

Muzinich & Co. (Ireland) Limited

Remuneration Policy

Defined Terms

For the purposes of this Remuneration Policy, the following defined terms apply:

“AIFM Regulations”	S.I. 257 of 2013 European Union (Alternative Investment Fund Managers) Regulations 2013
“AIFMD”	means the Alternative Investment Fund Managers Directive (Directive 2011/61/EU);
“Central Bank”	means the Central Bank of Ireland;
“ESMA”	means the European Securities and Market Authority;
“Fund”	means an AIF and/or UCITS fund managed by MUZINICH;
“Muzinich Group”	means Muzinich & Co., Inc. together with any of its affiliated and associated entities;
“UCITS & AIFMD Remuneration Guidelines”	ESMA Guidelines on Sound Remuneration Policies under the UCITS Directive and AIFMD
“UCITS Directive”	means Directive 2009/65/EU of the European Parliament and of the Council as amended by UCITS V; and
“UCITS Regulations”	means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. 352 of 2011), as may be amended, consolidated or substituted from time to time.

Introduction

Muzinich & Co. (Ireland) Limited ('**MUZINICH**') has implemented a remuneration policy (the 'Remuneration Policy') in line with the UCITS Regulations, AIFM Regulations and the UCITS & AIFMD Remuneration Guidelines.

The purpose of this Remuneration Policy is to describe the remuneration practices of MUZINICH in relation to its Identified Staff (as described in further detail below).

Governance

The board of directors of MUZINICH (the "**Board**") recognise the important role played by sound risk management in protecting its stakeholders. Moreover, the Board acknowledges that inappropriate remuneration structures could, in certain circumstances, result in situations whereby individuals assume more risk on the firm's behalf than they would have done had they not been remunerated in this way. In addition to ensuring that this Remuneration Policy aligns the risk taking behaviour of staff with MUZINICH's risk appetite, the Remuneration Policy is designed to ensure that MUZINICH is able to attract, retain and motivate highly qualified staff in order to produce long term value creation for shareholders of each Fund under its management. This Remuneration Policy is gender neutral.

In preparing this Remuneration Policy, MUZINICH has taken into account the nature, scale and complexity of its business. In determining the range of activities to be undertaken by MUZINICH, MUZINICH has given due consideration to the number of funds under its management, the type of investments, the investment strategies, the investment location, the distribution model and the investor base.

Due consideration has also been given to the resources available to MUZINICH and the resources and expertise of the various third parties engaged to support MUZINICH and carry out certain functions on its behalf. MUZINICH has currently delegated the portfolio management / investment management function to Muzinich & Co. Limited (the 'Investment Manager') and Muzinich & Co., Inc. (the 'Sub-Investment Manager'). Such delegates are subject to remuneration requirements that are equally as effective as the remuneration requirements under the UCITS Regulations and AIFM Regulations.

Remuneration

Remuneration includes all forms of payments (including fixed and variable remuneration) or benefits provided to employees in exchange for professional services rendered. In addition, the UCITS & AIFMD Remuneration Guidelines apply to "remuneration of any type", whether paid by MUZINICH or paid directly by the relevant Fund itself in exchange for professional services rendered by the Identified Staff (as described further in the next section). The UCITS & AIFMD Remuneration Guidelines provide that remuneration consists of some or all of the below:

1. all forms of payments or benefits paid by MUZINICH;
2. any amount paid by the relevant Fund itself, if applicable; and
3. any transfer of units / shares of the relevant Fund, in exchange for professional services rendered by MUZINICH Identified Staff, if applicable.

For the purposes of this Remuneration Policy, 2 and 3 above do not apply.

Identified Staff

This Remuneration Policy covers all staff whose professional activities have a material impact on the risk profile of MUZINICH or the Fund it manages ("Identified Staff"). The following categories of staff, unless it is demonstrated that they have no material impact on MUZINICH's risk profile or on a Fund it manages, are included as the Identified Staff:

- (a) directors;

- (b) any individuals who report directly to the Board or who head significant business lines;
- (c) senior management;
- (d) staff responsible for control functions (i.e. staff (other than senior management) responsible for risk management, compliance, internal audit and similar functions within MUZINICH);
- (e) other risk takers such as staff members who acting individually or as part of a group can exert material influence on the Company's risk profile or on a Fund it manages;

Additionally, staff whose remuneration takes them into the same bracket as senior managers and risk takers but who don't fall into one of the categories above are also assessed to determine whether they have a material impact on the risk profile of MUZINICH or of a Fund it manages and should be included as Identified Staff.

Proportionality

In respect of MUZINICH itself, the Board has determined pursuant to a separate proportionality assessment to dis-apply the UCITS & AIFMD Remuneration Guidelines in respect of the payment of remuneration in shares, units or other instruments and deferral of variable remuneration in respect of Identified Staff.

Malus or Clawback Arrangements

MUZINICH may utilize specific criteria whereby malus and / or clawbacks would apply.

In accordance with the UCITS & AIFMD Remuneration Guidelines, such criteria should, for example, include:

1. evidence of misbehaviour or serious error by the staff member (e.g. breach of code of conduct, if any, and other internal rules, especially concerning risks);
2. whether the relevant Fund and/or the management company and/or the business unit subsequently suffers a significant downturn in its financial performance (specific indicators should be used);
3. whether the relevant Fund and/or the management company and/or the business unit in which the staff member works suffers a significant failure of risk management;
4. significant changes in the management company's overall financial situation.

A clawback should typically operate in the case of established fraud or misleading information, subject to contractual terms. Ex-post risk adjustment could be based on both quantitative measures and informed judgment.

Sustainability

This Remuneration Policy is consistent with and promotes sound and effective risk management including in respect of sustainability risks and in the case of the relevant Fund(s) does not encourage risk taking including in respect of sustainability risks, which is inconsistent with the risk profile of the relevant Fund(s). In terms of determining the fixed and variable remuneration of its employees, the Company assesses each employees' contribution to the Company, both in qualitative and quantitative terms and also considers the employee's contribution to proper risk management, compliance with regulatory requirements and the Company's sustainability policies, including factors relating to sustainability risk.

Conflicts of Interest

The Remuneration Policy seeks to prevent conflicts of interest for individuals, departments and / or the business. Conflicts of interest are dealt with in the Muzinich Group's Global Code of Ethics and MUZINICH's Conflicts of Interest Policy, which are reviewed annually.

Delegation of Investment Management Activities

In accordance with the UCITS and AIFMD Remuneration Guidelines, the remuneration rules of MUZINICH are not circumvented by affected delegates i.e. the Investment Manager and the Sub-Investment Manager as entities to which investment activities have been delegated, as such delegates are subject to remuneration requirements that are equally as effective as the remuneration requirements under the applicable legislation.

Compensation Committee / Board Oversight

In light of the size of MUZINICH and of the Funds and the nature scale and complexity of its operations, it has been determined that a compensation committee of MUZINICH is not required. It is noted that the Muzinich Group has in place a committee at group level which is responsible for overseeing and completing periodic reviews of the principles and implementation of this Remuneration Policy. MUZINICH is part of the Muzinich Group.

Review

This Remuneration Policy shall be reviewed on at least an annual basis or as and when is required or deemed necessary. All changes to this Remuneration Policy will be subject to the approval of the Board.