Fisher Investments Remuneration Policy for the Investment Policy Committee in connection with European Alternative Investment Funds (“AIF Staff”)

Effective January 1, 2021

I. Introduction

1. General considerations

Fisher Asset Management, LLC, doing business as Fisher Investments (“**FI**”), may act as sub-manager, either directly or as sub-manager to Fisher Investments Europe Limited (“**FIE**”), to certain funds based in Europe and regulated by European statutory provisions that are considered to be Alternative Investment Funds (“**AIF”**) in the meaning of the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (“**AIFMD”**).

The AIFs are managed by European management companies that are considered to be alternative investment fund managers (“**AIFMs**”) in the meaning of the provisions of the AIFMD. FI does not act as an AIFM itself.

The AIFMD has introduced detailed requirements with regard to the remuneration restrictions to which AIFMs’ portfolio management and certain other staff will be subject.

The European Securities and Markets Authority (“**ESMA**”) has published guidance related to sound remuneration policies (ESMA Final Report on the Guidelines on Sound Remuneration Policies under the AIFM Directive - “**ESMA Guidance**”), which most of the European national regulatory authorities (such as for example the German financial regulator (“**BaFin**”) and the UK Financial Conduct Authority (“**FCA**”)) will apply.

In its guidance, ESMA stated that the remuneration principles of the AIFMD shall apply to so-called “identified staff” of an AIFM, which includes “senior management and risk takers whose professional activities have a material impact on the AIFM’s risk profile or the risk profiles of the AIF that it manages”.

ESMA has further extended the application of the remuneration principles to “categories of staff of the entity(ies) to which portfolio management or risk management activities have been delegated by the AIFM, whose professional activities have a material impact on the risk profiles of the AIF that the AIFM manages." As a consequence, the remuneration principles are also applicable to delegated portfolio managers to whom a European AIFM, including German *Kapitalverwaltungsgesellschaften* ("**KVGs**"), has delegated the management of any of its AIFs, including so-called "Special AIFs" that are eligible for German professional and certain sophisticated ("semi-professional") investors.

The ESMA Guidance does not intend to directly impose the AIFMD remuneration rules on third party delegates, but is aimed at ensuring that through the delegation of activities the relevant rules are not circumvented.

Therefore when delegating portfolio management or risk management activities AIFMs should ensure that:

- the entities to which portfolio management or risk management activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Guidance; or
- appropriate contractual arrangements are put in place with entities to which portfolio management or risk management activities have been delegated in order to ensure that there is no circumvention of the remuneration rules set out in the ESMA Guidance; these contractual arrangements should cover any payments made to the delegates' identified staff as compensation for the performance of portfolio or risk management activities on behalf of the AIFM.

Since FI may act as an entity to which portfolio management for AIFs is delegated (or sub-delegated), FI is required to implement a remuneration policy that covers any payments made to certain categories of staff for the performance of portfolio management activities on behalf of the respective AIFM.

2. Proportionality

2.1 Proportionality in General

According to the ESMA Guidance, in taking measures to comply with the remuneration principles AIFMs should comply in a way and to the extent that is appropriate to their size, internal organization and the nature scope and complexity of their activities.

Furthermore although the remuneration principles in Annex II of the AIFMD (attached hereto as Schedule 2 for reference) are applicable to all AIFMs, proportionality may lead, on an exceptional basis and taking into account specific facts, to the disapplication of some requirements if this is reconcilable with the risk profile, risk appetite and the strategy of the AIFM and the AIFs it manages.

According to the ESMA Guidance, the following are the only requirements that may be disapplied and then only if it is proportionate to do so:

- the requirements on the pay-out process which means that some AIFMs, either for the total of their identified staff or for some categories within their identified staff, may decide not to apply the requirements on:
  - variable remuneration in instruments (noted in italics in section 1(m) of Schedule 2 hereto);
  - retention (noted in italics in section 1(m) of Schedule 2 hereto);
  - deferral (noted in italics in section 1(n) of Schedule 2 hereto);
  - ex post incorporation of risk for variable remuneration (i.e. a clawback) (noted in italics in section 1(o) of Schedule 2 hereto);
- the requirement to establish a remuneration committee (noted in italics in section 1(f) of Schedule 2 hereto).

2.2 Proportionality with respect to the different characteristics of AIFMs

According to the ESMA Guidance, the different risk profiles and characteristics among AIFMs justify a proportionate implementation of the remuneration principles. Criteria relevant to the application of proportionality are the size of the AIFM and of the AIFs it manages, its internal organization and the nature, scope and complexity of its activities.

In considering the nature, scope and complexity of the activities, the underlying risk profiles of the business activities that are carried out should be taken into account. Relevant elements can be:

- the type of activity
- the type of investment policies and strategies of the AIFs the AIFM manages;
- the national or cross-border nature of the business activities (AIFM managing and/or marketing AIFs in one or more EU or non-EU jurisdictions);

2.3 Proportionality with respect of the different categories of staff

Proportionality should also operate within an AIFM for some of the specific requirements. The categories of staff whose professional activities have a material impact on their risk profile should comply with specific requirements which aim to manage the risks their activities entail. The same criteria of size, internal organization and the nature, scope and complexity of the activities should apply. In addition, the following non-exhaustive elements should be taken into account, where relevant:

- The size of the obligations into which a risk taker may enter on behalf of the AIFM;
- The size of the group of persons, who have only collectively a material impact on the risk profile of the AIFM;
- The structure of the remuneration of the staff members (e.g. fixed salary with a variable remuneration vs. profit sharing arrangements), in particular, the following elements:
  - the amount of variable remuneration perceived;
  - the percentage of variable remuneration over the fixed remuneration.

II. Applying the ESMA Guidance to FI

1. Application of proportionality rules with respect to the different characteristics of AIFMs

The delegation agreements entered into by FI (or by FIE where there is a further sub-delegation to FI) and the respective AIFM should contain a provision that make it clear FI is permitted to effect investment decisions that have a significant effect on the risk profiles of the AIFs only with the prior approval of the AIFM.

FI is required to observe the investment objectives and risk limits stipulated in each case by the AIFM. It must furthermore obtain the AIFM's consent for any and all investment decisions that are outside the stipulated risk limits or that significantly change the risk exposure of the AIF. The AIFM will have the right to directly dispose of the AIF's assets at any time.

In summary it can be said that the delegation agreements will contain strict guidelines leaving limited investment discretion for FI.

As a consequence, FI has only a limited possibility to "have a material impact on the risk profiles of the AIF that the AIFM manages". We therefore believe that it is proportionate to disapply the requirements on the pay-out process which means that the following requirements will not apply:

- variable remuneration in instruments;
- retention;
- deferral;
- ex post incorporation of risk for variable remuneration;
- establishment of a remuneration committee.

In addition, investment management decisions for all portfolios managed for AIFs are made by the Investment Policy Committee (the "**IPC**") collectively as a group and therefore the ability of any member of the IPC to individually impact the risk profile of the AIFs is limited.

Furthermore the fees that FI will be paid for such a delegation or sub-delegation are generally a fixed percentage of the assets and cannot be influenced through trading activities (i.e. FI will not earn performance fees for management of AIF assets).

2. Proportionality with respect of the different categories of staff

As of December 31, 2020, the approximate assets under management of the Company as sub-advisor (either directly or as a delegate of FIE) for AIFs was US$1,789.44 million.

The level of total assets managed by the Company as of December 31, 2020 was US$158,378.88 million.

Accordingly, the portion of the assets of the AIFs managed by AIFMs and sub-managed by FI (either directly or as a sub-delegate of FIE) represent approximately 1.13% of total assets under management of the Company and is less than 5% of FI's overall assets under management. Therefore the size of the obligations into which the Investment Policy Committee (the "**IPC**") may enter on behalf of an AIF is limited.

We therefore believe that based on the above considerations (I. 2.3) it is proportionate to restrict the categories of staff to the individual members of the IPC, who are involved in the management of AIFs ("**AIF Staff**"), and solely in respect of remuneration that is connected with the delegated management activities for AIFs.

The Company's AIF Staff as at the date of this version of the Remuneration Policy are set forth in Schedule 1.

FI will apportion the remuneration of the AIF Staff, whose work is a mixture of AIF and non-AIF business, according to the type of business performed, and treat only the portions of their work for AIF business under this Remuneration Policy after taking into consideration the need to align risks in terms of risk management and exposure to risk. The apportionment will be based on revenues, assets under management, time or another benchmark taking into account any conflicts or risks created in each case.

III. General principles of FI's Remuneration Policy for AIF Staff

1. Key Principles

When agreeing on remuneration arrangements with AIF Staff, for only that portion of their work for AIFs, FI follows the following principles:

- The basis on which the remuneration is determined must always be consistent with and promote sound and effective risk management.

- It must be avoided to encourage excessive risk-taking, and it must include measures to avoid conflicts of interest.

- It must be in line with FI's business strategy, objectives, core values, and long-term interests.

- Remuneration should help attract, motivate and retain talented people at FI.

2. Components of Remuneration

The individual elements of AIF Staff's remuneration packages are fixed pay (base salary and other employee benefits), performance-related incentive opportunities (variable incentives), and/or long-term incentive opportunities (stock options or stock ownership). The size of the various remuneration elements will differ, dependent upon the nature of an individual's role, so that the overall remuneration package is competitive, relevant, performance enhancing and appropriately risk-balanced.

Fixed and variable components of total remuneration for AIF Staff, for only that portion of their work for AIFs, are appropriately balanced and 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. ***Specifically, variable remuneration for AIF Staff, for only that portion of their work for AIFs ("AIF Variable Remuneration"), will not exceed 100% of that portion of their fixed remuneration apportioned for AIFs, except in exceptional circumstances.***

The total amount of remuneration for AIF Staff, for only that portion of their work for AIFs, is in any event based on a combination of the assessment of the performance of the individual and of the AIFs concerned and of the overall results of FI, and when assessing individual performance, financial as well as non-financial criteria are taken into account.

Guaranteed variable remuneration is exceptional and occurs only in the context of hiring new staff and is limited to the first year.

2.1 Fixed Remuneration (Base Salary and Benefits)

Base salary is paid in cash. The purpose of providing a base salary is to attract, retain and motivate talent in a competitive market. As such, base salaries are determined by competitive market conditions for the specific market for the business in which an individual works and the skills and experience that the individual brings to their business. Base salaries are a fixed amount reviewed annually, and are designed to be an appropriate portion of total compensation to avoid encouraging inappropriate risk taking.

Non-cash benefits and, on a limited basis, allowances paid in cash may be provided to AIF Staff as part of an overall competitive remuneration package.

2.2. Variable Remuneration

Variable remuneration is paid in cash. The purpose of providing variable remuneration opportunities for AIF Staff, for only that portion of their work for AIFs, is to incentivize the attainment of performance goals at the company, individual levels and for the AIFs. ***One-third of the AIF Variable Remuneration will be determined based on AIF Staff individual non-financial performance for the year based on factors set forth in FI's Company Vision and Values in Action and similar factors; one-third of the AIF Variable Remuneration will be determined based on FI overall performance for the year; and one-third of the AIF Variable Remuneration will be determined based on***

the AIFs' performance in relation to their benchmarks over the prior three years (or since inception if less than three years).

In addition, and specifically in consideration of how the AIF Staff integrates the consideration of sustainability risks into the remuneration process, the following factor is also taken into account (for 25% of variable remuneration, thus reducing the proportion of the other factors noted above to 25% each):

- where the Investment Manager takes into consideration an environmental or social characteristic in its investment decision-making with respect to a Fund or a Fund has sustainable investment as one of its objectives, how such Fund has compared to its benchmark index over the past year with respect to such environmental or social characteristic or sustainable investment objective, as applicable, as measured by one or more scoring metrics.

It is recognised that the above factor may be considered and applied subjectively to an individual, dependent on their role within the Investment Manager.

Finally, as an overriding and discretionary factor, the Investment Manager will ultimately be mindful of the need to ensure that the Remuneration Policy promotes sound and effective risk management, does not encourage risk taking that is inconsistent with the risk profiles of the Funds and is consistent with the Investment Manager's approach to the integration of sustainability risks.

2.3 Long-Term Incentives

Long-term incentives include the issuance of stock options and/or stock in Fisher Investments, Inc., the parent company of FI. The purpose of providing long-term incentive opportunities is to give AIF Staff a stake in the overall longer term overall performance of FI to avoid encouraging inappropriate risk taking.

4. Revision of Remuneration Policy for AIF Staff

The Board of Managers of FI adopts and will periodically review the general principles of the Remuneration Policy for AIF Staff and is responsible for its implementation.

SCHEDULE 1

AIF Staff List

Name	Reason for inclusion
Ken Fisher	Co-Chief Investment Officer and Investment Policy Committee Member
Jeff Silk	Co-Chief Investment Officer and Investment Policy Committee Member
Aaron Anderson	Investment Policy Committee Member
Bill Glaser	Investment Policy Committee Member
Michael Hanson	Investment Policy Committee Member

Schedule 2
AIFMD Annex II

ANNEX II

REMUNERATION POLICY

1. When establishing and applying the total remuneration policies, inclusive of salaries and discretionary pension benefits, for those categories of staff, including senior management, risk takers, control functions 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 risk profiles of the AIFMs or of AIFs they manage, AIFMs shall comply with the following principles in a way and to the extent that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities:

   (a) the remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the AIFs they manage;

   (b) the remuneration policy is in line with the business strategy, objectives, values and interests of the AIFM and the AIFs it manages or the investors of such AIFs, and includes measures to avoid conflicts of interest;

   (c) the management body of the AIFM, in its supervisory function, adopts and periodically reviews the general principles of the remuneration policy and is responsible for its implementation;

   (d) the implementation of the remuneration policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the management body in its supervisory function;

   (e) staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control;

   (f) *the remuneration of the senior officers in the risk management and compliance functions is directly overseen by the remuneration committee;*

   (g) where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit or AIF concerned and of the overall results of the AIFM, and when assessing individual performance, financial as well as non-financial criteria are taken into account;

(h) the assessment of performance is set in a multi-year framework appropriate to the life-cycle of the AIFs managed by the AIFM in order to ensure that the assessment process is based on longer term performance and that the actual payment of performance-based components of remuneration is spread over a period which takes account of the redemption policy of the AIFs it manages and their investment risks;

(i) guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year;

(j) fixed and variable components of total remuneration are appropriately balanced and 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;

(k) payments related to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure;

(l) the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks;

(m) *subject to the legal structure of the AIF and its rules or instruments of incorporation, a substantial portion, and in any event at least 50 % of any variable remuneration consists of units or shares of the AIF concerned, or equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments, unless the management of AIFs accounts for less than 50 % of the total portfolio managed by the AIFM, in which case the minimum of 50 % does not apply.*

The instruments referred to in this point shall be subject to an appropriate retention policy designed to align incentives with the interests of the AIFM and the AIFs it manages and the investors of such AIFs. Member States or their competent authorities may place restrictions on the types and designs of those instruments or ban certain instruments as appropriate. This point shall be applied to both the portion of the variable remuneration component deferred in line with point (n) and the portion of the variable remuneration component not deferred;

(n) *a substantial portion, and in any event at least 40 %, of the variable remuneration component, is deferred over a period which is appropriate in view of the life cycle and redemption policy of the AIF concerned and is correctly aligned with the nature of the risks of the AIF in question.*

The period referred to in this point shall be at least three to 5 years unless the life cycle of the AIF concerned is shorter; remuneration payable under deferral arrangements vests no *faster than on a pro-rata basis; in the case of a variable remuneration component of a particularly high amount, at least 60 % of the amount is deferred;*

(o) *the variable remuneration, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the AIFM as a whole, and justified according to the performance of the business unit, the AIF and the individual concerned.*

The total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the AIFM or of the AIF concerned occurs, taking into account both current compensation and reductions in payouts of amounts previously earned, including through malus or clawback arrangements;

(p) the pension policy is in line with the business strategy, objectives, values and long-term interests of the AIFM and the AIFs it manages.

If the employee leaves the AIFM before retirement, discretionary pension benefits shall be held by the AIFM for a period of 5 years in the form of instruments defined in point (m). In the case of an employee reaching retirement, discretionary pension benefits shall be paid to the employee in the form of instruments defined in point (m), subject to a 5 year retention period;

(q) staff are required to undertake not to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements;

(r) variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the requirements of this Directive.

2. The principles set out in paragraph 1 shall apply to remuneration of any type paid by the AIFM, to any amount paid directly by the AIF itself, including carried interest, and to any transfer of units or shares of the AIF, made to the benefits of those categories of staff, including senior management, risk takers, control functions 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 their risk profile or the risk profiles of the AIF that they manage.

3. AIFMs that are significant in terms of their size or the size of the AIFs they manage, their internal organisation and the nature, the scope and the complexity of their activities shall establish a remuneration committee. The remuneration committee shall be constituted in a way that enables it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk.

   The remuneration committee shall be responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the

AIFM or the AIF concerned and which are to be taken by the management body in its supervisory function. The remuneration committee shall be chaired by a member of the management body who does not perform any executive functions in the AIFM concerned. The members of the remuneration committee shall be members of the management body who do not perform any executive functions in the AIFM concerned.