TWENTYFOUR ASSET MANAGEMENT LLP (‘TwentyFour’)
REMUNERATION POLICY – March 2021

1. Introduction

The purpose of this Remuneration Policy is to set out how TwentyFour Asset Management LLP and TwentyFour Asset Management (US) LP (together “TwentyFour”, “the Firm”) will provide remuneration in form and amount that is consistent with the FCA’s BIPRU Remuneration Code (the “Remuneration Code”) as set out in SYSC 19C, and other regulatory requirements, whilst being able to attract, motivate and maintain high-calibre employees.

It is a general requirement that a firm must establish, implement and maintain remuneration policies, procedures and practices that are consistent with and promote sound and effective risk management.

Article 5 of Regulation (EU) 2019/2088 (the “Sustainable Finance Disclosure Regulation” (“SFDR” or the “Disclosure Regulation”)) also requires the Firm to provide information on how the policy is consistent with the integration of sustainability risks.

Sustainability Risks are environmental, social, or governance (ESG) events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of the investment.

For the purposes of this policy, remuneration can be both ‘variable’ and ‘fixed’ and includes salaries, bonuses, long-term incentive plans, options, hiring bonuses, severance packages and pension arrangement. The Remuneration Code is concerned with the risks created by the way remuneration arrangements are structured and not with the amount of remuneration.

TwentyFour’s Remuneration Policy will be reviewed annually by the Firm’s Executive Committee to ensure that it remains consistent with the Remuneration Code Principles and SFDR.

2. BIPRU Remuneration Code staff

The Remuneration Code is based around twelve Principles, some of which are applicable to the Firm as a whole and some of which are relevant to ‘BIPRU Remuneration Code staff’ (BIPRU 19.3.4). The latter includes staff engaged in control functions, risk-takers, senior management and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk-takers, whose professional activities have a material impact on the Firm’s risk profile.

The FCA believes (SYSC 19.3.6(b)) that persons performing a significant influence function (anyone holding Controlled Functions 1 to 29, but excluding CF30, the customer function) or that is a senior manager (as defined in the Handbook) to be part of a firm’s Remuneration Code staff.
TwentyFour has in place a record of its Remuneration Code staff which is maintained and monitored by the Compliance Officer with oversight by the governing body. All such staff understand the implications of their status.

2.1. Proportionality in application of the BIPRU Remuneration Code

When establishing and applying remuneration policies for Remuneration Code staff a firm is permitted to apply a proportional approach in a way that is appropriate to the size and nature of a firm.

The FCA's General Guidance on Proportionality for BIPRU firms advises that it is "normally appropriate for a BIPRU firm" to disapply the rules relating to Principle 12 (Remuneration structures):

- Retained shares or other instruments (SYSC 19C.3.47)
- Deferral (SYSC19C.3.49)
- Performance adjustment (SYSC 19C.3.51)
- Ratios between fixed and variable components of total remuneration (SYSC 19C.3.44)

TwentyFour is a small, non-complex niche investment manager of offshore funds, UCITS and segregated accounts. As such, TwentyFour believes that it is appropriate to disapply the four above rules.

Whilst appreciating the contribution that can be made by a remuneration committee, TwentyFour is neither "significant in terms of its size, internal organisation nor in the nature, the scope or complexity" of its activities nor is it a "larger" BIPRU firm and therefore TwentyFour considers that such a body would not be proportionate. Instead, TwentyFour's Executive Committee undertakes this role.

2.2. Variable remuneration arrangements

TwentyFour's policy on the allocation of remuneration requires that its Executive Committee set aside a proportion of the Firm's profits to form a bonus pool out of which variable remuneration awards will be made. The size of the bonus pool will be at the discretion of the governing body, and duly recorded, giving due consideration to both the need to incentivise personnel and to the current and future risks faced by the Firm. It is unlikely that any awards will be made in the event of TwentyFour making a loss. At all times the Executive Committee's decision will be determined by TwentyFour's approach of the twelve Principles as set out below.

Principle 1: Risk management and risk tolerance
As specified in the firm's ICAAP, TwentyFour has a low risk appetite. The client funds under management are managed in strict compliance with the relevant mandates which set their own risk tolerance and the relevant regulations.

Principle 2: Supporting business strategy, objectives, values and long-term interests of the firm
The firm was established in 2008 and specialises in implementing fixed income strategies for its clients. The firm's revenue depends upon the long term retention of, and growth of, its client base. This Remuneration Policy is in line with these values.

Principle 3: Avoiding conflicts of interest
The firm has developed, and maintains, a conflicts of interest policy in keeping with the requirements in SYSC 10.1. As a consequence TwentyFour is aware of the need to ensure that its Remuneration Policy will not give rise to any conflicts of interest.

Principle 4: Governance
As mentioned in 'Introduction' there will be an annual review undertaken by both TwentyFour's governing body with an independent review by the Compliance Officer. Remuneration decisions taken by the governing body will be consistent with TwentyFour's financial condition and future revenues.

Principle 5: Control functions
Those engaged in control functions have been given the appropriate authority to carry on that role and, as far as possible, they are independent from the business units they oversee. As TwentyFour is a small firm with a limited number of personnel it is inevitable that this will not always be possible. However this is recognised by TwentyFour and, if deemed relevant, is referenced in its conflicts policy. TwentyFour will ensure that the compliance function is consulted, to ensure independence and avoid the risk of undue influence, when setting the remuneration policy. In setting remuneration levels, TwentyFour recognises the importance of attracting and retaining experienced staff that perform control functions.

Principle 6: Remuneration and capital
Under no circumstances will TwentyFour make any variable remuneration awards that would impact upon the firm's capital base, either from the need to retain required regulatory capital or where the Firm has identified the need to build its capital base.

Principle 7: Exceptional government intervention
TwentyFour does not believe that it would be a beneficiary of exceptional government intervention and therefore this Principle will not be of relevance.

Principle 8: Profit-based measurement and risk adjustment
Financial performance is an important factor in the calculation of any variable remuneration (see also Principle 12). The measurement of financial performance will be based principally on profits and not on revenue or turnover. In those instances when the latter is used in assessment then TwentyFour will also take into account the quality of business undertaken or services provided and their appropriateness for clients.
Awards will reflect the financial performance of TwentyFour and as such variable remuneration will be contracted where subdued or negative financial performance occurs. TwentyFour will not ordinarily make any variable remuneration awards should the Firm make a loss. In exceptional circumstances such payments may need to be considered. In such cases the governing body, in conjunction with the Compliance Officer, will consider and document whether such an award would be in keeping with Remuneration Principle 8.
In both performance measuring and the allocation of variable remuneration the governing body of TwentyFour will make qualitative judgements on current and future risks and the cost and quantity of

capital and liquidity required (making due recourse to the firm's current ICAAP and liquidity statement as necessary). **Principle 9: Pension policy**
The Firm's pension policy is in line with its business strategy, objectives, values and long-term interests. The Firm does not currently award discretionary pension benefits outside the Firm's company pension scheme. In the event that it does, where an employee reaches retirement, or leaves the Firm before retirement age, then any discretionary pension benefits in the form of shares or equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments will be held by TwentyFour for a period of five years.

Principle 10: Personal investment strategies
At times it is possible that one effect of aligning an individual's remuneration with risk is that the remuneration may be subject to downside. As this alignment is an important feature of the Remuneration Code, staff will not be permitted to use any personal hedging strategies or take out insurance contracts that would undermine this alignment. This requirement is reflected in the Firm's personal account dealing policy.

Principle 11: Avoidance of the Remuneration Code
TwentyFour supports both the regulatory obligations and the ethics of the BIPRU Remuneration Code. No variable remuneration awards will be paid through any vehicles or methods that would facilitate the avoidance of the Remuneration Code.

Principle 12: Remuneration structures
At the heart of TwentyFour's Remuneration Policy is the need to ensure that the structure of an employee's remuneration is consistent with, and promotes, effective risk management. As mentioned above, the FCA guidance on proportionality advises that four elements of Principle 12 can be disapplied. For the sake of completeness these will be referenced below as appropriate.

Where remuneration is performance-related then in addition to the performance of the individual TwentyFour will also take into account the performance of the business unit concerned and the overall results of the firm. Performance assessment will not relate solely to financial criteria (see also Principle 8) but will also include compliance with regulatory obligations (clause 3 below) and adherence to effective risk management.

In keeping with TwentyFour's long term objectives, the assessment of performance will take into account longer-term performance, and payment of any such performance related bonuses may need to be spread over more than one year to take account of the firm's business cycle.
In the case of early termination of a contract, any payments will reflect performance achieved over time; TwentyFour does not reward failure.

The Firm does not award guaranteed variable remuneration. In exceptional circumstances such payments may need to be considered in the context of new Remuneration Code staff or as retention awards should TwentyFour ever undergo a major restructuring. In such cases the governing body, in conjunction with the Compliance Office, will consider and document whether such an award would be in keeping with Remuneration Principle 12 and SYSC 19C.

As mentioned above, four elements of Principle 12 are disapplied in the case of TwentyFour. These concern: the need to set an appropriate ratio between the fixed and variable components of total remuneration (Principle 12(d)); the need to ensure that at least 50% of any variable remuneration consists of shares or equivalent ownership interest (Principle 12(f)); the need to defer at least 40% of any variable remuneration over a period of not less than three to five years (Principle 12(g)); and the need for performance adjustment (Principle 12(h)).

3. Compliance with Article 5 of SFDR

As per Article 5 of SFDR, financial market participants are required to include in their remuneration policies information on how those policies are consistent with the integration of sustainability risks and shall publish that information on their websites.

As outlined above, all staff members, including partners, are remunerated with a combination of fixed and variable discretionary remuneration.

As previously mentioned, where remuneration is performance-related, in addition to the performance of the individual, performance of the business unit concerned, and the overall results of the firm, TwentyFour will also factor in sustainability risk considerations and adherence to the Firm's Responsible Investment Policy.

The Firm believes the remuneration structures in place do not encourage excessive risk-taking and are sufficient to prevent excessive risk taking with respect to sustainability risks and remuneration is limited to risk adjusted performance.