Prusik's Remuneration Policy

Prusik Investment Management LLP ("Prusik" or "the Firm") has adopted a Remuneration Policy Statement ("the Policy") in accordance with FCA and EU requirements. This policy applies to all employees. The Firm has implemented policies, procedures, and practices to identify, measure, manage and monitor risk. These are proportionate given the nature, scale and complexity of the Firm's activities and its risk tolerance. The Firm's risk management comprises:

- Definition of the Firm's risk tolerance;
- Risk identification;
- Risk documentation;
- Risk monitoring; and
- Risk measurements.

It is the Firm's policy to maintain remuneration arrangements that (a) are consistent with and promote sound and effective risk management, (b) do not encourage risk-taking (including in respect of exposure to Sustainability Risk[1]) that is inconsistent with the risk profile of the funds manged, and (c) do not impair compliance with the Firm's duty to act in the best interests of its customers' shareholders. The Firm's remuneration policy is designed to ensure that any relevant conflicts of interest can always be managed appropriately.

Prusik, being a small boutique, applies the provisions of this policy to all categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers, whose professional activities have a material impact on the risk profiles of the UCITS funds that it manages.

To support the Firm's long-term business strategy, Prusik has adopted a top-down multi-year remuneration framework. This ensures that variable remuneration is only paid from risk-adjusted profits based upon the performance of the business as a whole, the relevant business line and individual, and only after the Firm's liquidity and capital requirements have been considered on a rolling three-year period.

The purpose of the Policy is to provide a level of alignment between the investment manager and the client, place an emphasis on discouraging "excessive risk taking" via suitable compensation arrangements, and disclosures. The non-promotion of excessive risk-taking by Prusik employees takes account of exposure to sustainability risks.

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[1] 'Sustainability Risk' is defined under the Sustainable Finance Disclosure Regulations (EU) 2019/2088 as "an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment".

Prusik ensures that individuals making subjective judgements remain objective by referring to a framework for making such judgements. This framework includes:

- Clearly documented parameters and key considerations;
- Documented final decisions regarding risk and any performance adjustments;
- Input from individuals in control functions; and
- Sign-off by the Governing Body for any performance adjustments.

As part of the research element of an investment case, a specific section is included which assesses the key sustainability risks which the investee company faces (where relevant). The portfolio manager, in conjunction with Prusik's investment committee, then discuss any sustainability risks identified. The occurrence of an environmental, social or governance event or condition which causes a material negative impact on the value of an investment will reflect on a fund's value and this will be considered when assessing a portfolio manger's performance.

Prusik recognises that performance can be exaggerated within any single year resulting in disproportionate results. The Firm has therefore adopted a multi-year framework which considers the underlying business cycles of the Firm and benchmarks its performance against an industry average.

It is Prusik's policy to maintain remuneration arrangements that (a) are consistent with and promote sound and effective risk management, (b) do not encourage risk-taking that is inconsistent with the risk profile of the funds managed, and (c) do not impair compliance with the funds' duty to act in the best interests of its shareholders. The Policy is also designed to ensure that any relevant conflicts of interest can always be managed appropriately.

Assessment of a member of staff's performance is set in a multi-year framework to ensure that the assessment process is based on the longer-term performance of the funds managed together with its investment risks, and that the payment of performance-based components of remuneration are spread over that period. A formal appraisal process of all staff members is carried out on an annual basis with the outcome documented. Staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control.

Fixed and variable components of total remuneration are appropriately balanced. The fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

A substantial portion, which shall be not less than 60%, is paid following the end of the performance period as to 50% in cash and 50% in units of one or more of the Prusik funds managed. The deferred balance of 40% vests no faster than on a pro-rata basis over a 3-year period and is required to be invested in the units of one or more of the Prusik funds. If the variable amount is above £500,000 then 60% will be deferred.

Any portion deferred is paid or vests only if it is sustainable according to the financial situation of the Firm as a whole and is justified according to the performance of the business unit and of the individual concerned. It shall be considerably contracted where subdued or negative financial performance of Prusik or of the managed funds concerned occurs, taking into account both current compensation and reductions in pay-outs of amounts previously earned, including through malus or clawback arrangements.

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