS is a UCITS firm and is therefore subject to the UCITS Remuneration Code.

The Remuneration Policy:

- (i) Is consistent with and promotes sound and effective risk management;
- (ii) Does not encourage risk taking that exceeds the level of tolerated risk of the firm;
- (iii) Encourages behaviour that delivers results which are aligned to the interests of TBFS's clients and the UCITS funds it manages;
- (iv) Aligns the interests of Code Staff with the long-term interests of TBFS's clients and the UCITS funds it manages;
- (v) Recognises that remuneration should be competitive and reflect both financial and personal performance. Accordingly, Remuneration for Code Staff is made up of fixed pay (salary and benefits, including pension) and variable (performance-related) pay;
- (vi) Recognises that fixed and variable components should be appropriately balanced and that the variable component should be flexible enough so that in some circumstances no variable component may be paid at all. Variable pay is made up of short-term awards typically based on short-term financial and strategic measures for the area of the business in which the member of Code Staff works;

In accordance with BIPRU 11.5.18R the following disclosures are made:

1. Decision making process for determining remuneration policy, link between pay and performance

There is no remuneration committee. The Board of T. Bailey Holdings Limited (TBH), TBFS's immediate parent company, oversees the setting and review of remuneration levels performed by the operating Board of TBFS. Remuneration is set within the context of a 5-year plan which ensures any threats to capital adequacy, liquidity and solvency caused by excessive remuneration would be identified. The bonus and commission arrangements including the staff bonus pool are set annually as part of the annual operating plan and any changes to the pool require approval by the CEO of TBFS and the Board of TBH.

The main shareholders are represented on the Board of TBH which ratifies the annual operating plans. The annual operating plan includes the level of remuneration for all staff including Code Staff.

To assist with the above process, a benchmarking exercise was conducted in 2015 which incorporated information from external consultants in connection with remuneration.

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2. Policy on link between pay and performance

The staff bonus scheme is operated so as to allow for meaningful rewards to be paid to staff whose performance during the year merits recognition but within the context of an annual operating plan. The TBH Board bears in mind the projected performance of the companies when making any adjustments to the scheme. Payment of scheme bonus to individuals is linked to their performance against agreed objectives from staff appraisals.

3. Required statistics under the Code (year ended 30 September 2018)

The remuneration for Code Staff was as follows:

Number	(9) £k
Fixed	722
Variable (all cash)	38
Total	760

The remuneration for Code Staff in the group broken down by senior management and staff with a material impact on risk profile was as follows:

Number	Senior Management (8) £k	Staff with Material Impact (1) £k	Total (9) £k
Fixed	680	42	722
Variable (all cash)	36	2	38
Total	716	44	760

From an average headcount of 37, there were 9 Code Staff. Of the 9, 4 were Board Directors, 4 were Senior Managers and 1 was a member of staff whose actions have a material impact on the risk profile of the firm.

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