

BlueBay Asset Management Group

Remuneration Policy

Introduction

The objective of this Policy is to support the BlueBay group's business strategy, objectives and values, including prudent risk and conduct management, by attracting, retaining and motivating our key talent to achieve these outcomes. This Policy takes into account our BlueBay interests, and also those of BlueBay's funds and the investors in such funds.

Scope

This Policy applies to BlueBay Asset Management LLP, BlueBay Asset Management (Services) Ltd and its subsidiaries, and BlueBay Asset Management USA LLC (being the "**BlueBay Group**" or "**BlueBay**"), and applies to all of BlueBay's Partners and employees including the management team and international population.

The Policy covers all aspects of remuneration including Partner drawings, salaries, bonuses, incentive plans, hiring and severance packages and pension arrangements.

In respect of the overseas businesses, where local laws or regulations set more rigorous requirements for any aspect, those stricter provisions must also apply. However, where any aspect of this Policy would contravene local laws or regulations, then the local laws or regulations shall override.

Alternative Investment Fund Managers Directive – UK implementation

Particular provisions have been included in this Policy to reflect the provisions of Chapter SYSC 19B of the Financial Conduct Sourcebook which relates to the remuneration provisions of the Alternative Investment Fund Managers Directive ("**AIFMD**"). BlueBay has determined that, in accordance with FCA guidance, certain of the requirements of SYSC 19B shall be applied in a manner that is proportionate to our size, internal organisation and the nature, scope and complexity of our activities.

UCITS V Directive and AIFMD – Luxembourg implementation

The terms of this Group Remuneration Policy shall also apply to BlueBay Funds Management Company S.A. ("**BFM**") and its staff. In addition, staff of BFM are also subject to the supplementary BlueBay Funds Management Remuneration Policy which includes additional provisions relating to the remuneration structure approved for BFM, including where required for compliance with the Luxembourg implementation of the remuneration provisions of the UCITS V Directive and AIFMD which apply directly to BFM.

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Operation of the Policy

General principles

The Policy is designed to ensure that BlueBay's remuneration policies, procedures and practices are consistent with and promote sound and effective risk management and do not encourage excessive or inappropriate risk taking which is inconsistent with the risk profiles of BlueBay's funds.

The Policy is also designed to be in line with BlueBay's business strategy, objectives, values and long-term interests, and also to take into account the interests of our funds and of the investors in such funds.

BlueBay's total variable remuneration should not limit its ability to strengthen its capital base. Where BlueBay's financial performance is subdued or negative, total variable remuneration should generally be contracted.

Governance

Governance processes ensure robust oversight of reward, effective management of any potential conflicts of interests and reflect the need to link remuneration decisions with our risk appetite and profile. The governance of remuneration is managed through various bodies.

The Remuneration Committee oversees remuneration policies and procedures, including this Policy, and provides an independent view into remuneration decisions. The Remuneration Committee takes into consideration financial and non-financial criteria, risk and compliance reports, and any other relevant information in making decisions around remuneration.

The Group Risk Committee looks at risk appetite, tolerance and risk management and feeds its views into the remuneration decision-making processes including, if requested, sending a risk report to the Remuneration Committee for consideration when setting remuneration levels. In approving annual bonus and discretionary remuneration pools, and individual awards, the Remuneration Committee will take account of any current and future risks (specifically taking into consideration the redemption policy of relevant funds) facing BlueBay and specific funds.

The Compliance and HR teams also prepare reports, as necessary, for the Remuneration Committee to take into account Partner and employee compliance and conduct issues, as appropriate.

Review

The Remuneration Committee will review this Policy (including the methodology for setting variable remuneration and the list of AIFM Remuneration Code Staff) periodically as necessary and no less frequently than annually. As part of this process the Remuneration Committee will seek input from HR, Compliance, Risk, other control functions and independent third parties as required.

In addition, this Policy will be reviewed should BlueBay become subject to additional regulation in respect of remuneration structures.

Performance management

Culture and values

At BlueBay we describe our culture as innovative, collaborative, dynamic and high performing, with associated values of integrity, transparency and respect. BlueBay puts great emphasis on its culture and values, which create the environment to achieve our strategic objectives:

- On-going product development in global products with an emphasis on providing next generation fixed income products for our clients;
- Disciplined global sales execution with a focus on improving client and prospect experience in our chosen markets;
- A focus on infrastructure excellence;
- Maintaining focus on strong investment performance;
- Expanding insight and information exchange; and
- On-going investment into culture and partnership.

Our values define who we are, how we behave and what makes us distinctive. Our values help guide our decisions, actions and behaviours and are at the core of our collective aspiration to be recognised as a leading specialist asset management group delivering market leading performance and focused service to our clients, across the full spectrum of next generation global fixed income products.

BlueBay undertook an extensive consultation with its people to gain feedback on the group and its values. Upholding these values is key to our business and these values are therefore set out in the Partner Profile, and are an integral part of our competency framework against which each BlueBay Partner and employee is assessed through the performance management process.

Performance management processes

Overview

Performance is managed on an ongoing basis through informal discussions between individuals and their line managers, with two formal reviews each year. In the year-end annual review managers assess performance against the objectives set in a multi-year framework appropriate, where relevant, to the life-cycle of the fund(s) in which the individual is involved (directly or indirectly), review behaviour within key competencies (including compliance and conduct), set objectives for the coming year linked to the group's strategic objectives, and agree development activities. As a result, non-financial as well as financial criteria are taken into account. The mid-year review checks progress against objectives with new objectives and development activities being agreed if necessary. However BlueBay's main focus is on constructive conversations. The performance of business heads is reviewed through the business planning process.

The competencies assessed are:

- **High performing, client focused and dynamic**
We set high standards, putting clients at the heart of everything we do. We are positive and energetic in the face of challenges. We anticipate opportunities, knowing that advances are always possible. We act with integrity at all times.
- **Collegiate and collaborative**
We communicate openly with colleagues and clients. We learn from and support each other and achieve superior results by working as a team.

- **Innovative and continuous improvement**
We draw on our expertise, imagination and independent thinking to look for progressive solutions and to improve our performance.
- **Technical expertise**
We share our knowledge with others, demonstrating strong technical skills and applying these skills effectively. We comply with the spirit as well as the detail of relevant policies and procedures.
- **Leadership**
We lead by example and contribute positively to maintaining the culture of the group. We inspire, develop and guide others to perform at their best.

Each competency has behaviours and attributes detailed for the three career levels at BlueBay: senior professional, professional and junior professional.

Process

Performance reviews (and outcomes from any informal discussions throughout the year) are taken into account when determining remuneration levels. Remuneration recommendations for all of BlueBay's higher earning staff and all AIFM Remuneration Code Staff (the majority of whom are Partners) will ultimately be reviewed by the Remuneration Committee prior to finalisation.

When reviewing remuneration, including any variable remuneration, relevant managers, HR and (where applicable) the Remuneration Committee will give consideration to:

- Overall group performance;
- Collective performance of the relevant team;
- Performance of the funds in respect of which the individual has influence (where relevant);
- Individual performance relative to role requirements (including performance against agreed financial and non-financial competencies, compliance with all regulatory requirements and BlueBay policies and achievement of objectives);
- Competitive market benchmarking data;
- Whether or not an individual's employment or membership will terminate or whether that individual is under notice of termination (whether given by the employee/Partner or BlueBay) at or prior to the date when a bonus might otherwise have been payable in which case they will not be eligible for any such bonus; and
- The duty of our Partners and employees to act loyally, honestly, fairly, professionally and in the best interest of our clients.

AIFM Remuneration Code Staff and staff in control functions

AIFM Remuneration Code Staff

BlueBay's "AIFM Remuneration Code Staff" are defined as:

- Registered SIFs (CF1 – CF29, per SUP 10A.4.4), excluding non-Partner members of the Board and others who are not considered to have a material impact on the firm's risk profile;
- Members of the Management Committee;
- Certain control function and support heads (whether or not also SIFs) – namely:

- General Counsel;
- Head of Finance;
- Head of Risk;
- Head of Compliance;
- Head of Human Resources;
- Head of Global Business Development, and
- Senior Portfolio Managers in respect of AIFs managed by BlueBay Asset Management LLP.

AIFM Remuneration Code Staff have been identified on the basis that they make decisions that may have a material impact on BlueBay's risk profile or the risk profile of AIFs managed by BlueBay Asset Management LLP.

Each member of AIFM Remuneration Code Staff has been informed that they have been so designated.

A record of AIFM Remuneration Code Staff is kept by HR and is reviewed at least annually.

The identification of staff as AIFM Remuneration Code under this Policy is separate from the identification of staff as "*Fund Remuneration Code Staff*" or "*Delegate Fund Remuneration Code Staff*" under the BFM Remuneration Policy. Additional provisions under the BFM Remuneration Policy may apply to such individuals.

Staff in control functions

Control function remuneration is not linked to the performance of the investment teams that they may support. The investment teams have no involvement in the decision-making process that determines the remuneration for control functions, and control functions do not report into investment teams or Global Business Development.

The remuneration of senior members of the Risk Management and Compliance functions is directly overseen by the Remuneration Committee.

Components of remuneration

Fixed remuneration

In setting and reviewing fixed remuneration, BlueBay takes account of the need to ensure that fixed and variable components of total remuneration are appropriately balanced, with the fixed element being set at a sufficient level to ensure that the policy on the variable component can be operated in a fully flexible manner, including the possibility of there being zero variable remuneration in any particular year.

Setting annual discretionary bonus pools and determining bonuses

The Remuneration Committee reviews annually the methods for calculating bonus pools. Separate bonus pools are established for each investment team and the Management Committee and all bonuses awarded from these pools are discretionary. There is also a discretionary bonus pool within which there are arrangements for Partners and employees operating within the Infrastructure and Global Business Development departments.

Front office pools

The current methodology for calculating the investment teams' bonus pools is categorised as profit share at a team level. Profit generated by an investment team, based on a share of management fees and, in some cases, performance fees, derived from the team's products, but deducting certain defined direct costs including salaries/drawings and employer's National Insurance Contributions, forms the basis of the profit share bonus

pool. Break-even or losses for any team will result in a zero profit share bonus pool (discretionary bonus payments may be made where appropriate in respect of individual performance).

The methodology is reviewed by the Remuneration Committee on an annual basis. The Remuneration Committee will take account of any current and future risks (specifically taking into consideration the redemption policy of relevant funds) facing BlueBay and specific funds, when considering whether to approve the methodology.

Bonuses are discretionary and are allocated based on performance of the relevant investment team, fund performance and individual performance, taking into account consideration of financial and non-financial criteria.

Management Committee pool

The Management Committee pool is determined by reference to the aggregate of (i) a predetermined percentage of the consolidated profits of the BlueBay Group (including BlueBay Asset Management LLP and BlueBay Asset Management (Services) Ltd), for the relevant calendar year; and (ii) the potential individual outcomes from a target bonus component determined by reference to both group (RBC/RBC Global Asset Management) financial and individual performance against both financial and non-financial objectives.

From this pool, members of the Management Committee receive allocations as reviewed and approved by the Remuneration Committee.

Discretionary pool

Bonuses to the Global Business Development and Infrastructure teams are paid from the discretionary pool. The Remuneration Committee approves how bonuses are allocated, based on contribution and upon individual and business performance. The Remuneration Committee also applies a top-down approach based on revenues.

Within the discretionary pool, the Remuneration Committee also approves an allocation for Partners within the Infrastructure and Global Business Development divisions (the "BD&I Allocation"). The BD&I Allocation is determined by reference to a predetermined percentage of the profits of BlueBay Asset Management LLP for the relevant calendar year. Partners within the Infrastructure and Global Business Development divisions may also receive an additional discretionary bonus from the discretionary bonus pool.

For employees, including those operating within the Infrastructure and Global Business Development teams, bonuses are discretionary and are dependent upon individual and business performance.

Approval process

In approving bonus pools, the Remuneration Committee will also take into account (i) the overall revenue generated and profitability of BlueBay in respect of the relevant year, (ii) any prior year losses of the business, and (iii) an assessment of any identified future risks which could impact the sustainability or performance of the BlueBay group or the performance of the managed funds.

When determining and/or reviewing remuneration, including any variable remuneration, the head of each investment team, the Management Committee, HR and the Remuneration Committee (as appropriate) will give consideration to:

- Overall group performance;
- Collective performance of the relevant team;
- Performance of the funds in respect of which the individual has influence (where relevant);

- Individual performance relative to role requirements (including performance against agreed financial and non-financial competencies, compliance with all regulatory requirements, conduct and BlueBay policies and achievement of objectives – see *performance management process*);
- Competitive market benchmarking data;
- Whether or not an individual’s employment or membership will terminate or whether that individual is under notice of termination (whether given by the employee/ Partner or BlueBay) at or prior to the date when a bonus might otherwise have been payable; and
- The duty of BlueBay’s Partners and employees to act loyally, honestly, fairly, professionally and in the best interests of clients.

All staff have a job description to ensure our people are accountable and understand their responsibilities and role. In the event of any breach, a reduction in compensation may be deemed appropriate.

BlueBay’s remuneration cycle operates on a calendar year basis. The cash portion of any discretionary bonuses awarded is paid annually, usually in February. As this is in advance of the end of the financial year, where bonus pools are derived from profits (i.e. certain Partner bonus pools as set out above), the level of any bonus payments made will be based on the Remuneration Committee's assessment of the anticipated bonus pools. In the event that profits realised are insufficient to generate a bonus pool to cover the bonus payments that have been made, any excess payment received by a Partner (allocated on a pro rata basis amongst Partners who have received bonuses from the relevant bonus pool) shall, under the terms of BlueBay's LLP Agreement, remain outstanding and may only be discharged by a repayment from the Partner or from an allocation of profits to the Partner in a future year.

For the avoidance of doubt, all bonuses are discretionary and no bonus payment will be approved and/or paid or awarded for any individual (whether an employee or Partner) whose employment (or membership of BlueBay) terminates for any reason or who is under notice of termination (whether given by the employee/ Partner or BlueBay) at or prior to the date when a bonus might otherwise have been payable.

Reward bonuses

Additional reward bonuses, which are designed to incentivise future performance, will only be awarded where these are considered to be compatible with the requirement to implement and maintain remuneration policies that are consistent with and promote sound and effective risk management.

Reward bonuses for Partners will only be made from a profit pool established in the year of grant for the purposes of making reward bonuses.

Closed-ended funds

In relation to BlueBay's closed-ended funds, certain employees and Partners participate (or may be invited to participate) in carried interest, or fee-sharing, arrangements. Under the carried interest arrangements, benefits are only provided to those who participate following the liquidation of the relevant fund, and provided that investors in that fund have received a return at or above the agreed hurdle rate. Similarly, benefits under fee-sharing arrangements are only provided where investors have received a distributed return on their investment which has resulted in performance fee provisions being triggered. This ensures that staff remuneration is completely aligned to investors’ interests. In addition, given the lengthy investment period, carried interest may not be payable for a significant period of time from the close of the fund particularly given the duration of the vehicle.

As BlueBay considers that both the risk and reward of participants in such arrangements are fully aligned with investors in the relevant fund, such benefits are not subject to any deferral requirement following payment. Certain risk adjustment provisions may apply where necessary to ensure that such benefits operate in a way

that promotes effective risk management and do not encourage risk taking which exceeds BlueBay's stated risk appetite and framework.

Buy-out awards

Buy-out awards will only be offered exceptionally and will reflect the amount and terms (including the form, and any deferral or retention periods) of the variable remuneration awarded or offered by the individual's previous employer.

Guaranteed bonuses

Guaranteed bonuses will generally not be awarded, paid or provided unless they are:

- Exceptional;
- Awarded in the context of hiring a new employee or Partner; and
- Limited to the first year of service.

The rationale for all guaranteed variable awards will be fully documented.

Guaranteed bonuses (if any) for Partners will only be paid out of the relevant profit pool in the year of payment.

Payment of variable remuneration

As set out below, certain provisions of this Policy apply in respect of "AIF-related remuneration". The Remuneration Committee has determined that for this purpose, the apportionment between AIF and non-AIF related remuneration should be undertaken based on the level of assets under management in AIFs managed by BlueBay Asset Management LLP ("AuM") as at 31 December of the relevant performance year (or the last available valuation in relation to each relevant fund).

Additional provisions may apply to certain staff under the BFM Remuneration Policy.

Deferral of annual discretionary bonuses

Annual discretionary bonuses for any Partners and employees which have an award level of £100,000 or above will be subject to a deferral of between 40% and 60% with vesting at the end of a three-year period. Further, AIFM Remuneration Code Staff members will be required to defer at least 40% of AIF-related variable remuneration, or 60% for any AIFM Remuneration Code Staff members whose AIF-related variable remuneration is at a level of £500,000 or above, with vesting at the end of a three-year period.

All awards will be subject to forfeiture provisions.

Payment of non-deferred variable remuneration

AIFM Remuneration Code Staff will (subject to the legal structure of any relevant fund and its constitutional documents) be required to receive up to 50% of their (post-tax) non-deferred AIF-related variable remuneration in "*own instruments*". Such instruments must (subject to the legal structure of any relevant fund and its constitutional documents) be retained by the individual, before redemption, for a period of at least six months from award, but will not be subject to any forfeiture provisions. BlueBay has arranged for such instruments to be held on behalf of the AIFM Remuneration Code Staff member by a nominee where necessary. The 50% level may be reduced on proportionality grounds, including where the

management of AIFs represents less than 50% of the AuM in funds managed by BlueBay Asset Management LLP.

"*Own instruments*" includes shares/units in one or more funds in respect of which the individual has influence (or equivalent share/unit-linked instruments) or an index representing the funds in respect of which the individual has influence (or, for members of the Management Committee, an index representing the performance of BlueBay and RBC Global Asset Management).

Any amount of non-deferred variable remuneration not receivable in instruments shall be paid in cash subject to certain conditions.

Payment of deferred variable remuneration

AIFM Remuneration Code Staff

AIFM Remuneration Code Staff will (subject to the legal structure of any relevant fund and its constitutional documents) be required to receive up to 50% of their deferred AIF-related variable remuneration in *own instruments*. Upon vesting (i.e. when the deferral is no longer subject to forfeiture provisions), such instruments must (subject to the legal structure of any relevant fund and its constitutional documents) be retained by the individual, before redemption, for a period of at least six months. BlueBay has arranged for such instruments to be held (or continue to be held) on behalf of the AIFM Remuneration Code Staff member by a nominee, on a post-tax basis (where necessary). The 50% level may be reduced on proportionality grounds, including where the management of AIFs represents less than 50% of the AuM in funds managed by BlueBay Asset Management LLP.

Any amount of the deferred portion of variable remuneration which is not required to be receivable in *own instruments* will, however, need to be deferred into BlueBay funds or an index representing the performance of BlueBay and RBC Global Asset Management, at the discretion of the individual. At least 30% of the total deferral for members of the Management Committee must be deferred into the index representing the performance of BlueBay and RBC Global Asset Management.

Performance adjustment of deferred variable remuneration

Deferred variable remuneration will only vest if it is sustainable according to BlueBay's financial situation, and is justified according to BlueBay's performance, the performance of the relevant fund (where relevant), investment team (where relevant) and the individual concerned. Examples of where such a reduction (i.e. forfeiture/malus) in deferred variable remuneration may occur include (i) where there is reasonable evidence of misbehaviour (including identified compliance and conduct issues) or material error of the individual; (ii) where BlueBay or a relevant fund or business unit suffers a material downturn in financial performance; or (iii) where BlueBay or a relevant fund or business unit suffers a material failure of risk management. BlueBay's deferred bonus arrangements set out specific contractual provisions to deal with forfeiture/malus in these circumstances.

Arrangements on cessation

Severance

Severance pay is at BlueBay's absolute discretion.

Any payments related to early termination of contracts or retirement from the partnership will reflect performance achieved over time and will be designed in a way which does not reward failure. Severance packages for AIFM Remuneration Code Staff and any material severance payments are subject to the approval of the Remuneration Committee.

Pensions

BlueBay does not provide any enhanced pension benefits to Partners or employees.

Ensuring compliance

Partners and employees must not use personal hedging strategies, including contracts of insurance, relating to remuneration which could undermine the risk alignment effects embedded in their remuneration arrangements. AIFM Remuneration Code Staff will be required to undertake (such undertaking to be renewed on an annual basis) that they will not use such personal hedging strategies/insurance, or any other method or vehicle which could lead to avoidance of any provision of this Policy.

Breach of this undertaking and/or the use of such personal hedging strategies/insurance may constitute gross misconduct and will render the individual liable to dismissal or immediate removal from the partnership, without notice or payment in lieu.

BlueBay will review from time to time the personal account dealing records of AIFM Remuneration Code Staff to ensure that AIFM Remuneration Code Staff are not using personal hedging strategies in breach of their undertakings.

Any significant breach of this Policy or proposed changes to the Policy that could have a significant impact on BlueBay's risk profile or resources will be promptly notified to the FCA.

Related terms and policies

Remuneration Committee

The objectives, constitution and responsibilities of the Remuneration Committee are documented separately. The Remuneration Committee is constituted such that it is able to exercise competent and independent judgment in relation to the matters in respect of which it has responsibility. The key objectives and responsibilities include:

- Oversight of this Policy, to ensure this Policy is operated in a way that promotes effective risk management and does not encourage risk taking which exceeds the stated risk appetite and framework;
- Ensuring that the risks associated with the operation of remuneration policies and procedures are considered;
- Giving due regard to any relevant legal or regulatory requirements, and associated guidance, as well as to the risk and risk management implications of its decisions; and
- Reviewing and, if thought fit, approving the remuneration proposals for Partners (including senior management and other AIFM Remuneration Code Staff) and employees who are impacted by any local regulations (if any) from time to time.

Conflicts of interest

This Policy is designed to avoid conflicts of interests between BlueBay and the interests of BlueBay's funds and the investors in such funds. This Policy reflects BlueBay's obligations regarding the fair treatment of our clients and is designed to promote appropriate corporate behaviours by all of our staff.

Partners and employees are also subject to provisions designed to avoid or manage conflicts of interest, which are documented separately in our compliance policies. Where BlueBay identifies potential conflicts of interest of a specific nature, additional policies and procedures are established to manage such conflicts, compliance with which is considered within the context of the performance review process.

In particular in relation with the segregated mandate activities, the remuneration of the persons who can have a material impact on the service provided and/or corporate behaviour, including persons who are client-facing front-office staff, salesforce staff, and/or other staff indirectly involved in the provision of investment and/or ancillary services, including persons who oversee the sales force (such as line managers), financial analysts, as well as persons involved in complaints handling, claims processing, client retention and in product design and development, does not create inappropriate incentives to act against the best interests of their clients. This principle also applies to any tied agent of the Company, as the case may be.

Approved by the Remuneration Committee on 17 September 2019

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