REMUNERATION CODE

As at 31 December 2016

Background

The Firm is authorised and regulated by the Financial Conduct Authority as a Limited Licence Firm and so, it is subject to FCA Rules on remuneration. These are contained in the FCA's Remuneration Code located in the SYSC Sourcebook of the FCA's Handbook. The Remuneration Code ("the RemCode") covers an individual's total remuneration, fixed and variable. The Firm incentivises staff through a combination of the two.

Our policy is designed to ensure that we comply with the RemCode and our compensation arrangements:

- are consistent with and promotes sound and effective risk management;
- do not encourage excessive risk taking;
- include measures to avoid conflicts of interest; and
- are in line with the Firm's business strategy, objectives, values and long-term interests.

Proportionality

Enshrined in the European remuneration provisions is the principle of proportionality. The FCA have sought to apply proportionality in the first instance by categorising firms into three levels. The Firm falls within the FCA's proportionality level three and as such this disclosure is made in line with the requirements for a Level three.

Application of the requirements

We are required to disclose certain information on at least an annual basis regarding our Remuneration policy and practices for those staff whose professional activities have a material impact on the risk profile of the firm. Our disclosure is made in accordance with our size, internal organisation and the nature, scope and complexity of our activities.

1. Summary of information on the decision-making process used for determining the firm's remuneration policy:

- The Firm's policy has been agreed by the Firm's Governing Body line with the Remcode principles laid down by the FCA.

- Due to the size, nature and complexity of the firm, we are not required to appoint an independent remuneration committee.

- The Firm's policy will be reviewed as part of annual process and procedures, or following a significant change to the business requiring an update to its internal capital adequacy assessment.

- The firm is a partnership, therefore senior management and all code staff are partners. Thus payment is made to the partners via a year-end profit distribution. The result being, if there is no profit, no profit distribution is made.

- At present all code staff are partners and therefore receive a partner distribution. However based on the structure of the fund where the majority of investments are equities and variable performance fees are only incurred once assets have been realised and returns given, the firm believes there is no further risk.

- The measurement of performance used to calculate bonuses or bonus pools includes an adjustment for current and future risks and takes into account the cost of the capital and the liquidity required.

- Where necessary the firm will ensure that variable remuneration is only paid to partners, LLP members and employees after the firm has satisfied its capital resource requirements under Pillar 1 and following a Pillar 2 assessment of its capital position. This includes a consideration of direct and indirect risks to the firm and stress and scenario testing.

- The Firm's ability to pay a bonus is based on the performance of the firm overall and derived after the funds managed returns have been calculated by client appointed third party administrators. There is limited involvement of the Firm in deriving asset prices.

2. Summary of how the firm links between pay and performance:

- The variable streams of income into the firm are directly related to performance, as they are either based on market prices or returns to investors.

- The fixed remuneration for the current code staff is a profit share of the partnership. As profit shares are only given when there are available profits, the firm does not believe there is any risk here. Variable remuneration again only occurs after actual realisations of assets.

- If in the future employees became code staff the following would be applicable: Fixed based remuneration, i.e. salary, is agreed at the point of hiring the individual and is in line with prevailing market conditions for the specific person. Salaries are reviewed at least annually; however salary is taken into account when allocating any variable component of remuneration to ensure that the total compensation of each individual is within the limits expressed in the remuneration policy. In deciding each individual's total compensation due regard is taken of an appropriate balance between fixed and variable remuneration. Therefore due to the nature of performance, performance sets the proportion of remuneration as it is based. Zero performance results in zero variable remuneration.

3. Aggregate quantitative information on remuneration, for staff whose actions have a material impact on the risk profile of the firm.

Partnership profits allocated to members of the LLP are disclosed in aggregate in the report and accounts.

We may omit required disclosures where we believe that the information could be regarded as prejudicial to the UK or other national transposition of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

We have made no omissions on the grounds of data protection.

A note on materiality

A firm must regard information as material in disclosures if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purposes of making economic decisions.

A firm must regard information as proprietary information if the sharing of that information with the public would undermine its competitive position.

Proprietary information may include information on products or systems which, if shared with competitors would render the firm's investment in them less valuable.

A firm must regard information as confidential if there are obligations to customers or other counterparty relationships binding the firm to confidentiality.

CEBS has stated that it is unlikely that the disclosure of information relating to remuneration would be confidential or proprietary for firms that have been allowed to aggregate the information due to proportionality. Where there is a limited number of Code Staff then the firm may consider such omissions.