

# SIBILLA CAPITAL MANAGEMENT LLC

## REMUNERATION POLICY

# SIBILLA CAPITAL MANAGEMENT LLC

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## Introduction

This document contains the Remuneration Policy” (hereinafter the “**Regulations**”) of Sibilla Capital Management LLC, (hereinafter “**the Company**”).

The Company, in determining the Regulations has taken into account its characteristics, size, internal organisation, and the nature, scope and complexity of its business. In particular:

1. Size: the number of resources and assets managed (hereinafter “**the Funds**”) (including the assets acquired using leverage) is not high.
2. Internal organisation: all shareholders play a role (of an operating or non-operating nature) within the Company and the interests of Relevant Persons (as defined hereunder) are consistent with the Company’s medium-/long-term objectives.
3. Nature, scope and complexity of its business: the Company manages a limited number of funds. Even if the Company, in managing the Funds, invests in direct financial instruments and in derivative financial instruments for investment purposes, there are strict predetermined diversification criteria in terms of the weight of the underlying assets adopted by the funds, monitored also by the delegating entities.

These Regulations are divided into two sections: (i) Part I, which lays down general provisions governing the subject matter of the Regulations, their entry into force and possible amendment; and (ii) Part II, which sets out the human resource remuneration policy with the aim of ensuring that this policy is consistent with the Company’s objectives, values, strategies and prudent management policy.

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## PART I

### GENERAL PROVISIONS

#### *Art. 1 - Subject matter*

- 1.1 These Regulations set out the remuneration policy for the Company's human resources (hereinafter "**the Remuneration Policy**").

#### *Art. 2 - Entry into force*

- 2.1 These Regulations shall enter into force on January 1, 2018

#### *Art. 3 - Amendments*

- 3.1 These Regulations may only be amended in writing, by resolution of the Board of Directors.

## PART II

### THE REMUNERATION POLICY

#### *Art. 4 - Remuneration structure*

- 4.1 The remuneration of the Company's human resources consists of:
- (i) a fixed portion (hereinafter "**the Fixed Portion**"), inclusive, where applicable, of the gross annual remuneration established on the basis of the contracts entered into between each person and the Company; and
  - (ii) a variable portion (hereinafter "**the Variable Portion**") determined on the basis of the criteria identified in Articles 5, 7 *et seq.* of these Regulations.
- 4.2 The Fixed Portion shall be sufficient to permit adequate remuneration, even if the Variable Portion decreases significantly or is reduced to zero.
- 4.3 The award and payment of the Variable Portion shall be contingent on, among other conditions, a positive financial performance by the Company. In particular, the Variable Portion must be sustainable in the light of the Company's overall financial performance and position, and must be justified by, among other factors, as appropriate in each case, the results achieved in the period of reference by the individual, the unit of the company to which the individual belongs and the fund or funds that the individual manages, the performance of the person's duties and the person's ability to work in a team and interface with other areas of the Company.

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- 4.4 In adopting possible personal or liability insurance solutions, the Company shall first assess that the solutions in question are not in conflict with the provisions of these Regulations.
- 4.5 The Company shall not agree to guaranteed minimums or forms of remuneration in which the Variable Portion is guaranteed. As a partial exception to this principle, the Company may agree to a guaranteed Variable Portion when recruiting new personnel, as limited to the first year.
- 4.6 When determining the Variable Portion, if any, attributable to each Relevant Person, account shall be taken of the total amount already made available to the Relevant Person following his or her participation in the Welfare Plan, where applicable.

### *Art. 5 - Criteria for determining the Variable Portion*

- 5.1 The Variable Portion shall be determined, for each person who is not considered a Relevant Person (as defined hereunder), annually, at the end of each year, on the basis of the Company's financial performance during the year of reference and certain qualitative annual indicators, such as
- a. acting in the best interests of clients and in accordance with applicable laws and regulations, codes of ethics or other standards of conduct and the instruments establishing the funds managed;
  - b. contribution to the Company's internal development, by introducing or improving operating or management processes, including the management of human resources;
  - c. contribution to the Company's external development, in relation to its image and relations with its shareholders, partners and investors;
  - d. ability to manage/anticipate problems within his or her purview;
  - e. management skills;
  - f. commitment to performing his or her assigned duties; and
  - g. the ability to interface with all other areas of the Company.
- 5.2 The Variable Portion to which each person who is not a Relevant Person is entitled shall be decided by the Board.
- 5.3 The amount of the Variable Portion to be paid to each person who is not a Relevant Person may not exceed 50% of the amount of the Fixed Portion.

### *Art. 6 - Relevant Persons*

- 6.1 In the light of the criteria set out in the Joint Regulation, the following persons fall into the category relevant for the purposes of the Regulations (hereinafter "**the Relevant Persons**") and each a "**Relevant Person**"):
- Lorenzo Di Mattia (managing director and manager of funds)

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- 6.2 As part of the review of the Remuneration Policy set out in Art. 9 below, the Company's Board of Directors shall verify in accordance with the Chief Compliance Officer that Relevant Persons have been properly identified and, where necessary, update the list of such persons.

### ***Art. 7 - Criteria for determining the Variable Portion of Relevant Persons***

- 7.1 The Variable Portion shall be calculated for each Relevant Person at the end of each year on the basis of:
- (i) overall and individual performance indicators, related to the specific content of the activity carried out, and measured net of the risks related to the activity, which take into account, among other factors, on a three-year or other basis, the results of the Company, the corporate unit concerned and, if applicable, the fund or funds directly managed; and
  - (ii) annual qualitative indicators, as identified in further detail in the following articles, which generally quantify the contribution to the development of the Company, acting in the best interest of the clients and in compliance with applicable legal and regulatory provisions and management skills.
- 7.2 The amount of the Variable Portion shall be calculated, (a) with respect to no more than 75% of the total, on the basis of performance indicators and, (b) with respect to no less than 25% of the total, on the basis of qualitative indicators. Within the scope of (a), no more than 35% can be calculated on the basis of the individual parameters, with the exception of the head of risk management and compliance and the head of human resources.
- 7.3 The amount of the Variable Portion shall also be determined, for each of the three categories of indicators (total performance, individual performance and qualitative indicators), on the basis of the following levels of achievement of the various objectives (with precise calculation through linear interpolation):
- a. 100%: objectives exceeded by at least 25%
  - b. 85%: objectives fully reached
  - c. 50%: objectives at least 50% reached
  - d. 0%: objectives less than 50% reached

If the application of the above incentive curve yields results in clear conflict with the overall spirit of these Regulations, or if extraordinary external events have adversely influenced financial markets to a material extent during the reference period, the Company's Board of Directors in accordance with the Chief Compliance Officer may waive the application of part or all of the criteria set out in this article when determining the Variable Portion pursuant to Art. 7.8 below.

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- 7.4 A (positive or negative) corrective factor of a maximum of 25% may be applied to the amount of the Variable Portion determined in accordance with the criteria set out in the foregoing articles. This corrective factor may be determined according to the following assessment criteria:
- a. contribution to the Company's internal organisational development, in relation to the introduction or improvement of operating or management processes, including the management of human resources;
  - b. contribution to the Company's external development, in relation to its image and relations with important shareholders, partners and investors.

If the corrective factor is applied, the individual performance evaluation sheet shall contain a specific reference to the contribution made with regard to the above criteria.

- 7.5 A part of the Variable Portion - specifically determined for each Relevant Person, but never to exceed 50% - may consist of shares of the Company or other equity instruments of the Company, units or shares of funds (whether of the AIF or non-AIF variety) managed by the Company, equity interests, instruments tied to units or shares or other equivalent non-monetary instruments. In this case, there shall be temporary restrictions (i.e., a vesting period) on the availability of the instrument to the Relevant Person to whom it has been awarded, with 50% vesting not before 12 (twelve) months and the remaining 50% not before 24 (twenty-four) months, in each case from the date of the award.

- 7.6 If the Relevant Person's Variable Portion exceeds 100% of his or her Fixed Portion, a part of the Variable Portion (hereinafter the “**Deferred Variable Portion**”), specifically determined for each Relevant Person, but in any event not less than 20%, shall be subject to the same temporary restrictions on availability to the Relevant Person to whom it has been awarded as set out in Article 7.5 above, in addition to the conditions laid down in the following articles. This Deferred Variable Portion may be composed of cash or shares of funds (of the AIF or non-AIF variety) managed by the Company. If the Relevant Person opts for this latter solution, the financial risk associated with fluctuations in the value of the shares of the fund from the date of the award until the date of actual payment of the Deferred Variable Portion shall be borne by the said Relevant Person.

- 7.7 The pro-rated payment of the Deferred Variable Portion in the years after the award shall be subject to reduction (a malus mechanism) if the following events occur:
- (a) a significant decline in the financial results of directly managed funds, with specific regard to performance with respect to the (Italian and/or European) market average;
  - (b) failure to comply with applicable legislation and regulations, articles of association, codes of ethics, other standards of conduct or the instruments establishing the funds managed (whether of the AIF or non-AIF variety);
  - (c) significant deterioration of the Company's general financial situation.

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- 7.8 In any event, the payment of the Deferred Variable Portion to the Relevant Person to whom it has been awarded shall be conditional on (a) the Relevant Person's continuing service with the Company until the actual payment of the Deferred Variable Portion or (b) the Relevant Person not being considered a "bad leaver," meaning a Relevant Person (x) whose employment the Company has terminated (i) for just cause or (ii) for a justified reason, or (y) who has voluntarily resigned from the Company to pursue business similar to that conducted by the Company.

### ***Art. 8 - Variable Portion to be awarded to Lorenzo Di Mattia***

- 8.1 The amount of the Variable Portion to be awarded to Lorenzo Di Mattia shall be determined as follows:
- (i) 55% on the basis of the following company performance indicators:
    - (a) the Company's financial performance, compared to both the budget and the average for the past three years;
    - (b) the Company's assets under management, compared to both the budget and the average for the past three years;
    - (c) the performances of all of the funds managed by the Company, with specific reference to (1) their absolute performances compared to the established target and (2) the corresponding averages for the relevant market (where applicable);
  - (ii) 15% on the basis of the following individual performance indicators:
    - (a) the performances of the funds directly managed, with specific reference to (1) their absolute performances compared to the established target, (2) the corresponding averages for the relevant market (where applicable) and (3) their absolute volatility compared to the established target (where applicable);
  - (iii) 30% on the basis of certain of the following qualitative indicators:
    - (a) development of new business ideas and new products or lines of business to grow the Company;
    - (b) establishment of new relationships and new contacts;
    - (c) ability to manage/solve problems and/or extemporaneous issues, while minimising their financial impact;
    - (d) management of relations with the Company's main clients;
    - (e) compliance with laws, regulations, articles of association, codes of ethics or other standards of conduct in order to contain

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- legal/reputational risks;
- (f) ability to manage/motivate company resources;
  - (g) organisational ability and optimisation of business and processes;
  - (h) ability to limit employee turnover (particularly turnover of key people).
- 8.2 The amount of the Variable Portion to be awarded to Lorenzo Di Mattia, determined in accordance with the criteria set out in Art. 8.1 above, shall be subject to claw-back mechanisms triggered by the occurrence of the following events:
- (a) commencement of reconciliation/mediation procedures, upon the conclusion of which the Company could be required to pay sums to clients as indemnity or compensation for serious incidents or behaviour directly attributable to Lorenzo Di Mattia or to resources who report directly to her;
  - (b) any material observations by control functions that indicate improper conduct or serious mistakes;
  - (c) fraudulent behaviour or acts of gross negligence to the Company's detriment;
  - (d) commencement of a dispute in which the Company is the defendant involving gross misconduct or omissions attributable to Lorenzo di Mattia, or to resources reporting directly to her, where the actions underlying the dispute are a consequence of her work and are due to processes subject to her direct oversight or conducted autonomously;
  - (e) commencement of an inspection by a supervisory authority in which Lorenzo Di Mattia, or resources reporting directly to him, are accused of gross breach of applicable legislation involving circumstances and activities within her purview;
  - (f) commencement of disciplinary action against Lorenzo Di Mattia or resources reporting directly to her.

In the cases set out in this Art. 8.2, the Company may demand the return (claw-back) of part or all of the Variable Portion for the period to which the event refers, upon the conclusion of the trial of the first instance or of the sanction/disciplinary proceedings.

8.3 For the purposes of the application of the adjustments set out in Art. 8.2 above, the resource's behaviour is only relevant if and to the extent that gross negligence may be attributed to Lorenzo Di Mattia within the framework of her supervision and control activity.

8.4 The amount of the Variable Portion to be awarded to Lorenzo Di Mattia may not exceed

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250% of the amount of the Fixed Portion.

### ***Art. 9– Adoption, revision and publication of the Remuneration Policy***

- 9.1 The Company’s Board of Directors in accordance with the Chief Compliance Officer shall review the Remuneration Policy with at least annual frequency and is responsible for its proper implementation. The majorities necessary to this end shall be as set out in the articles of association in effect at the time.
- 9.2 When the Remuneration Policy is implemented by the Board of Directors, or when the Policy is revised or amendments to the Policy are implemented by the Board of Directors, control functions – if established - shall be involved in the process.
- 9.3 The Board of Directors shall also ensure that the Remuneration Policy is adequately documented and made available to all Company personnel.