

NBG Asset Management Luxembourg S.A.

Remuneration policy

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1 Introduction

NBG Asset Management Luxembourg S.A. ("NBGAM LUX" or "the Company") is regulating in this internal policy document the remuneration policies and practices that the Company applies to its employees, managers and directors.

The evolving regulation in the financial industry, accelerated after the crisis, is demanding a much wider and consistent approach to risk management in all aspects of business and company life. This emphasis on risk management has been extended to the remuneration policies and practices of asset management firms in European Directives and Guidelines.

This document describes the NBG Asset Management Luxembourg S.A. remuneration policy which NBGAM LUX has prepared in accordance with Directive 2014/91/EU of 23 July 2014 on UCITS as regards depositary functions, remuneration policies and sanctions ("UCITS V Directive") and ESMA Guidelines on sound remuneration policies under the UCITS Directive and AIFMD (31 March 2016, ESMA/2016/411), which provides that UCITS management companies must adopt a remuneration policy and apply it to its categories of staff whose professional activities have a material impact on the risk profiles of the UCITS that they manage.

The remuneration policy defines NBGAM LUX as an Asset Management Company that manages one or more funds (UCITS).

This policy is applicable to all individuals performing activities captured by the UCITS regulations (as detailed above), whether such activities are carried out within NBGAM LUX or delegated to a third party. This policy acts as a minimum standard which will be applied. In the case where activities are delegated to jurisdictions outside of Luxembourg, this policy will apply, even where local regulations do not require it. In some jurisdictions the regulatory requirements may differ and in such cases (with prior approval from the relevant parties within NBGAM LUX), it may be appropriate to follow local regulatory guidelines where it can be demonstrated that these are equally as effective as those applicable under these guidelines.

2 Scope

The remuneration policy described in this document will be applicable to all directors, managers and employees of the Company.

3 Roles and accountabilities

3.1 The Board of Directors

The Board of Directors represents the Company with the broadest capacities to manage, administer and govern all matters related to Company business, and will discuss, decide and execute with no further restraints than whatever issues may be reserved to the shareholders' meeting by law or the Company's Articles of Association.

Thus, all matters regarding the Company's remuneration policy fall within the Board's scope of decision, except those that by law are reserved to the shareholders' meeting.

3.2 The Remuneration Committee

According to the proportionality principles, NBGAM LUX has not activated a Remuneration Committee of his own.

4 Governing principles for remuneration

4.1 Purpose of the remuneration policy

The purpose of this remuneration policy is to set out the basic principles of the Company's remuneration structure and its different components, its governance and control processes, to ensure that the remuneration strategy approved by the Board is implemented in accordance with the Company strategy and the applicable European and national regulations.

In particular, this policy responds to the following Company aims:

- To state and present the principles on which the remuneration policy is founded;
- To establish a sound and effective risk management culture, driving forward the Company's strategy and the accomplishment of its mission, vision and values, including the necessary provisions to mitigate and solve conflicts of interest generated by the remuneration policies and practices;
- To ensure the Company's remuneration policies and practices are in line with the requirements set forth in the applicable regulations;
- To ensure that there are no incentives that may induce any relevant person to favour their own interest, or the Company's interests, to the potential detriment of clients, adopting the Guidelines published by ESMA;
- To inform all directors, managers, employees, shareholders, investors, supervisors and interested third parties on the Company's resolution to align its remuneration policy with best-in-class compliance standards, as well as on the specific measures taken to ensure this compliance.

4.2 Remuneration strategy

The Company considers a sound remuneration policy is an essential business tool to attract, retain and motivate the best professionals and align their interests with the long term interests of the Company and its shareholders.

Remuneration in NBGAM LUX is aligned with NBG Asset Management's remuneration policy, based on the principles of competitiveness and fairness. The remuneration elements that form each remuneration package will be competitive in the relevant markets, taking into consideration comparable asset management firms both in terms of size and scope as in terms of complexity, international presence, UCITS managed, and risk profile.

The Company's remuneration strategy will encourage the alignment of the risks taken by its employees with those of the UCITS it manages, the investors of such UCITS and the Company itself; in particular, the remuneration strategy takes into consideration the need to align risks in terms of risk management and exposure to risk.

The five pillars on which the remuneration strategy is founded are described below.

4.2.1 Sound and effective risk management

Remuneration will be compatible with sound and effective risk management, rewarding appropriate risk management and do not encouraging risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the UCITS they manage.

In particular, individual goals for variable pay will not induce risk taking decisions which fall outside the UCITS specific and Company's general risk profiles, and will include performance measures at the individual, team and company level, as well as compliance indicators on service levels and investment advice.

Employees in control functions will be independent from the business units they control, will have the necessary attributions to be able to adequately exercise control and will be rewarded for the achievement of specific goals related to their control functions, and not based on the results of the business units they control.

4.2.2 Long term sustainability

Remuneration will be compatible with the Company's long term business strategy, its values, goals and interests, and will include provisions to avoid conflicts of interest.

To achieve this, performance results will be evaluated against long term goals and taking into account all present and future risks. These goals will be specific, measurable and aligned with long term shareholders' interests.

4.2.3 Competitiveness and fairness

Remuneration will be consistent with their powers, tasks, expertise and responsibilities of each director, manager and employee, applying the required balance between market competitiveness and internal equity.

The Company will periodically engage in remuneration surveys to assess market levels and trends in compensation. Market data will be considered amongst other internal criteria to establish the salary references and when taking individual and group review decisions.

4.2.4 Adequate ratio between fixed and variable pay

The ratio of variable to fixed pay will not be disproportionate, in order to avoid inducing an excessive risk assumption. The Board may set a maximum ratio for all variable pay accrued by an individual in any given year, and set up the necessary controls to ensure this maximum is observed.

4.2.5 Flexibility and transparency

This remuneration policy will be communicated and made available to all employees in the Company. Internal transparency shall be a primary concern when establishing and determining compensation.

The Board will be responsible for preparing, submitting for approval and making available all reports on remuneration policies, practices and data that are required by regulations, supervisors and shareholders.

4.3 Remuneration Structure

4.3.1 Salary structure

All jobs in the Company have a salary reference assigned in the salary structure, based on the tasks and responsibilities of the job and on the knowledge and expertise required to carry them out. The salary structure maintains an adequate balance between competitiveness in the relevant asset management markets and internal equity.

Individual salaries are reviewed periodically using a performance matrix that compares salary and reference, and an individual performance rating.

4.3.2 Benefits

Benefits and remuneration in kind are assigned based on job family and level, and may be modified or discontinued at the Company's discretion.

4.3.3 Other fixed remunerations

Under special circumstances, and particularly when dealing with international mobility, the Company may provide additional fixed remuneration elements to complement an employee's income. These elements are assigned according to the Company's global mobility policy, and have a duration in accordance with the time the employee is assigned to the host country.

4.4 Variable pay

4.4.1 Annual bonus

Each job has an annual target bonus as well as a maximum bonus, expressed as a percentage of salary or as target cash amount. These are communicated to each employee at the beginning of the performance year, along with the performance goals that will be used to assess the level of achievement at the end of the year. These performance goals are structured in a balanced score card for each individual.

For members of the investment teams, the balanced score card includes:

- Quantitative goals:
 - Individual investment performance, based on 1-year and 3-year performance of own funds;
 - Team investment performance, based on 1-year and 3-year performance of team funds;
 - Corporate Key Performance Indicators (KPIs), EBITDA growth against budget and against peer group.
- Qualitative goals:

- Individual KPIs, including compliance, risk and regulatory assessment; existing and new business contribution; team contribution and behaviours; people management.

The sales and support functions will have specific bonus arrangements that are consistent in structure with those of the investment teams. Their balanced score card will contain qualitative and quantitative criteria which are function specific and promote key SAM behaviours and business strategy.

4.4.2 Other variable pay

The Company may from time to time provide additional incentive plans to some or all of its employees, such as share-based incentives, when setting up new areas of business, on the occasion of a new strategic business plan, etc.

4.4.3 Risk adjustments on variable pay

Any kind of variable pay as described above will be subject at all times to the specific provisions regarding risk adjustments.

5 Directors' remuneration

5.1 Board of Directors:

The members of the Board of Directors may receive fixed and variable remuneration for being members of the Board of Directors. The independent Directors may receive only fixed remuneration to ensure the independence and avoid conflict of interest.

6 Senior Managers and Conducting Officers remuneration:

The Senior Managers may receive fixed and variable remuneration.

7 Remuneration of control functions

The remuneration level of staff in the control functions is sufficient to employ qualified and experienced personnel in these functions, and does not compromise their independence in the performance of their role.

Variable pay for control functions is based on function-specific objectives and is not determined solely by Company-wide performance criteria.

The remuneration of those staff members in compliance and risk management functions is designed in a way that avoids conflict of interests related to the business unit they are overseeing and is appraised and determined independently.

8 Other Employees Remuneration

The remuneration is balanced between fixed and variable remuneration. Variable remuneration is based on individual, unit, company and group results.

9 Identified Staff Definition

Determination of risk takers and other identified staff

According to UCITSV directive and ESMA guidelines, NBGAM LUX has to define, supported by Human Resources function, Identified Staff. In order to determine the members of its Identified Staff, NBGAM LUX has to take into account both (i) qualitative and (ii) quantitative criteria.

According to the regulator criteria, NBGAM LUX identified staff are:

- All members of the Board of Directors, both with and without executive functions.
- Senior Management or Conducting Officers.
- Staff responsible for heading the investment management, administration, marketing and human resources.
- Control functions (typically Head of Risk & Compliance, Head of Finance & Head of Legal)
- Other risk takers

Other risk takers will be identified as staff members whose professional activities can exert material influence on the Company's risk profile. Employees responsible for portfolio management, administration, marketing or human resources for a material business unit.

- Employees in the same remuneration bracket

The remuneration policy shall apply to any employee receiving total remuneration that falls within the remuneration bracket as Senior Managers and risk takers, unless the Board of Directors approves their exclusion after concluding that their professional activities do not have a material impact on the Company's risk profile.

9.1 Delegated functions

The categories of staff of the entity(ies) to which portfolio management or risk management activities may be delegated by NBGAM LUX, whose professional activities may have a material impact on the risk profiles of the funds that NBGAM LUX manages, will also be considered Identified Staff.

10 Remuneration Provisions

- Guaranteed variable remuneration can only be awarded in specific circumstances.
- Employees are not allowed to undertake any personal hedging strategies or insurance arrangement that will undermine the efforts of risk/performance adjustment.
- Variable remuneration is not be paid through vehicles or methods that facilitate avoidance of the requirements.

11 Governance:

NBGAM LUX will review the remuneration policy on an annual basis as follows:

- The Board of Directors approves the remuneration policy.
- The Compliance function reviews the regulatory alignment of the remuneration policy.
- The Internal Audit function assesses the alignment of the remuneration policy.
- The Risk management function ensures the alignment of remuneration policy and practises to sound risk management.
- NBGAM LUX remuneration policy is reviewed when necessary and at least annually.

In the case where activities have been delegated to a third party, the responsibility for awarding remuneration and benefits will be made by the person or persons responsible for remuneration matters according to the policies and procedures of the delegated Company. In the case of awards for individuals within the delegated Company who are considered identified staff under regulations governing NBGAM LUX, it is the responsibility of the person or persons responsible for remuneration matters of the delegated Company, to ensure that the principles outlined in this policy are applied. The Board will undertake an annual review to monitor compliance with this policy for Delegated Company's.