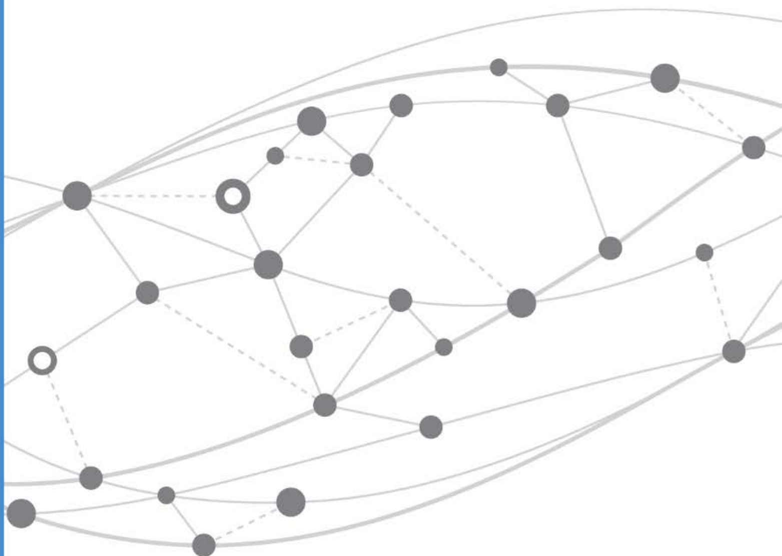
GAM GROUP COMPENSATION POLICY



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GAM Investments

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1. Scope

This Group Compensation Policy (**the Policy**) applies to GAM Holding AG (**the Company**) and to all of its subsidiaries (together, **the Group**). The Policy reflects the Group's compensation principles. It may, from time to time, be supplemented by Appendices reflecting any different or additional principles and arrangements which are required in order for the Group to comply with local or regionally applicable legislation or practice. To the extent that any provisions of an Appendix issued under this Policy conflict with the Policy itself, the provisions of the relevant Appendix shall prevail.

This Policy and any Appendices thereto do not form part of employees' contracts of employment, unless stated otherwise. The Group reserves the right, as a matter of its absolute discretion, to amend or discontinue the provisions of this Policy and any Appendices.

2. Compensation Principles

The compensation framework is designed to attract, retain and motivate the talent which the Group needs in order to achieve its strategic goals as well as to create a tangible link between performance and compensation. Through a mix of fixed and variable components, the framework aims to promote long-term, sustainable performance by encouraging employees to focus on delivering outstanding results through appropriate and controlled risk taking.

Our compensation principles are based on the following elements:

Pay for performance: The Group aims to provide competitive total compensation in order to attract and retain experienced and talented individuals who will promote its values, better service the needs of its clients and contribute to the overall development and profitability of the Group. A robust performance management measurement tool must form part of the compensation process so as to reward success, but minimise the possibility of payment for failure.

The intention to only reward actual performance is reflected in our policy of not paying sign-on bonuses and guaranteeing bonuses (where permitted locally) only in exceptional circumstances and then only at minimum levels and for a single year.

The Group may need to replace deferred compensation which will be forfeited by an individual leaving his current employer in order to join the Group. Where this is the case, replacement awards are typically in deferred shares in the Company, awarded on an extended vesting schedule and discounted or tailored to reflect any performance or other conditions in the awards being forfeited.

Alignment with shareholders' long term interests: Compensation awards, particularly discretionary bonus payments and regular Long Term Incentive Plan ("LTIP") awards, are designed to align the interests of employees with those of the Company's shareholders. Annual bonus payments made to the Group Management Board ("GMB") also include an element of annual deferral (50% of total bonus deferred over a period of four years). Bonus deferral is also now in place for non-GMB employees with the proportion of deferral generally being one-third of any bonus over CHF 75,000. The LTIP awards involve a multi-year framework with a three-year performance period, with vested awards released five years after grant. Vesting of any LTIP awards is based on a number of key business targets which ties the LTIP to the overall success of the Group.

In addition, there has been an introduction of a group wide ratio on target total compensation within a range of 45–50% of underlying net fee and commission income.

Also, shareholding requirements have been introduced for GMB members in order to increase alignment with other shareholders' long term interests.

Incentivise sound risk management: A well-balanced mix of fixed and variable compensation is combined with deferrals as well as malus and clawback provisions to encourage sustainable performance and sound risk management. The Group regards effective risk management and control as fundamental to all its stakeholders, including shareholders and clients, and as being central to the successful achievement of its business objectives. Compensation systems and incentives play an important part in creating ownership throughout the Group for the risks assumed in day-to-day business and ensuring the independence of its control functions. With this, we strive to align the Group's strategy, ambitions and business activities with its tolerance and capacity for risk.

Transparency: The Group's overall approach to compensation should be transparent to stakeholders, compliant with applicable laws and regulations and consistent with published guidance and with local market practice. In addition, retrospective shareholder approval is now requested for GMB variable compensation.

The overall compensation structure is simple and straight-forward. It is first and foremost designed to safeguard the long-term success and prosperity of the Group and the Company's shareholders.

- Total compensation is fully aligned with our Group's financial performance and risk tolerance. Variable compensation – in particular for the members of the Company's GMB is tied to factors including underlying pre-tax profitability; earnings per share development and delivery against strategic and business goals.
- Variable compensation is paid based on the income earned in each financial year, excluding any income that reflects taking an up-front or net-present-value of theoretical future year profits. Cash bonuses that are driven by activities that leave meaningful amounts of future risk with the Group, either via direct balance sheet exposure or through the potential for other negative income events are prohibited.
- For members of the GMB, a portion of variable compensation is paid in the form of deferred, share-based awards. For the annual bonus, 50% of the award is deferred into GAM shares, and LTIP awards will not be released until five years after grant. This aligns variable pay awarded with long-term valuation creation.
- In addition to members of the GMB, other senior employees of the Group have a portion of their variable compensation deferred to provide alignment with long term interest of clients and shareholders. For any fund managers, a portion of their variable compensation may be deferred into fund units as opposed to GAM shares.
- Discretionary compensation decisions are based on individual's achievement of pre-set targets and contributions to the Group's development. This fosters a work ethic that is driven by high performance and tangible results.
- Retirement plans for employees are aligned with the Group's capacity to fund and honour its commitments made under these plans in a sustainable fashion. Where required under local regulations, retirement plans do not deliver discretionary benefits in excess of accrued pension benefits.
- All employees receive a range of benefits in line with local market practices, generally targeting the median level of benefits paid in a given market.

3. Compensation Components

The composition of the elements within an individual's overall compensation is the result of the function and performance of the individual, including alignment with the Group's risk tolerances, market competitiveness and overall profitability.

The Group's total compensation approach comprises fixed and variable compensation. Fixed compensation includes base salary, which reflects seniority, experience, skills and market conditions, together with fixed allowances for certain employees in Switzerland consistent with customary local practice. Variable compensation is awarded annually and is dependent on Group, business area and individual performance. The percentage mix between fixed and variable compensation varies according to the employee's seniority and function.

For GMB members, in regard to variable compensation, 50% of the annual bonus will be delivered in GAM shares, vesting equally over a four-year period, which aligns annual bonuses awarded to GMB members with long-term value creation. Regular LTIP awards will also now be made which will vest five years after initial grant, which further emphasises the long-term nature of the GAM compensation package.

For non-GMB employees the proportion of annual bonus that is deferred is generally one-third of any bonus over CHF 75,000. For Fund Managers, any element of variable compensation deferred may be deferred into fund units. Any LTIP awards granted to non-GMB members will be structured generally on a consistent basis to those granted to any GMB members.

The benefits program aims to be competitive with local market practices by targeting benefits at the median.

The compensation components include the following fixed and variable elements.

Base Salary

Purpose: All employees are paid a base salary. This is the base element of compensation that attracts and retains employees taking into account the role, responsibilities, skills and experience required to deliver our strategy.

Policy: Our aim is to pay market rates comparable to those paid for similar roles within the financial services industry. As base salaries represent a fixed cost element, adjustments are made only on a selective basis and an individual level, for instance when there is a significant change in job responsibility or considerable market pressure. The Group does not increase salaries to artificially reduce the ratio between fixed and variable compensation.

Base salaries are regularly reviewed and compared with external benchmarks, to ensure that our salaries remain competitive. Group Human Resources receives data from recognised market data providers, the choice of which may vary in different locations and for different positions.

The Group's policy does not adjust salaries as a result of change in industry regulation or an increase in local personal taxation or employee social security contributions.

Discretionary Bonus

Purpose: The discretionary bonuses annually reward and motivate employees to achieve financial, non-financial pre-set targets for the financial year which are consistent with the Group's strategy. It helps to reward talent for their individual contribution.

Policy: All employees, except those who participate in a formula-driven incentive, are considered for a discretionary bonus. The available bonus pool is approved by the Compensation Committee ("CompC") and depends on the Group's performance over the past financial year, with individual payments reflecting an employee's performance against defined objectives.

The overall pool for discretionary bonuses is determined by the Group's operating performance, its financial strength and prospects for future profitability as well as the competitive landscape. In addition, from 2018 there will also be a cap on all variable compensation for the GMB linked to the Group's underlying profitability (which is set at 5% of underlying profit before taxes (excluding GMB variable compensation)), including individual caps for the Group Chief Executive Officer (the Group CEO) and Group Chief Financial Officer (the Group CFO). These measures will balance employee compensation and shareholder return appropriately. Given the nature of the Group's business, the CompC, at present, continues to deem the Group's underlying pre-tax profit along with the delivery against the Group's strategy as the most suitable basis for determining the size of the overall discretionary bonus pool.

On an individual level, outstanding contributors will always receive the most significant awards, while underperformance will result in reductions in bonuses, and could potentially lead to no bonus being paid or a bonus being clawed back. Bonuses may be paid in cash and/or shares of the Group, in setting individual bonus levels, Group Human Resources consults with the Group's Risk and Compliance functions to receive input on the risk profile of specific business areas and to take into account any concerns expressed on the conduct of individual employees.

The annual appraisal process is used to evaluate and measure an employee's performance against defined objectives which are required to be specific, measurable, achievable, realistic and time bound. These objectives will be both qualitative (including but not limited to correct behaviours; achievement of strategic objectives; investors' satisfaction, compliance with risk management policy and internal and external rules; leadership and management skills; teamwork and motivation and cooperation with other operating units and controlling functions) and quantitative (including but not limited to profitability, cost control and risk reduction). For control functions, bonus payments are not directly linked to the profitability of the business areas which they support so as to maximise the independence of such functions.

An overriding principle of the performance measurement and bonus structure is to prohibit paying cash bonuses that are driven by activities that leave meaningful amounts of future risk with the Group, either via direct balance sheet exposure or through the potential for other negative income events. We adopt the most conservative stance of only paying discretionary bonuses based on income earned in each calendar year.

Fund Manager Formula Bonus

Purpose: To annually reward and incentivise fund managers and their teams where such arrangements underpin the local business model and to attract and retain the best quality investment professionals.

To link and align the individual's interest with that of the investors in the funds and accounts which they manage.

Policy: Bonuses are generally based upon asset levels and revenue, where the fund manager will receive a share of the management fee that the Group receives on their respective funds or accounts. In addition, they will also participate in any performance fees earned on the funds or accounts they manage.

Formula bonuses are paid on a team basis with the respective team head, in conjunction with the Group CEO, being responsible for allocating the bonus pool amongst his/her team.

All formula bonuses are calculated based only on the actual fee income generated in each calendar year.

All bonuses linked to performance fee income are only paid once the respective performance fee has crystallised and actually been received from the client without any contractual right for full or partial refund. To the degree performance fees are received within fund mandates where the Group has the obligation to repay some or all of such fee (for example based on poor future performance), then to the degree any performance fee amounts remain at risk to refund, no associated formula bonus is payable.

Annual bonus deferrals are in place for non-GMB employees and the proportion of annual bonus deferred is generally one-third of any annual bonus over CHF 75,000 .

Employees who participate in a fund manager formula bonus scheme are usually not eligible for the Group's discretionary bonus scheme.

Equity Participation Plans

Purpose: To align the interests of employees with the Company's long-term shareholders alignment and the achievement of the Group's strategy.

Equity participation plans (thereafter also named share-based plans or share- based compensation plans) typically involve a multi-year vesting schedule so as to defer compensation over a number of years, with vesting of awards as detailed in the respective plan.

The objective achieved through the use of share-based plans is the longer-term alignment of employees with shareholders.

Policy: Equity participation plans will only be issued upon approval by the Board of Directors (**the Board**).

Equity participation plans may involve the issue of restricted shares, the issue of performance units, long-term share option plans or a combination of the same.

Share-based plans will typically involve multi-year vesting schedules and appropriate forfeiture mechanics.

Benefits

Purpose: To provide employees with a number of benefits which promote their well- being both in and out of the workplace.

To provide at least and usually above, the minimum benefits required by applicable local law for employees.

To deliver a further competitive suite of non-monetary compensation items in a cost-effective manner, by utilising the increased purchasing power of the Group.

Policy: The Group will ensure that its pension policy is in line with its business strategy, objectives, values and long-term interests and, where required under local regulation, will not deliver discretionary benefits in excess of accrued pension benefits.

4. Governance

The authorities in compensation matters are summarised below. Under the Group's framework ultimate responsibility in compensation matters is held by the Board. The Board is supported in compensation related issues by its CompC.

Compensation responsibilities

Annual total compensation of [1]	Proposal	Approval
Chairman of the Board of Directors	Compensation committee	Compensation committee
Ordinary members of the Board of Directors (including committee fees)	Compensation committee	Board of Directors
Group CEO	Chairman of the Board	Compensation committee
Other members of the Group Management Board	Group CEO	Compensation committee
Heads of control functions (risk, compliance and internal audit)	Group CEO Chairman of audit committee	Compensation committee

[1] The aggregate compensation for the Board of Directors and the Group Management Board (for both fixed and variable compensation components) is subject to a shareholder binding vote.

The Board: The Board is responsible for establishing the Group Compensation Policy, and with support of the CompC regularly reviewing the Group Compensation Policy in order to meet any important regulatory developments and the objectives of the Group.

The CompC: The CompC is delegated with the role of supporting the Board in setting compensation guidelines, establishing share-based compensation plans and approving compensation levels subject, to any caps or other limitations imposed by the general meeting of shareholders of the Company pursuant to the Swiss Ordinance against Excessive Compensation. The CompC is primarily responsible for:

- Reviewing and proposing for approval to the Board any share-based compensation plan applicable to the Group as a whole and any share- based compensation plan within the Group which is linked to the Company's shares (for final approval by the Board);
- Determining the total compensation payable to the Chairman of the Board and to the Group CEO, approving (upon proposal by the Group CEO) the individual total compensation payable to the other members of the GMB, and proposing to the Board the individual total compensation payable to the members of the Board (other than its Chairman) for approval;
- Approving the aggregate, variable compensation expenditure of the Group;
- Reviewing individual compensation levels of employees of the Group receiving a total remuneration of more than CHF 1 million;
- Reviewing and approving non-standard contracts of employment and termination agreements for members of the Board and the GMB;
- Overseeing the compensation reporting to the Company's shareholders in accordance with applicable laws and regulations and advising the Board, in particular the Audit Committee of the Board, with respect to the same; and
- Evaluating its own performance and the performance of Chairman of the Board and the Group CEO in meeting agreed goals and objectives.

The CompC regularly reports to the Board on the status of its activities, the development of the compensation architecture within the Group as well as on the operational implementation of this Policy.

Compensation Management Committee ("CMC"): The CMC, the members of which are appointed by the Group CEO has been established to support the Group in the management of compensation related issues. Its tasks including, in particular:

- Assessing conduct, risk and compliance matters and issues that should be taken into account as part of the assessment of employee performance to ensure variable pay decisions are made in line with the requirements of the regulations.
- Identifying and developing risk based measures for performance management purposes and on at least an annual basis, outlining the key risks, the performance of the business against each of the risk criteria and recommendations on the extent to which performance adjustments should be applied to the pool available for the variable compensation and the individual award where applicable.
- Reviewing on at least an annual basis a list of employees required to be identified as Material Risk Takers under relevant remuneration regulations and ensure that their remuneration and the structure of the compensation delivered to such employees is in line with relevant local regulations.
- Reviewing the terms of any awards for new hires for compliance with this policy, regulatory requirements and any additional parameters set by the CompC.

The Group CEO: The Group CEO, supported by Group Human Resources, is responsible for preparing a recommendation of the Group's total annual compensation expenditure, including the total discretionary bonus pool for the Group and the variable compensation for the other members of the GMB, for submission to the CompC for its approval.

Once the CompC has approved the actual pool available for the variable compensation of the GMB, the Group CEO is tasked with evaluating the performance and contribution of the individual members of the GMB against pre-defined targets, and proposing to the CompC for its final approval the individual levels of variable compensation deemed appropriate.

For all other employees, the Group CEO, supported by the Group Head of Human Resources, shall first allocate sub-pools of the approved total discretionary bonus pool to the various business areas and teams and develop guidelines for the awards of annual discretionary bonuses for all line managers, in order to ensure distribution is fair and aligned with individual contribution and performance. The Group CEO is responsible for approving any individual total compensation for employees exceeding CHF 500,000.

Reviewing Managers: Reviewing managers are responsible for determining individual objectives for, and assess the performance of, their direct reports and based, in part, upon the same, for recommending annual fixed and variable awards for members of their team to the applicable function head.

Group Human Resources: The Group Human Resources department, under the leadership of the Group Head of Human Resources is responsible, strictly in connection with this Policy, for:

- Regularly reporting to and assisting the CompC in the on-going development of this Policy;
- In conjunction with the CMC, assisting in the implementation of this Policy;
- Communicating established compensation guidelines throughout the Group, as appropriate;
- Providing reviewing managers with effective tools and support during the annual compensation process;
- Maintaining records of all fixed and variable awards and benefits.
- Assisting in the development of, and taking responsibility, for the administration (in co-ordination with the legal and finance functions) of the Group's equity participation plans.

5. Entry into force

This Policy and its Appendices were approved by the Board and entered into effect as from 1 March 2021. It amends the previously in effect as of 1 June 2020. In case of any inconsistency between this Policy and the Company's Articles of Incorporation or Organisational Rules (including the Charters of the Board and the CompC), the latter shall prevail over this Policy.

1 March 2021

Nancy Mistretta
Chairman of the Compensation Committee

Peter Sanderson
Group Chief Executive Officer

6. **Appendix 1** Supplement Policy terms applicable to all EU-regulated entities

1. Scope of applicability

This Appendix to the Group Compensation Policy (the Policy) applies to all EU-regulated entities and its branches, setting out supplement terms to those set out in the Policy of their ultimate parent, GAM Holding AG. This Appendix (Appendix 1) aims to set out the terms to address the common requirements across the EU regulated entities. Where specific proportionality and structural requirements apply only to a local regulated entity, additional terms to address these requirements are set out in Appendices 2 – 8.

Depending on activities which they perform, each local regulated entity is required to comply with the relevant Directive and local guidance. A summary of the territories and the applicable Directives applicable to the local entities are set out below:

Local regulated entitites in each terrotories	CRD IV	AIFD	UCITS V	MIFID II	Additional terms in Appendix
Luxembourg					2
GAM (Luxembourg) S.A.		√	√	√	
Italy					3
GAM Italy SRG		√	√	√	
Ireland					4
GAM Fund Management Limited		√	√		
United Kingdom					5
GAM London Limited	√			√	
GAM International Management Ltd (BIPRU)				√	
GAM Sterling Management Limited	√		√	√	
GAM Unit Trust Management Company Limited	√		√	√	
Cantab Capital Partners LLP		√			
Germany					8
GAM (Deutschland) GmbH				√	

Appendix 6 – 7 include the Supplement remuneration guidelines applicable to GAM Fund Management Limited as per the Swiss Financial Market Supervisory Authority ("FINMA") Minimum standards for remuneration schemes of financial institutions and the Code of Conduct of the Swiss Funds & Asset Management Association ("SFAMA").

2. Material Risk Takers / Identified Staff

Under these Directives, each EU regulated entity is required to identify its Material Risk Takers ('MRTs') (CRD IV) / Identified staff (AIFMD / UCITS V). These employees are those considered to have material impact on the risk profile of the entity (and its funds under AIFMD and UCITS V). The MRTs / Identified Staff are identified and reviewed on an annual basis by the CMC in line with the criteria set out under EU regulations, namely:

- CRD IV – Regulatory Technical Standards – Commission Delegated Regulation (EU) No 604/2014,
- AIFM Directive – ESMA Guidelines on sound remuneration policies under the AIFMD (ESMA/2013/232),
- UCITS V Directive – ESMA Guidelines on sound remuneration policies under the UCITS Directive (ESMA/2016/575).

This appendix applies to all employees of the regulated entities and the Group who are considered 'MRTs' / 'Identified Staff'.

2.1 Treatment of delegate portfolio managers (applicable to AIFMD and UCITS V regulated entities only)

If, in the performance of their professional activities certain staff of a delegate portfolio manager can have a material impact on the risk profiles of the funds they manage, these employees are considered as "Identified Staff". For this purpose the Group considers the respective delegate portfolio manager as subject to equally effective regulation if they are required by law and regulations or in accordance to internal standards to put in place a remuneration policy, which in accordance to the ESMA Remuneration Guidelines 2013/232 and 2016/575 is considered equivalent in its objectives (e.g. MiFID firm, credit institution/CRD IV or equivalent status in third country). The Group's AIFM and UCITS regulated entities will only delegate its portfolio management to firms, whose remuneration policy complies with the 'equivalence standard' as described.

3. Fixed Pay

3.1 Benefits

Benefits (as set out in this Policy) are considered fixed remuneration for regulatory purposes (with the exemption of any discretionary pension benefits which are considered variable remuneration).

4. Variable Pay

4.1 Discretionary bonus

All employees, except those who are eligible to participate in a formula based bonus arrangement, are considered for a performance based discretionary bonus.

The entitlement to variable compensation is not guaranteed and the Board of Directors of the local entity may withhold the payment of bonuses entirely or partly when performance criteria are not met.

4.2 Fund manager formula bonus

Where appropriate and in order to reflect the requirements of regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ('SFDR') the remuneration policy will operate in a way that is consistent with the integration of sustainability risks. Where appropriate formula-based bonuses will reflect sustainability risks as these risks will drive the investment performance used to determine formula-based bonuses payable to fund managers.

4.3 Guaranteed variable remuneration

Guaranteed payments (e.g. sign-on / welcome bonus) will only be used for new hires, in exceptional circumstances and will be limited to the first year of employment.

4.4 Bonus withholding and claw back

Should it be proven that an employee took excessive risks or breached the Group's compliance rules or external regulations, no bonus will be paid to the individual.

The Board of Directors of each EU regulated entity will be able to require employee's to repay all or part of the bonuses that have been awarded for performance based on data which was subsequently proven to be fraudulent and/or has led to a restatement of the entity's accounts or financial reporting.

For a period of five years from the date of payment, the Board of Directors of each EU regulated entity will be able to require employees to repay all or part of the bonuses that have been awarded where it is established that: (a) an award for performance was based on data which was subsequently proven to be fraudulent and/or has led to a restatement of the entity's accounts or financial reporting; (b) the employee participated in or was responsible for conduct which resulted in significant losses to the firm; or (c) the employee failed to meet appropriate standards of fitness and propriety

5. Governance

5.1 Control function

The implementation of the Policy will be subject, at least on an annual regular basis, to an independent internal review conducted by either the Compensation Management Committee on behalf of the Compensation Committee or an external audit firm on behalf of the local entity's Board of Directors.

5.2 Compensation Committee

The Compensation Committee is responsible for keeping the Policy up-to-date, including by recommending, after consulting with the Compensation Management Committee, any required changes to local entity's Board of Directors and by updating the appendices as necessary.

6. Disclosure

The communication of the Group's overall approach to compensation governance will occur through the annual report of GAM Holding AG which is usually published in the first quarter of the year. This is available at: www.gamholding.com.

Employees of the Group are regularly informed about their compensation, the criteria used to measure performance and the link between performance and pay through discussions with their manager and Human Resources.

7. **Appendix 2** Supplement Policy terms applicable to GAM (Luxembourg) S.A.

1. Scope of applicability

This Appendix to the Group Compensation Policy (**the Policy**) applies to GAM (Luxembourg) S.A. (**GAM Luxembourg**) and its branches and is aligned with and sets out additional terms to those set out in the Policy of its ultimate parent, GAM Holding AG and Appendix 1 above.

The purpose of this appendix is to align GAM Luxembourg's compensation policy to the structural remuneration requirements introduced under EU Directives – AIFMD, UCITS V and MiFID II. To the extent that any provisions of this Appendix conflict with the Policy, the provisions of this Appendix shall prevail.

This Appendix may be modified in the future to take into account changes in Group policies or changes in the size, nature, risk profile or complexity of GAM Luxembourg and its activities.

2. Relevant Regulation

This Appendix is consistent with the application of EU and Luxembourg regulations, specifically:

- Circular 10/437 issued by the CSSF in February 2010;
- AIFM Directive
  - AIFM Directive – Directive 2011/61/EU;
  - Annex II of the Law of 12 July 2013 on Alternative Investment Fund Managers;
- UCITS V Directive
  - UCITS V Directive – Directive 2014/91/EU;
  - Nr (2), (3) and Article 14b Nr.1 of the EU Directive 2014/91/EU;
  - Law of 10 May 2016 transposing the Directive 2014/91/EU into Luxembourg law.

3. Identified Staff

This appendix applies to all employees of GAM Luxembourg who are considered 'Identified Staff' under AIFMD and UCITS V.

The categories of staff for inclusion as Identified staff for GAM Luxembourg include:

- Executive and non-executive members of the Board
- Other members of senior management
- Employees heading up the control functions
- Employees responsible for heading the investment management, administration e.g. marketing, human resources
- Conducting Officers
- Head of Legal and Compliance Luxembourg

- Head of Risk Management
- Head of Finance and Controlling

Variable remuneration for each 'Identified Staff' will be apportioned between AIF and UCITS duties to determine the remuneration rules that will be applied to the relevant portions of the individual's variable remuneration. Detailed application of the remuneration rules will be proportionate to characteristics of the AIFM / UCITS management company as set out under section 4 below and may vary at an individual level.

All Non-executive directors and executive directors of GAM Luxembourg do not receive any kind of variable remuneration linked to their role and therefore are not in the scope of this policy. Any remuneration granted to non-executive directors and executive directors will be fixed and not linked to the short-term results of GAM Luxembourg.

4. Proportionality

GAM Luxembourg shall consider and review the application of proportionality on an annual basis, taking into account its size, strategy, internal organisation, activities and services, as well as the risk profile of its AIF and UCITS funds. As of 2017:

AIFMD:
In application of Annex II of the Law of 12 July 2013 on Alternative Investment Fund Managers, GAM Luxembourg is applying the proportionality principle.

UCITS V:
Taking into account the comparative size of GAM Luxembourg's UCITS business, the internal organisation and the complexity of the business, GAM Luxembourg will not generally apply proportionality in respect of UCITS V and the Luxembourgish transposition of the directive. This proportionality principle is, however tested on an annual basis.

If proportionality is not applied, in order to meet the requirements under UCITS V, the relevant portion of variable remuneration of Identified staff under UCITS V shall be subject to the following requirements:

- 40% of variable remuneration will be deferred for 3 years, vesting on a pro-rata basis;
- 50% of total variable remuneration will delivered in instruments
- Instruments payment shall be subject to a 6-month additional post-vesting retention period; and
- All unvested deferred remuneration will be subject to performance adjustment (further detail is set out in section 6.5).

5. Variable Pay

5.1 Ratio fixed vs. variable remuneration

For each staff category, the maximum proportion of variable remuneration compared to the fixed one and the total remuneration is as follows.

Staff category	Variable vs. fixed remuneration	Variable remuneration vs. total remuneration
Conducting Officers	150%	60%
Head of Finance and Controlling Luxembourg	75%	45%
Head of Legal and Compliance Luxembourg	75%	45%
Head of Risk Management	75%	45%

6. Disclosure

Remuneration disclosure required under AIFMD and UCITS V is published in the financial reports and investors' documentation of the relevant funds or GAM (Luxembourg) S.A. The Policy as such will be published on www.jbfundnet.com and www.gam.com.

8. **Appendix 3** Supplement remuneration policy terms applicable to GAM (Italia) SGR

1. Scope of applicability

This Appendix to the Group Compensation Policy (**the Policy**) applies to GAM (Italia) SGR (**GAM Italy or SGR**) and its branches and is aligned with and sets out additional terms to those set out in the Group Compensation Policy of its ultimate parent, GAM Holding AG and Appendix 1 above.

The purpose of this appendix is to align GAM Italy's remuneration policy to the structural remuneration requirements introduced under EU Directive – AIFMD, UCITS V and MiFID II. To the extent that any provisions of this Appendix conflict with the Policy, the provisions of this Appendix shall prevail.

This Appendix may be modified in the future to take into account changes in group policies or changes in the size, nature, risk profile or complexity of GAM Italy and its activities.

2. Relevant Regulation

This Appendix is consistent with the application of EU and Italian regulations, specifically:

- AIFM Directive – Directive 2011/61/EU;
- UCITS V Directive – Directive 2014/91/EU;
- Bank of Italy Regulation 5 December 2019 implementing articles 4-undecies and 6.1, letters b) and c-bis) of the Consolidated Law on Finance ("Bank of Italy Regulation");
- Basel Committee: "Compensation Principles and Standards Assessment methodology" 2010 (**Basel committee**);
- **MIFID II**: As far as applicable, the principles set out in MIFID II and its implementing regulations will be taken into account.

3. Identified Staff

This appendix applies to all employees of GAM Italy who are considered 'Identified Staff' under the Relevant Regulation above.

The categories of staff for inclusion as Identified staff for GAM Italy include:

i. executive and non-executive members of strategic and management bodies: CEO and other members of the Board of Directors;

ii. line of business heads, heads of corporate functions, anyone reporting directly to strategic, management and control bodies: Head of Portfolio Management and Head of Operations;

iii. personnel of the controlling corporate functions; Head of Compliance & AML; Head of Risk Management; Head of Internal Audit;

iv. personnel not included in previous categories who take significant risk for the sgr: voting members of the Investment Committees of the Board of Directors;

v. other personnel whose total remuneration is within the same wage range of personnel in categories ii) and iv) above whose activity may have significant impact on the risk profile of GAM (Italy) and/or on the risk profile of the funds it manages: no one has been found according to this criterion.

The compensation of members of the statutory board is exclusively fixed in order to ensure their independence.

Non-executive directors of GAM Italy do not receive any kind of remuneration linked to their role and therefore are not in the scope of this policy. Should any remuneration be granted to non-executive directors in the future, such remuneration will be fixed and not linked to the short-term results of GAM Italy.

4. Proportionality

The application of proportionality shall be considered and the assessment reviewed on an annual basis, taking into account the entity's size, strategy, internal organization, activities and services, as well as the size, features, strategies and risk profile of AIF and UCITS under management.

Asset Management companies with a Net Asset Portfolio of more than five billion euros are always considered significant. The Net Asset Value is the sum of the assets deriving from the collective and individual management and the management of pension funds as per Article 12 of Legislative Decree 5 December 2005, n252.

GAM Italy SGR has a Net Asset Portfolio by far below the above threshold. In application of paragraph 4 of Attachment 2 to Bank of Italy Regulation, GAM Italy is allowed to apply the proportionality principle and consequently can neutralize the following provisions:

- use of **financial instruments** as payment of variable remuneration (section 6.2, paragraph 3 of Bank of Italy Regulation);
- **deferral payment** at least equal to 40% of the variable remuneration (section 6.2 paragraph 4 of Bank of Italy Regulation);
- Pension benefits (section 7.1 of Bank of Italy Regulation).

Although GAM Italy does not have to apply the standard deferral mechanism and percentage, it is still subject to the requirement to apply some form of deferral payment to Identified Staff.

Save for the above, the remainder of Bank of Italy Regulation's provisions are applicable to GAM (Italy), in particular:

- governance of the remuneration policy;
- self-assessment of proportionality principle;
- identification of risk takers (Identified Staff);
- alignment of variable remuneration to GAM (Italy) performance and related adjustments to the risk profile of the SGR and of the funds under management;
- application of malus and claw back provisions.

5. GAM Italy Remuneration Governance

The Board of Director of GAM Italy: GAM Italy is responsible for ensuring an appropriate Remuneration Policy exists that covers local remuneration regulation requirements. The duties of the Board will include the review and implementation of this Policy in line with local regulations.

Shareholder meeting: The Shareholders' Meeting approves the Remuneration Policy and reviews it at least annually upon submission by the Board of Directors. In addition, Shareholders are required to approve remuneration based on financial instruments and the remuneration of any corporate body appointed by the same. Also, Shareholders Meeting must approve the criteria for determining the payments relating to early termination of employment agreements or early termination of office (golden parachute), including the limits fixed on such payment concerning the annuity of fix remuneration and the maximum amount resulting by their application (paragraph 5.1, section 5, annex 2 of Bank of Italy Regulation).

The local CEO: Local CEO is responsible for submitting the bonus pool to the Board of Directors of the SGR for approval and the bonus of the Identified Staff as well. Controlling functions variable compensation is defined directly by the BoD. Moreover, local CEO participates in the assessment of staff performance, in coordination with the Head of Operations who is delegated to handled HR-related matters.

For all other employees, the local CEO, supported by the Head of Operations, develop guidelines for the awards of annual performance bonuses for all line managers, in order to ensure distribution is fair and aligned with individual contribution and performance.

The performances and related bonuses of heads of control functions are reviewed directly by the Board of Directors in conjunction with the CMC as delegated by the Group Compensation Committee.

Head of Risk Management: Is responsible for assessing how the variable remuneration framework affects the risk profile of the SGR and of the funds it manages, including the validation of risk adjustment factors to be taken into account when measuring the performance of Identified Staff.

Reviewing Managers: Such managers are responsible for determining individual objectives for, and assess the performance of, their direct reports and for recommending adjustments to the annual fixed and variable awards for members of their teams.

Human Resources: Ensure the Group remuneration policy and local rules are appropriately executed. In GAM Italy all the human resources activities has been assigned to the Head of Operations.

The Internal Audit function is outsourced to Consilia Regulatory S.R.L. who is responsible for independently performing an annual audit of the implementation of the remuneration policy. The Compliance function is outsourced to Studio Legale Associato Atrigna & Partners and is responsible to assess the compliance of the remuneration policy and its structure to applicable regulations and internal policies. The results of these reviews are submitted to the Board and to the Shareholders Meeting.

6. Variable Pay

For each staff category, the maximum proportion of variable remuneration compared to the fixed component and the total remuneration is as follows.

Staff category	Variable vs. fixed remuneration	Variable vs. total remuneration
Executive members of the Board	100%	50%
Other staff	100%	50%
Internal Control functions	50%	33%

Exceptions to the above incidences, allowed only in exceptional circumstances, should be motivated and submitted for the approval of the Board of Director in line with the provisions defined within the Bank of Italy Regulation and reported to the shareholders and to the Statutory Auditors as soon as practicable.

In line with the Group policy, Identified Staff of the SGR have a portion of their variable compensation deferred to provide alignment with long term interests of clients and shareholders. The portion of deferral is any bonus over CHF 75,000.

The whole awarded variable compensation is subject to malus and claw back clauses in case, by way of example, of established fraud or misleading information, for remuneration received in breach of applicable regulations, in case of significant subsequent downturn, and/or in case of violation of duties provide by applicable laws and regulations.

7. Other remuneration

GAM Italy managers and employees may be eligible to Group Equity Participation Plan. The award is in line with the group compensation philosophy which is aligned with the group's overall long term objective of sustainable growth and profitability as well as its tolerance for risk.

Guaranteed payments (e.g. sign-on / welcome bonus) will only be used for new hires, in exceptional circumstances and will be limited to the first year of employment.

GAM Italy may reward employees with a "lump sum" awarded in line with an approved guidelines without impact on risk taking (paragraph 1, annex 2 of Bank of Italy Regulation). This form of incentives, considering that is not linked to performance or based on subjective decision, may be excluded from the notion of variable remuneration and therefore not subject to ex ante and ex post risk alignment verification, as provided for in the Bank of Italy Regulation.

The discretionary pension benefits are delivered taking into consideration both the SGR and funds' performances, as well as the long-term risk taken by the employees (paragraph 7.1, annex 2 of Bank of Italy Regulation). Currently discretionary pension benefits are not in place. Should they be activated, the related plans will be deployed in line with the provisions of Bank of Italy Regulation.

GAM Italy SGR do not apply severance payments. As requested by the regulatory framework, should a severance policy be implemented, it will have to be first submitted to Shareholders' approval (point 5.1, paragraph 5 and point 7.2 paragraph 7 of annex 2 of Bank of Italy Regulation).

8. Disclosure

The Policy is available for inspection by Banca d'Italia and Consob and is published within the SGR website. All employees have access to the Group policy and local appendix.
AIF and UCITS Management reports record total compensation, divided into fixed and variable, paid to its employees by GAM Italy, and carried interest paid by the AIF/UCITS and aggregate amount of compensation divided by the most relevant employee categories.

Shareholders receive the disclosure regarding the application of the previous year remuneration policy, including the aggregate amount of compensation divided by the most relevant employee categories.

The results of the independent annual review of the application of the remuneration policy are provided to the shareholders, in addition to the Board of Directors and relevant bodies and company functions.

9. **Appendix 4** Supplement remuneration policy terms applicable to GAM Fund Management Limited

1. Scope of applicability

This Appendix to the Group Compensation Policy (**the Policy**) applies to GAM Fund Management Limited (**GAM FML**) and its branches and is aligned with and sets out additional terms to those set out in the Group Compensation Policy of its ultimate parent, GAM Holding AG and Appendix 1 above.

The purpose of this appendix is to align GAM FML's remuneration policy to the structural remuneration requirements introduced under EU Directive – AIFMD and UCITS V. To the extent that any provisions of this Appendix conflict with the Policy, the provisions of this Appendix shall prevail.

This Appendix may be modified in the future to take into account changes in group policies or changes in the size, nature, risk profile or complexity of GAM FML and its activities.

2. Relevant Regulation

This Appendix is consistent with the application of EU and Irish regulations, specifically:

- AIFM Directive – Directive 2011/61/EU
- S.I. 257 of 2013 European Union (Alternative Investment Fund Managers) Regulations 2013 ("AIFM Regulations")
- UCITS V Directive – Directive 2014/91/EU;
- S.I. No. 352 of 2011 - European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011
- S.I. No. 420 of 2015 - Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015
- S.I. No. 143/2016 – European Union (Undertakings for Collective Investment in Transferable Securities)(Amendment) Regulations 2016
- S.I. No 307 of 2016 - Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016

3. Identified Staff

This appendix applies to all employees of GAM FML who are considered 'Identified Staff' under AIFMD and UCITS V.

- The categories of staff for inclusion as Identified staff for GAM FML include:
- Executive and non-executive members of the Board
- Other members of senior management
- Employees engaged in control functions
- Employees responsible for heading the investment management, administration e.g. marketing, human resources.

Non-executive directors of GAM FML do not receive any kind of remuneration linked to their role and therefore are not in the scope of this policy. Should any remuneration be granted to non-executive directors in the future, such remuneration will be fixed and not linked to the short-term results of GAM FML.

4. Proportionality

The application of proportionality shall be considered and the assessment reviewed on an annual basis, taking into account the entity's size, strategy, internal organisation, activities and services, as well as the size, features, strategies and risk profile of AIF and UCITS funds under management.

As of 2017, GAM FML is applying the proportionality principle.

5. Disclosure

Remuneration disclosure required under AIFMD UCITS V is published in the financial reports of the relevant funds or GAM FML. The Policy as such will be published on www.gam.com.

10. **Appendix 5** Supplement remuneration policy terms applicable to GAM regulated entities in the UK

1. Scope of applicability

This Appendix to the Group Compensation Policy (**the Policy**) applies to the following regulated entities in the UK (collectively known as the **UK regulated entities**):

- GAM London Limited
- GAM International Management Ltd (BIPRU)
- GAM Sterling Management Limited
- GAM Unit Trust Management Company Limited
- GAM Systematic LLP

This Appendix is aligned with and sets out additional terms to those set out in the Group Compensation Policy of its ultimate parent, GAM Holding AG and Appendix 1 above.

The purpose of this appendix is to align the UK regulated entities' remuneration policy to the structural remuneration requirements introduced under EU Directive – CRD IV, AIFMD, UCITS V and MiFID II and the UK Remuneration Codes. To the extent that any provisions of this Appendix conflict with the Policy, the provisions of this Appendix shall prevail.

This Appendix may be modified in the future to take into account changes in group policies or changes in the size, nature, risk profile or complexity of the UK regulated entities' and its activities.

2. Relevant Regulation

This Appendix is consistent with the application of EU and UK regulations, specifically:

- CRD IV Directive
    - CRD IV Directive – Directive 2013/36/EU;
    - Capital Requirements Regulation – Regulation No 575/2013;
    - SYSC 19A IFPRU Remuneration Code
- AIFM Directive
    - AIFM Directive – Directive 2011/61/EU;
    - SYSC 19B AIFM Remuneration Code
- UCITS V Directive
    - UCITS V Directive – Directive 2014/91/EU;
    - SYSC 19E UCITS Remuneration Code
- SYSC 19C BIPRU Remuneration Code
- MiFID II Directive
    - MiFID II Directive – Directive 2014/65/EU;
    - SYSC 19F Remuneration and performance management of sales staff

3. Material Risk Takers (MRTs) / Identified staff

This appendix applies to all employees of the UK regulated entities and GAM Group who are considered MRTs under CRD IV, BIPRU and/or 'Identified Staff' under AIFMD and UCITS V.

CRD IV
MRTs are identified in line with the Regulatory Technical Standards (**RTS**) – Commission Delegated Regulation (EU) No 604/2014. MRTs' documentation for each CRD IV-regulated entities including assessment against each of the RTS criteria are maintained by the CMC.

BIPRU
The categories of staff for inclusion as MRTs for GAM International Management Ltd include:

- Senior management
- Risk takers
- Staff engaged in control functions

AIFM
The categories of staff for inclusion as Identified staff for GAM Systematic LLP include:

- Senior Management
- Other members of senior management
- Staff responsible for heading the investment management, administration e.g. marketing, human resources

UCITS V
The categories of staff for inclusion as Identified staff for GAM Sterling Management Limited and GAM Unit Trust Management Company Limited include:

- Executive and non-executive members of the Board
- Other members of senior management
- Staff responsible for heading the investment management, administration e.g. marketing, human resources

Directors of the UK regulated entities do not receive any kind of remuneration linked to their role and therefore are not in the scope of this policy. Should any remuneration be granted directors in the future, such remuneration will be fixed and not linked to the short-term results of the UK regulated entities.

4. Proportionality

CRD IV
GAM London Limited, GAM Sterling Management Limited and GAM Unit Trust Management Company Limited are regulated IFPRU firms in the UK. As a result, the entities are applying the proportionality principles applied by the UK regulator (the FCA) under CRD IV to disapply the structural requirements including the bonus cap requirement.

AIFM
GAM Systematic LLP application of proportionality shall be considered and assessment reviewed on an annual basis, taking into account the entity's size, strategy, internal organisation, activities and services, as well as the risk profile of their AIFs under management.

As of 2017, GAM Systematic LLP is applying the proportionality principle under AIFMD.

UCITS V

GAM Sterling Management Limited and GAM Unit Trust Management Company Limited's application of proportionality shall be considered and assessment reviewed on an annual basis, taking into account the entity's size, strategy, internal organisation, activities and services, as well as the risk profile of their UCITS funds under management.

As of 2017, both GAM Sterling Management Limited and GAM Unit Trust Management Company Limited are applying the proportionality principle under UCITS V.

5. Governance

5.1 Remuneration Policy Statement (CRD IV regulated entities only)

A Remuneration Policy Statement ('RPS') based on the template provided by the FCA is completed and reviewed by the CMC on an annual basis for each CRD IV regulated entity - GAM London Limited, GAM Sterling Management Limited and GAM Unit Trust Management Company Limited.

6. Disclosure

The required remuneration disclosure for GAM UK Group shall be published annually as part of Pillar 3 disclosure. The disclosure is made available on https://www.gam.com/en/legal/pillar-3-disclosures/,

Remuneration disclosure required under UCITS V is published in the financial reports of the relevant funds or GAM Sterling Management Limited and GAM Unit Trust Management Company Limited. The Policy as such will be published on www.jbfundnet.com and www.gam.com.

Remuneration disclosure required under AIFM is published in the financial reports of the relevant funds.

11. **Appendix 6** Supplement remuneration guidelines applicable to GAM Investment Management (Switzerland) Ltd. (GIMS), as well as GAM Capital Management (Switzerland) Ltd. (GCM) and its branch, GAM Capital Management (Switzerland) Ltd., Lugano Branch – (Swiss Financial Market Supervisory Authority ("FINMA") Minimum standards for remuneration schemes of financial institutions)

1. Scope of applicability

This Appendix to the Group Compensation Policy (**the Policy**) applies to GAM Investment Management (Switzerland) Ltd. (**GIMS**), as well as GAM Capital Management (Switzerland) Ltd. (**GCM**) and its branch, GAM Capital Management (Switzerland) Ltd., Lugano Branch subject to the **("FINMA") Minimum standards for remuneration schemes of financial institutions**.

The purpose of this Appendix is to set out the minimum standards for the design, implementation and disclosure of remuneration schemes in financial institutions subject to the applicable FINMA regulation. As stated by FINMA, 'the application of these minimum standards is subject to the principle of proportionality. In this connection, the following factors shall be taken into account: the complexity, size and risk profile of the financial institution and of its constituent units; the function, job activities and level of compensation of the persons in question'.

2. Principles

Principle 1: The Board of Directors is responsible for the design and implementation of a remuneration policy and issues the rules relating thereto

- The Board of Directors shall design the remuneration policy of the firm and, in its capacity as the organ responsible for the overall direction, supervision and control of the firm, shall be responsible for its implementation
- Towards this end, the Board of Directors shall issue remuneration rules that cover all persons employed by the firm and that comply with the principles and provisions set out herein. It shall review these rules regularly.
- The Board of Directors can in principle adopt an existing group-wide remuneration scheme provided such scheme conforms to the provisions of this circular.
- The Board of Directors shall approve the remuneration of senior management, heads of the control functions and the total pool of the firm on a yearly basis.
- The Board of Directors shall establish a remuneration committee. In the case of listed companies, this is decided at the annual general meeting. Said committee shall ensure the Board of Directors has impartial and competent advice at its disposal.
- The Board of Directors shall take all necessary steps to be kept regularly informed of the operational implementation of the remuneration rules and of how remuneration is developing at the firm.

Principle 2: The remuneration scheme is simple, transparent, implementable and oriented towards the long term

- The remuneration scheme should be understandable and justifiable. The elements of the remuneration scheme shall be clearly communicated to the persons concerned. No transactions (e.g. hedging transactions) which run counter to the effectiveness of the elements of the remuneration system should be carried out.
- The remuneration scheme shall ensure a sufficient degree of continuity. It is to be designed in such a manner that it is acceptable irrespective of the firm's actual business performance.
- The firm shall ensure that contractual agreements are in conformity with the requirements of this circular and of the firm's own remuneration rules. To the extent necessary, existing agreements should be amended accordingly.

Principle 3: The firm's independent control functions and experts are involved in designing and applying the remuneration policy and rules

- The design and implementation of the remuneration scheme should be carried out in an impartial and objective manner. Human resources experts and control functions (e.g. risk management or compliance) should be involved to ensure a consistent design and implementation of the remuneration scheme across all business lines of a firm.
- The Board of Directors shall ensure, at reasonable intervals, that an impartial body, (e.g. internal audit) review whether the design and implementation of the remuneration scheme is in compliance with the board of director's remuneration policy and the requirements of this circular.

Principle 4: The structure and level of total remuneration is aligned with the firm's risk policies and designed so as to enhance risk awareness

- In the context of this circular, risk is defined as any risk that the firm bears in the course of its business activities. These risks include, in particular, market, credit and liquidity risk, underwriting risk, operational risk (including legal and compliance risk) as well as reputational risk.
- The more strategic or operational responsibility a person has, the more their remuneration needs to take into account the risks such persons takes or are responsible for.
- All significant risks attributable to a person's sphere of influence must be considered in this context. This also covers risks which arise in the organizational units under their responsibility.
- Risks, the size and probability of occurrence of which are difficult to assess in advance, must also be considered to the extent reasonable.
- The relevant risk assessment should be undertaken and monitored by the units responsible for the firm's risk control.
- Neither the nature of the remuneration nor the criteria applicable for its allocation must create any incentive for taking inappropriate risks or for violating applicable law, regulations, internal rules or agreements.
- Risks are inappropriate, in particular, if they:
  - are not consistent with the strategic or operational objectives and risk capacity of the firm;
  - cannot be properly managed or controlled with the existing organization, procedures and employees;
  - may unfairly disadvantage the firm's stakeholders, including its customers.

- The remuneration instruments, the proportion of variable remuneration to total remuneration and the relationship between immediate and deferred remuneration are to be designed in line with the requirements of this principle.

Principle 5: Variable remuneration is funded through the long-term economic performance of the firm

- Variable remuneration is to be incorporated into capital and liquidity planning. It must not be allowed to jeopardize the attainment of capital targets.
- The size of the total pool shall depend on the long-term performance of the firm. For this purpose, the profit sustainability as well as the risks borne are to be taken into account. The entirety of any capital costs, including the costs of equity capital, is to be considered in a comprehensive manner. The capital costs shall reflect the risk profile of the firm.
- If results are poor, the total pool is to be reduced or omitted completely.
- The models and processes which a firm uses to determine variable remuneration at the level of the firm as a whole or at the level of its units shall be in accordance with the business strategy and risk policies of the firm.

Principle 6: Variable remuneration shall be granted according to sustainable criteria

- The allocation of variable remuneration to individual units and persons shall depend on sustainable and justifiable criteria that reflect the firm's business and risk policies.
- A serious violation of internal rules or external provisions shall result in a reduction or forfeiture of variable remuneration (malus).
- Sign-on and severance payments are only to be granted in justified cases. They must be governed by the remuneration rules of the firm. Those payments above an amount set in the remuneration rules are to be approved by the Board of Directors.

Principle 7: Deferrals link remuneration with the future development of performance and risk

- To the extent required in light of its risk profile, a firm shall defer payment of part of the remuneration.
- Deferred remuneration is remuneration that the beneficiary is entitled to freely dispose of only after expiry of a certain time period and the value of which is subject to change during this time period.
- Deferred remuneration is to be designed in such a way that it takes into account the business strategy and risk policies of the firm. It shall be structured in such a way so as promote optimally the risk awareness of the beneficiaries and encourage them to operate the business in a sustainable manner.
- The time period should be based on the time horizon of the risks the beneficiary is responsible for. For members of senior management and persons with relatively high total remuneration, as well as persons whose activities have a significant influence on the risk profile of the firm, the time period should last at least three years. Any definitive vesting of the remuneration within the time period in question shall take place, at most, on a pro-rata basis.
- The greater the responsibility of a beneficiary and the greater her/his total remuneration, the greater the percentage of her/his remuneration that shall be deferred. For members of senior management, for persons with relatively high total remuneration and for persons whose activities have a significant influence on the risk profile of the firm, a significant percentage of remuneration is to be subject to deferred payment. A person may receive remuneration without deferral to the extent a deferral is not appropriate or reasonable in light of such person's function or amount of total remuneration.
- Any changes in value of deferred compensation during the time period in question shall be symmetrical to the development of clearly defined and objective assessment criteria, which shall take

ample account of earnings, expenditures and capital costs or shall depend on the value of the company. Negative developments of such assessment criteria must lead to a considerable reduction in value of the deferred compensation up to a total forfeiture. If positive developments of the assessment criteria lead to an increase in value of the deferred compensation, such increase must not be disproportional to the potential reduction in value or the assessment criteria themselves.

- Where this promotes risk awareness and sustainability and is appropriate, the company should structure its compensation policy and rules so as to make it possible to cancel deferred remuneration in whole or in part where losses have been generated in the area of responsibility of the person concerned.
- In the event of poor business performance, in particular in the case of losses recorded in the annual financial reporting, the allocation of variable remuneration which is not subject to deferral shall be reduced to a minimum.

Principle 8: Control functions are remunerated in a way so as to avoid conflicts of interest

- Control functions within the meaning of this principle include all persons responsible for quantitative or qualitative risk management or risk control, legal, compliance, actuarial, internal audit or internal control systems.
- Remuneration schemes for control functions may not create incentives that lead to conflicts of interest with the tasks of these functions. The calculation of variable remuneration of these persons must not be directly dependent on the performance of the business units, specific products, or transactions these persons monitor.
- Total remuneration of the control functions must be sufficient in order to attract qualified and experienced persons.

Principle 9: The Board of Directors shall report annually on the implementation of the remuneration policy

- As part of the annual reporting, the Board of Directors shall prepare a remuneration report. In said report it shall explain the implementation of the remuneration policy and rules.
- The remuneration report shall address the following matters:
  - the most important design characteristics and functioning of the remuneration scheme as well as responsibilities of those involved in managing and implementing the scheme and the applicable procedures;
  - the design, assessment criteria, valuation principles and valuation of the remuneration instruments used;
  - the following information on compensation for the financial year (excluding charges and credits that derive from remuneration for previous financial years), broken down by instrument (cash payment, shares, options, etc.):
    - the total amount of total remuneration;
    - the amount of the total pool and number of beneficiaries;
- the sum of outstanding deferred remuneration broken down by instrument (cash payment, shares, options, etc.);
- any charges and credits affecting net income that derive from remuneration for previous financial years;
- with regard to senior management as well as persons whose activities have a significant influence on the risk profile of the firm:

  - the sum of all sign-on payments made during the financial year and the number of beneficiaries;
  - the sum of all severance payments made during the financial year and the number of beneficiaries.
- Disclosure of the remuneration report shall take place in accordance with the provisions governing publication of the annual report. Such disclosure shall in any event be made to FINMA.

Principle 10: Any deviation from these principles is permissible only in justified exceptional circumstances and must be disclosed

- The firm must justify the facts of any deviation from these principles and disclose these in addition to those disclosures required under Principle 9. In addition to such justification, the firm must disclose, in particular, the structure, form and amount of the remuneration which is subject to deviation from these principles, as well as the business units or functions of the firm benefitting from this deviation.

3. Implementation

- Each firm shall assess its implementation of this circular and compliance therewith and shall report to FINMA by 30 April 2011 at the latest according to such instructions as FINMA shall promulgate. This report shall be certified by the firm's external auditors.
- FINMA reserves the right to inspect a firm in respect of compliance with the requirements of this circular. It may do it either itself or with the assistance of third parties. Such measures shall be in lieu of a regular audit on the subject requested by the firm's external auditor.
- FINMA may, in justified cases, place additional requirements on a firm's remuneration scheme beyond those set out in this circular.
- FINMA may take measures against firms that derogate from the provisions of this circular, including requiring them to maintain additional capital.
- FINMA reserves the right to limit the variable remuneration that a firm can grant where this would clearly jeopardize the meeting of capital targets decreed or expected.
- FINMA shall evaluate the effectiveness of this circular, such as on the basis of the self assessments by the firms or through additional investigations or benchmark analyses. Such evaluations shall serve for the further development of this circular, which will also consider any policy developments at the international level.

12. **Appendix 7** Supplement remuneration guidelines applicable to GAM Investment Management (Switzerland) Ltd. (GIMS), as well as GAM Capital Management (Switzerland) Ltd. (GCM) and its branch, GAM Capital Management (Switzerland) Ltd., Lugano Branch – Code of Conduct of the Swiss Funds & Asset Management Association ("SFAMA")

1. Scope of applicability

This Appendix to the Group Compensation Policy (the Policy) applies to GAM Investment Management (Switzerland) Ltd. (**GIMS**), as well as GAM Capital Management (Switzerland) Ltd. (**GCM**) and its branch, GAM Capital Management (Switzerland) Ltd., Lugano Branch subject to the Code of Conduct of the Swiss Funds & Asset Management Association ("**SFAMA**").

The purpose of this Appendix is to set out the remuneration aspects set out within the Code of Conduct for CISA institutions that are applicable to GIMS, GCM and GAM Capital Management (Switzerland) Ltd., Lugano Branch.

2. Applicable 'Duties of Loyalty'

Avoidance / disclosure of conflicts of interest
CISA Institutions must apply a salary and remuneration policy that is appropriate in accordance with the principle of proportionality, their size, and their risk profile, and that motivates their employees to promote the long-term success of the collective investment schemes (in keeping with the minimum standards set out in FINMA Circular 2010/1 "Remuneration schemes"). They must, in particular, refrain from providing any financial incentive for conduct that might damage the investors' interests (e.g. bonus payments based on the volume of exchange transactions carried out).

3. Applicable 'Duties of disclosure'

- CISA Asset Managers must conclude a written agreement with the Principal on their specific rights and obligations and the other terms of the service to be performed.
- Specifically, the written agreement must contain information on the following points:
  - scope of the CISA Asset Manager's powers;
  - investment objectives and restrictions, in accordance with the pertinent provisions set down in the documents of the collective investment scheme;
  - reference currency, in accordance with the pertinent provisions set down in the documents of the collective investment scheme;
  - permitted investments, investment techniques, and the use of derivatives and structured products;
  - method and frequency of provision of financial statements to the Principal;
  - type, structure and components of the remuneration of the CISA Asset Manager, taking into account Art. 21 para. 2 CISA;
  - possibility of delegating tasks to third parties, subject to Art. 18b para. 3 CISA and Art. 26 CISO;
  - duties to report (if necessary and not already governed elsewhere).

4. Applicable 'Duties of disclosure'

- CISA Institutions and all other financial intermediaries must distribute their collective in-vestment schemes exclusively via distributors which can ensure the proper conduct of business.
- If they pay distributor fees, they must operate remuneration systems for their distributors that promote proper client advice and the fostering of long-term relationships.

5. Implementation

The present Code of Conduct was approved by the Board of Directors of the Swiss Funds & Asset Management Association SFAMA on 7 October 2014. It enters into force on 1 January 2015, replacing the Code of Conduct for the Swiss Fund Industry issued on 30 March 2009 and the Code of Conduct for Asset Managers of Collective Investment Schemes issued on 31 March 2009. There will be a transitional period to 31 December 2015, during which fund management companies, SICAVs, limited partnerships for collective investment, SICAFs, CISA Asset Managers, and representatives of foreign collective investment schemes, as well as their agents, must carry out the necessary implementation work to amend existing contracts.

13. **Appendix 8** Supplement Policy terms applicable to GAM (Deutschland) GmbH

1. Scope of applicability

This Appendix to the Group Compensation Policy (**the Policy**) applies to GAM (Deutschland) GmbH. (**GAM Germany**) and is aligned with and sets out additional terms to those set out in the Policy of its ultimate parent, GAM Holding AG and Appendix 1 above.

The purpose of this appendix is to align GAM Germany's compensation policy to the structural remuneration requirements introduced under EU Directive –MiFID II and the application of Sect. 2 (7) of the Ordinance on the Supervisory Requirements for Institutions' Remuneration Systems. To the extent that any provisions of this Appendix conflict with the Policy, the provisions of this Appendix shall prevail.

This Appendix may be modified in the future to take into account changes in Group policies or changes in the size, nature, risk profile or complexity of GAM Germany and its activities.

2. Relevant Regulation

This Appendix is consistent with the application of EU and German regulations specifically:

- MiFID II Directive
  - MiFID II Directive – Directive 2014/65/EU;
- Sect. 2 (7) of the Ordinance on the Supervisory Requirements for Institutions' Remuneration Systems (Institute Remuneration Ordinance - InstVergVO of 16 December 2013, in force since 1 January 2014) ("Ordinance")

3. Application

This appendix applies to all Employees and Managers of GAM Germany as defined under the Ordinance.

Directors of GAM Germany do not receive any kind of remuneration linked to their role and therefore are not in the scope of this policy. Should any remuneration be granted to directors in the future, such remuneration will be fixed and not linked to the short-term results of the GAM Germany.

Pursuant to § 1 para. 1, the InstVergVO applies to all institutions within the meaning of §§ 1 para. 1b, 53 para. 1 KWG and thus continues to apply to GAM (Deutschland) GmbH.

Pursuant to Section 1 (2), the Ordinance distinguishes between requirements which apply to all institutions and to the remuneration systems of all Managing Directors (" Management") and Employees and the significantly more demanding special requirements which are only relevant to major institutions and their remuneration systems.

Section 25n KWG defines criteria according to which an institution is generally classified as "Significant". According to these criteria, an institution is significant:

- if the average balance sheet total as at the reporting dates of the last three financial years has reached or exceeded € 15 billion, unless the institution proves, on the basis of a risk analysis, that it is not significant. In particular, its size, remuneration structure, nature, scope, complexity, risk content and internationality of the business activities conducted must be taken into account;
- if it is directly supervised by the European Central Bank;

- if it has been classified as potentially endangering the system within the meaning of section 20(1) sentence 3 of the Reorganisation and Winding-up Act; or
- if it is a financial trading institution within the meaning of section 25f(1) of the KWG.

In addition, BaFin may also consider an institution whose balance sheet total has not exceeded the aforementioned balance sheet total on average over the last three financial years to be significant, provided that this is required with regard to the business activities conducted. This classification may be necessary in particular for the reasons stated in section 25n (3) of the KWG.

GAM Germany has not reached nor exceeded the threshold value of € 15 billion relevant for the classification as an important institution. GAM Germany is not directly supervised by the European Central Bank, has not been classified as potentially systemic and is not a financial trading institution within the meaning of section 25f (1) of the KWG. For Completion, GAM Germany has not been classified as a significant institution by BaFin pursuant to section 25n (3) KWG.

As a result, GAM Germany is not an "Important Institution" within the meaning of the Ordinance and must therefore comply with the general requirements for remuneration systems, but not with the regulations for important institutions.

4. Variable Pay

4.1 Variable remuneration

A well-balanced mix of fixed and variable compensation is combined with deferrals as well as malus and clawback provisions, GAM Germany, in line with the Group aims to promote long-term, sustainable performance by encouraging Employees and Management to focus on delivering outstanding results through appropriate and controlled risk taking.

4.2 Ratio fixed vs. variable remuneration

For each GAM Germany staff category, the maximum proportion of variable compensation compared to fixed and the total compensation is as follows:

GAM (Deutschland) GmbH Staff category	Variable vs. fixed compensation	Variable compensation vs. total compensation
Members of the Board of Directors	100%	50%
All other employees	100%	50%

5. Disclosure

GAM Germany is neither significant within the meaning of § 25n KWG nor is it a CRR institute. Pursuant to § 1 para. 2 InstVergVO, § 16 InstVergVO is therefore not applicable and there are no disclosure obligation according to § 16 InstVergVO. The disclosure obligation pursuant to Art. 450 of Regulation (EU) No. 575/2013 (CRR) also does not exist due to the lack of a quality as a CRR Institute. Art. 450 CRR applies neither directly nor via § 1a para. 2 KWG.

Important information

GAM Investments