

REMUNERATION POLICY

No portion of this policy may be copied or reproduced

Contents

1. INTRODUCTION	3
2. REGULATORY FRAMEWORK	3
3. STRUCTURE OF REMUNERATIONS	3
3.1 Board Members.....	3
3.2 Employees (including Conducting Officers)	4
3.3 Annual assessment of Employees	7
4. DELEGATION OF PORTFOLIO MANAGEMENT	7
5. RESPONSIBILITIES	8
6. MAINTENANCE OF THE REMUNERATION POLICY	8

1. INTRODUCTION

The Management Company has adopted this policy with a view to adopt principles consistent with a sound and prudent risk management and that do not encourage risk taking, which is coherent with the risk profile, rules or instruments of incorporation of the fund NEF and the Management Company.

This policy is also in line with the business strategy, objectives, values and interests of the Management Company and the fund NEF in order to protect the interests of investors and to avoid any possible conflict of interest. Lastly, since the Management Company is member of the Italian banking group "*Cassa Centrale Banca – Cooperative Banking Group*", some conditions (in particular regarding the variable remuneration) are set at a group level always in respect of Luxembourg and international legislation.

2. REGULATORY FRAMEWORK

According to Art 388 of Circular CSSF 18/698 every IFM must implement a remuneration policy. The objective of this policy is to ensure that remuneration practices are compliant with CSSF Circular 10/437, Art 111a and 111b of Luxembourg Law 17 December 2010, CSSF Circular 17/658 and CSSF Circular 10/497, Guidelines on sound remuneration policies under the UCITS Directive (UCITS Remuneration Guidelines ESMA 2016/575)

3. STRUCTURE OF REMUNERATIONS

The Remuneration Policy covers the remuneration of:

- Members of the Board of the Management Company,
- Material risk takers (if any)
- Employees (including Conducting Officers),

3.1 Board Members

The Members of the Board perceive only a fixed remuneration in cash, not linked to fund performance. The remuneration of all Board Members is ratified during the Annual Shareholders Meeting.

3.2 Material Risk Takers

The material risk takers are identified as the category of staff who have a material impact on the company's risk profile.

During the board meeting in which the Remuneration Policy is reviewed for its annual update, the Board of Directors analyses the job functions and responsibilities of the employees (including Conducting Officers) in order to properly assess if some roles could materially affect the company's risk profile. In such a case, the employee identified as "material risk taker" is formally appointed by the Board.

3.3 Employees (including Conducting Officers)

The remunerations paid by the Management Company to the employees consist of fixed remuneration (contractual remuneration) and an additional variable remuneration. All employees are subject to the Banking Convention and the salary is based on the role, experience and position of the employee.

The remuneration of all Conducting Officers (employees or not) and the new hired employees who are executives or managers is established directly by the Board of Directors.

Neither fixed nor variable remuneration is connected to quantitative indicators on products performance.

Fixed Remuneration

The fixed remuneration is composed by the remuneration defined in the employment contract, ticket restaurants and by an integrative pension plan.

The Management Company may offer to its employees various optional advantages (e.g. mobile phone, company car, preferential current accounts in agreement with a bank).

Variable Remuneration

Employees can benefit from variable remuneration payable after the end of the exercise.

This variable remuneration depends on the achievement of specific professional and technical objectives assigned to employees in a multi-year framework. The variable remuneration payable is capped and it may not exceed 50% of contractual remuneration.

Variable remuneration can be awarded in two different formats:

- Bonuses (una tantum) and/or
- Salary package increases

The Board as a whole is also responsible for the decision of the variable remunerations to be paid to the Conducting Officers and to the others employees.

Concerning the variable remuneration which has to be assigned to the existing employees, the Board approves the maximum bonus payable and leave to the Conducting Officer responsible for RH, heard the opinion of the other Conducting Officers, the decision about the distribution.

Concerning the variable remuneration, which has to be assigned to the Conducting Officers and to new hired employees who are executive or managers, the Board directly decides the amount which has to be paid.

The variable remuneration is proposed to the Board by the Conducting Officer responsible for RH during a Board meeting held in the first semester of the calendar year following the year to which the bonus relates.

The Management Company has also the possibility to pay no variable remuneration component.

The employees engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, regardless of the performance of the business areas that they control.

Payments related to the early termination of a contract which are awarded on a contractual basis, shall be related to the performance achieved over time and designated in such a way that does not reward failures.

The Board of Directors shall be able to require staff members to repay all or part of the bonuses that have been awarded for performance based on data which was subsequently proven to be fraudulent.

Variable Remuneration - Conditions of the Banking Group

As already mentioned, some conditions are required in order to activate the process that will led to the payment of the variable remuneration. *Cassa Centrale Banca – Cooperative Credit Bank* (hereinafter “*Cassa Centrale Banca*”) for all the entities that are part of the Banking Group, set out the conditions described below.

For the companies that are part of the group “*Cassa Centrale Banca – Cooperative Banking Group*” the Bonuses correspond to an amount which is equal to a maximum of 10% of the gross profit.

Cassa Centrale Banca set out its Risk Appetite Framework (“RAF”), which defines its risk aversion, risk tolerance, risk limits and risk governance.

The activation of variable remuneration system is linked to specific requirements set out at Group level and at Company/Group Leader Level.

- 1) At Group Level the “Group Gate” can be opened when:

Registered Office: 5 Allée Scheffer, L-2520 Luxembourg, fax 00352.47.67.48.94

RCSL n°B 69.705 VAT number LU 21817233

- The CET 1 (Common Equity Tier 1) Ratio is at least equal to what is foreseen in the RAF of the Group
- The NSFR (Net Stable Funding Ratio) is at least equal to what is foreseen in the RAF of the Group
- No sanction to the Group has been issued by the Supervisory Authority

2) At Company Level/Group Leader level the “Company Gate” can be opened when:

- The CET 1 Ratio is at least equal to what is foreseen in the RAF of the Company
- The NSFR is at least equal to what is foreseen in the RAF of the Company
- No sanction to the Company has been issued by the Supervisory Authority

Due to structural differences, not every condition described in point 2 above is applicable to the Management Company, which will be entitled to pay the variable remuneration provided that the Group gate is open and that no sanction to the Company has been issued by its Supervisory Authority.

The assessment of these conditions takes place at 31/12 on each calendar year.

Company gate		Group gate
not opened gate	opened gate	
opened gate	100%	
not opened gate	80%	

Calculation of the variable remuneration

Since the assessment on the requirements takes place at each calendar year end and the variable remuneration cannot exceed 10% of the gross profit, the Management Company, once the abovementioned conditions are satisfied, needs to estimate the Profit Before Tax (“Budget”), in order to define the maximum “Bonus Pool Target” and the suggested “Bonus Pool Target” as the example below:

Example:

Registered Office: 5 Allée Scheffer, L-2520 Luxembourg, fax 00352.47.67.48.94

RCSL n°B 69.705 VAT number LU 21817233

Estimated Profit Before Taxes: € 5,000,000.00

Maximum Bonus Pool Target: $10\% * € 5,000,000.00 = € 500,000.00$

Suggested Bonus Pool Target: $3\% * € 5,000,000.00 = € 150,000.00$

The Bonus pool targets are defined annually by the Board of Directors, which proceed with the calculation after that it has been provided with all necessary information.

Once the Bonus Pool targets have been defined, the next step is to compare the estimated budget with the realized profit:

ESTIMATED BUDGET vs REALIZED PROFIT	VARIABLE REMUNARATION PAYABLE
up to 100%	100% of the Bonus Pool
Between 50% - 100%	85% of the Bonus Pool
less than 50%	70% of the Bonus Pool

3.3 Annual assessment of Employees

The objectives evaluated for the assignment of the variable remuneration are purely qualitative and are set and evaluated annually. The assessment and the setting of the objectives for the employees who are not Conducting Officers takes place before the date in which will be held the Board Meeting in which the decision on the variable remuneration is taken and in any case by the first semester of the year. The assessment and the setting of the objectives for the Conducting Officers is the responsibility of the Board of Directors. This objectives could be proposed for discussion to the Board by the Conducting Officers.

The variable remuneration is discretionary and will be recognized depending on the number and importance of the objectives achieved in a multiyear framework.

It is possible to decide not to recognize any variable remuneration in the event of considerable negative outcome in the qualitative evaluation.

4. DELEGATION OF PORTFOLIO MANAGEMENT

The business model adopted by NEAM foresees the delegation of the portfolio management function. When delegating the portfolio management function, the Management Company will check, during the initial and ongoing due diligence that:

- The entities to which investment management activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA guidelines on sound remuneration policies under the UCITS Directive
- Appropriate contractual arrangements are put in place with entities to which investment management activities have been delegated, in order to ensure that there is no circumvention of the remuneration rules set out in the mentioned guidelines; these contractual arrangements should cover any payments made to the delegates' *identified staff* as compensation for the performance of investment management activities on behalf of the management company.

5. RESPONSIBILITIES

The responsibility for the definition and adoption of the Remuneration Policy lies with the Board of Directors of the Management Company. The Board reviews at least annually the general principles of the remuneration policy and is responsible for, and oversees, their implementation.

The Board as a whole is also responsible for the decision of the remunerations to be paid to the Conducting Officers and to the others employees.

The Conducting Officer responsible for HR informs the staff of any Remuneration Policy updates.

The Compliance function is responsible for reviewing, at least annually, the implementation of the remuneration policy.

6. MAINTENANCE OF THE REMUNERATION POLICY

The Remuneration Policy will be reviewed at least annually by the Compliance function of the Management Company and validated by the Management Committee. Any update needed will be reported directly to the attention of the Board.

The policy is maintained electronically and in hard copy at the registered office of the Management Company and is always available to all employees. Moreover, as recommended by ESMA in the UCITS Remuneration Guidelines, the disclosure of the Remuneration Policy is made through its publication on the NEAM/NEF website and by including it in the Annual Report.