



BlueBay Asset Management Group Remuneration Policy

Introduction

The objective of this Remuneration Policy ("Policy") is to support the BlueBay group's business strategy, objectives and values, including prudent risk and conduct management, by attracting, retaining and motivating our key talent to achieve these outcomes. This Policy takes into account the interests of BlueBay, BlueBay's funds and the investors in such funds. This Policy shall apply from 1 November 2022.

Scope

This Policy applies to BlueBay Asset Management LLP, BlueBay Asset Management (Services) Ltd and its subsidiaries (being the "BlueBay Group" or "BlueBay") and applies to all of BlueBay's employees including the management team and international population. References in this Policy to BlueBay or the BlueBay Group includes any branch established by any member of the BlueBay Group.

The Policy covers all aspects of remuneration including salaries, bonuses, incentive plans, hiring and severance packages and pension arrangements.

In respect of the overseas businesses, where local laws or regulations set more rigorous requirements for any aspect, those more rigorous provisions will apply. However, where any aspect of this Policy would contravene local laws or regulations, then the local laws or regulations shall override.

Alternative Investment Fund Managers Directive – UK implementation

Particular provisions have been included in this Policy to reflect the provisions of Chapter SYSC 19B of the Financial Conduct Sourcebook which relates to the remuneration provisions of the Alternative Investment Fund Managers Directive ("AIFMD"). BlueBay has determined that, in accordance with FCA guidance, certain requirements of SYSC 19B shall be applied in a manner that is proportionate to BlueBay's size, internal organisation and the nature, scope and complexity of its activities.

UCITS V Directive and AIFMD – Luxembourg implementation

The terms of this Group Remuneration Policy shall also apply to BlueBay Funds Management Company S.A. ("BFM"), including any branches of BFM, and its staff. In addition, staff of BFM are also subject to the supplementary BlueBay Funds Management Remuneration Policy which includes additional provisions relating to the remuneration structure approved for BFM, including where required for compliance with the Luxembourg implementation of the remuneration provisions of the UCITS V Directive and AIFMD which apply directly to BFM.

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Operation of the Policy

General principles

The Policy is designed to ensure that BlueBay's remuneration policies, procedures and practices are consistent with and promote sound and effective risk management and do not encourage excessive or inappropriate risk taking which is inconsistent with the risk profiles of BlueBay's funds.

The Policy is also designed to be aligned with BlueBay's business strategy, objectives, values and long-term interests, and also takes into account the interests of BlueBay's funds and of the investors in such funds.

BlueBay's total variable remuneration should not limit its ability to strengthen its capital base. Where BlueBay's financial performance is subdued or negative, total variable remuneration should generally be contracted.

Governance

Governance processes ensure robust oversight of reward, effective management of any potential conflicts of interests and reflect the need to link remuneration decisions with our risk appetite and profile. The governance of remuneration is managed through various bodies.

The Remuneration Committee oversees remuneration policies and procedures, including this Policy, and provides an independent view into remuneration decisions. The Remuneration Committee takes into consideration financial and non-financial criteria, risk and compliance reports, and any other relevant information in making decisions around remuneration.

The Group Risk Committee looks at risk appetite, tolerance and risk management and feeds its views into the remuneration decision-making processes including, if requested, sending a risk report to the Remuneration Committee for consideration when setting remuneration levels. In approving annual bonus and discretionary remuneration pools, and individual awards, the Remuneration Committee will take account of any current and future risks, including sustainability risks (specifically taking into consideration the redemption policy of relevant funds) facing BlueBay and specific funds.

The Compliance and HR teams also prepare reports, as necessary, for the Remuneration Committee to take into account compliance and conduct issues, as appropriate.

Policy Review

The Remuneration Committee will review this Policy (including the methodology for setting variable remuneration and the list of Material Risk Takers) periodically as necessary and no less frequently than annually. As part of this process the Remuneration Committee will seek input from HR, Compliance, Risk, other control functions and independent third parties as required.

In addition, this Policy will be reviewed should BlueBay become subject to additional regulation in respect of remuneration structures.

Performance management

Culture and values

At BlueBay we describe our culture as innovative, collaborative, dynamic and high performing, with associated values of integrity, transparency and respect. BlueBay puts great emphasis on its culture and values, which create the environment to achieve our strategic objectives:

- On-going product development in global products with an emphasis on providing next generation fixed income products for our clients;
- Disciplined global sales execution with a focus on improving client and prospect experience in our chosen markets;
- A focus on infrastructure excellence;
- Maintaining focus on strong investment performance;
- Expanding insight and information exchange; and
- On-going investment into culture and partnership.

Our values define who we are, how we behave and what makes us distinctive. Our values help guide our decisions, actions and behaviours and are at the core of our collective aspiration to be recognised as a leading specialist asset management group delivering market leading performance and focused service to our clients, across the full spectrum of next generation global fixed income products.

Upholding BlueBay's values is key to our business and these values are therefore an integral part of our competency framework against which each employee is assessed through the performance management process.

Performance management processes

Overview

Performance is managed on an ongoing basis through informal discussions between individuals and their line managers, which may include a mid-year check-in, and a formal end of year review each year. In the year-end annual review managers assess performance against the objectives set in a multi-year framework (to ensure longer-term performance is taken into account) appropriate, where relevant, to BlueBay's business cycle and business risks and the life-cycle of the fund(s) in which the individual is involved (directly or indirectly), review behaviour within key competencies (including compliance and conduct), set objectives for the coming year linked to the group's strategic objectives, and agree development activities. As a result, non-financial as well as financial criteria are taken into account. The mid-year check-in evaluates progress against objectives with new objectives and development activities being agreed if necessary. However BlueBay's main focus is on constructive on-going conversations and dialogue. The performance of business heads is reviewed through the business planning process.

Individual performance is evaluated using both financial and non-financial measures such as employee contribution to the business result, achievement of individual performance objectives, behaviours that align to the Code of Conduct and leadership model and adherence to risk management and compliance policies

Process

Performance reviews (and outcomes from any informal discussions throughout the year) are taken into account when determining remuneration levels. Remuneration recommendations for all of BlueBay's higher earning staff and all Material Risk Takers are reviewed by the Remuneration Committee prior to finalisation.

When reviewing remuneration, including any variable remuneration, relevant managers, HR and (where applicable) the Remuneration Committee will give consideration to:

- Overall group performance;
- Collective performance of the relevant team;
- Performance of the funds in respect of which the individual has influence (where relevant);

- Individual performance relative to role requirements (including performance against agreed financial and non-financial competencies, compliance with all regulatory requirements and BlueBay policies and achievement of objectives), which is assessed in terms of both results and behaviours;
- Competitive market benchmarking data;
- Whether or not an individual's employment will terminate or whether that individual is under notice of termination (whether given by the employee or BlueBay) at or prior to the date when a bonus might otherwise have been payable in which case they will not be eligible for any such bonus; and
- The duty of our employees to act loyally, honestly, fairly, professionally and in the best interest of our clients.

Material Risk Takers and staff in control functions

BlueBay identifies those individuals who have a material impact on BlueBay's risk profile or the risk profile of assets (including under AIFs) managed by BlueBay Asset Management LLP as "Material Risk Takers" (or "MRTs") under the MIFIDPRU Remuneration Code (SYSC 19G). BlueBay is also required to identify "AIFM Remuneration Code Staff" under the AIFM Remuneration Code (SYSC 19B). As all AIFM Remuneration Code Staff will also be identified as MRTs, this remuneration policy refers only to MRTs. Certain of the remuneration requirements apply only to AIF-related remuneration of those individuals who would be identified as AIFM Remuneration Code Staff. Each MRT has been informed that they have been so designated. A record of MRTs is kept by HR and is reviewed at least annually.

Individuals holding the following roles are defined as Material Risk Takers (MRTs):

- Members of the Board and Leadership Committee;
- Employees who are Senior Managers under SMCR;
- Certain control function and support heads – namely:
 - General Counsel;
 - Head of Risk;
 - Head of Compliance and, if different, the Money Laundering Reporting Officer (MLRO);
 - Head of Human Resources; and
 - Head of Global Business Development
- Heads of key areas, including Emerging Markets, Investment Grade, Convertibles, Leveraged Finance, Developed Markets Special Situations and Structured Credit
- Head of Trading
- Senior Portfolio Managers in respect of funds (including AIFs) managed by BlueBay Asset Management LLP
- Senior advisors where they can exert key strategic influence
- Individuals responsible for a high proportion of BlueBay's revenue

Individuals receiving total remuneration in excess of that paid to MRTs identified above will be considered for inclusion as MRTs for the purposes of the AIFM Remuneration Code provisions if the Remuneration Committee considers that their level of remuneration could have an impact on BlueBay's risk profile.

Although the list of MRTs includes non-executive and independent non-executive members of the Board, such individuals either do not receive any remuneration from BlueBay or receive only a fixed fee and no variable remuneration and carry out a supervisory oversight role without any day-to-day management of the business responsibilities.

Sales professionals are not included as MRTs because the control framework is such that these individuals work within specified risk tolerances and do not have a material impact on the risk profile of the business.

The identification of staff as an MRT under this Policy is separate from the identification of staff as "Fund Remuneration Code Staff" under the BFM Remuneration Policy. Additional provisions under the BFM Remuneration Policy may apply to such individuals.

Staff in control functions

Control function remuneration is not linked to the performance of the investment teams that they may support. The investment teams have no involvement in the decision-making process that determines the remuneration for control functions, and control functions do not report into investment teams or Global Business Development.

The remuneration of senior members of the Risk Management and Compliance functions is directly overseen by the Remuneration Committee.

Components of remuneration

Fixed remuneration

In setting and reviewing fixed remuneration, BlueBay takes account of the need to ensure that fixed and variable components of total remuneration are appropriately balanced, with the fixed element being set at a sufficient level to ensure that the policy on the variable component can be operated in a fully flexible manner, including the possibility of there being zero variable remuneration in any particular year. Fixed remuneration includes salary, pension contributions and benefits.

Determining annual discretionary bonuses

The Remuneration Committee reviews annually the methods for calculating bonuses. All bonuses awarded are discretionary. BlueBay sets a maximum ratio between fixed and variable remuneration for all members of staff identified as MRTs. Different ratios may be set for different categories of staff and are periodically reviewed by the Remuneration Committee and revised as appropriate. Staff are informed of the maximum ratio between fixed and variable remuneration which applies to them.

Individual discretionary bonuses

Individual bonuses are determined by reference to (i) financial performance conditions relating to RBC, RBC Wealth Management and RBC Global Asset Management (of which BlueBay forms part); and (ii) personal (non-financial) performance conditions (personal objectives and behaviours). Bonus opportunity is set based on incentive targets, and the Remuneration Committee will determine the level of bonus by reference to financial performance and personal performance. Individual bonuses may be varied by the Remuneration Committee following a risk assessment, including risk factors such as conduct and credit, market and operational risk exposure against risk appetite.

Profit-Sharing Program ("PSP")

In addition to discretionary bonuses, employees within the investment division may be eligible to be selected for participation in the PSP for a financial year based on performance prior to the start of that financial year. Participants in the PSP receive quarterly bonus amounts (a proportion of which is held back until the end of the financial year) by reference to the performance of RBC Global Asset Management. The Remuneration Committee approves how the PSP is allocated, based on contribution and upon individual and business performance.

Mid-term Incentive ("MTI")

In addition to discretionary bonuses, senior level employees in Risk, Finance, Compliance, HR and Legal functions are eligible to participation in the MTI Program. Participants in the MTI Program receive an award of notional units which track the value of RBC shares and which vest after a period of three years. An overall pool is established and approved by the RBC Board of Directors annually. Executive Leaders allocate out awards from the pool to eligible employees based on their assessment of their individual performance and their future potential. Award recommendations for BlueBay MRT's are approved by the Remuneration Committee.

Approval process

In approving individual bonus allocations, the Remuneration Committee will also take into account an assessment of any identified future risks which could impact the sustainability or performance of the BlueBay group or the performance of the managed funds.

In connection with assessing risks which could impact the sustainability or performance of the BlueBay group or the performance of the products managed, the Remuneration Committee will specifically consider how the relevant individuals integrate risks relating to environmental, social or governance (ESG) events or conditions into their investment decisions. BlueBay's investment teams, client facing business development professionals, Management Committee members and Board members have formal ESG investment-related objectives included as part of their broader individual annual performance review. The ESG-related objectives are designed to be relevant and appropriate to the function and role individuals have within the BlueBay group. ESG related objectives are not assigned an explicit weighting and the assessment is done at the discretion of the individual's line manager.

When determining and/or reviewing the appropriateness of any bonus allocation, the head of each investment team, CIO (as appropriate), the leadership Committee, HR and the Remuneration Committee (as appropriate) will give consideration to:

- Overall group performance (including financial measures such as Revenue, Net Income After Tax (NIAT), Economic Profit and regulatory capital);
- Collective performance of the relevant team;
- Performance of the funds in respect of which the individual has influence (where relevant);
- Individual performance relative to role requirements (including performance against agreed financial and non-financial competencies, compliance with all regulatory requirements, conduct and BlueBay policies and achievement of objectives – see performance management process);
- Competitive market benchmarking data;
- Whether or not an individual's employment will terminate or whether that individual is under notice of termination (whether given by the employee or BlueBay) at or prior to the date when a bonus might otherwise have been payable; and
- The duty of BlueBay's employees to act loyally, honestly, fairly, professionally and in the best interests of clients.

All employees have a job description to ensure our people are accountable and understand their responsibilities and role. In the event of any breach, a reduction in compensation may be deemed appropriate.

For the avoidance of doubt, all bonuses are discretionary, and no bonus payment will be approved and/or paid or awarded for any individual) whose employment terminates for any reason or who is under notice of termination (whether given by the employee or BlueBay) at or prior to the date when a bonus might otherwise have been payable.

Closed-ended funds

Employees involved in the management of closed-ended funds may be invited to participate in carried interest, or fee-sharing, arrangements. Under carried interest arrangements, benefits are only provided to those who participate following the liquidation of the relevant fund, and provided that investors in that fund have received a return at or above the agreed hurdle rate. Similarly, benefits under fee-sharing arrangements are only provided where investors have received a distributed return on their investment which has resulted in performance fee provisions being triggered. This ensures that staff remuneration is completely aligned to investors' interests. In addition, given the lengthy investment period, carried interest may not be payable for a significant period of time from the close of the fund particularly given the duration of the vehicle.

As BlueBay considers that both the risk and reward of participants in such arrangements are fully aligned with investors in the relevant fund, such benefits are not subject to any deferral or payment in instruments requirements following payment (although no payment will be made within four years of the award of the carried interest or fee-sharing award). Certain risk adjustment provisions (including forfeiture provisions which will be applicable in the same circumstances as apply for the operation of clawback (see below)) may apply where necessary to ensure that such benefits operate in a way that promotes effective risk management and do not encourage risk taking which exceeds BlueBay's stated risk appetite and framework.

Buy-out awards

Buy-out awards to MRTs will only be offered exceptionally and will reflect the amount and terms (including the form, and any deferral or retention periods) of the variable remuneration awarded or offered by the individual's previous employer.

Guaranteed bonuses

Guaranteed bonuses will only be awarded in exceptional circumstances. They will generally not be awarded, paid or provided to MRTs unless they are:

- Awarded in the context of hiring a new employee; and
- Limited to the first year of service.

The rationale for all guaranteed variable awards will be fully documented.

Payment of variable remuneration

As set out below, certain provisions of this Policy apply in respect of an MRT's "AIF-related remuneration".

The Remuneration Committee has determined that for this purpose, the apportionment between AIF and non-AIF related remuneration should be undertaken based on the level of assets under management in AIFs managed by BlueBay Asset Management LLP ("AuM") as at the last day of the relevant performance year (or the last available valuation in relation to each relevant fund).

Additional provisions may apply to certain staff under the BFM Remuneration Policy.

Deferral of annual discretionary bonuses

Annual discretionary bonuses (including any amounts payable under the PSP arrangement) will be subject to deferral arrangements determined by the Remuneration Committee and communicated in advance to the relevant individuals, with vesting occurring at the end of a pre-defined period. Subject to regulatory requirements, deferral may be into (or linked to) such instrument (including RBC shares, fund units or a performance index) as may be determined from time to time by the Remuneration Committee. Awards under the MTI Program are allocated as notional RBC Share Units. MRTs will be required to defer at least 40% of AIF-related variable remuneration, or 60% for any MRTs whose AIF-related variable remuneration is at a level of £500,000 or above, with vesting at the end of a three-year period.

All awards will be subject to forfeiture provisions.

Payment of non-deferred variable remuneration

MRTs will (subject to the legal structure of any relevant fund and its constitutional documents) be required to receive up to 50% of their (post-tax) non-deferred AIF-related variable remuneration in "own instruments". Such instruments must (subject to the legal structure of any relevant fund and its constitutional documents) be retained by the individual, before redemption, for a period of at least six months from award, but will not be subject to any forfeiture provisions. BlueBay has arranged for such instruments to be held on behalf of the MRT by a nominee where necessary. The 50% level may be reduced on proportionality grounds, including where the management of AIFs represents less than 50% of the AuM in funds managed by BlueBay Asset Management LLP.

"Own instruments" includes shares/units in one or more funds in respect of which the individual has influence (or equivalent share/unit-linked instruments) or an index representing the funds in respect of which the individual has influence (or, for staff who are members of the Leadership Committee or are control function or support heads), an index representing the performance of RBC Global Asset Management (of which BlueBay forms part)).

Any amount of non-deferred variable remuneration not receivable in instruments shall be paid in cash subject to certain conditions.

Payment of deferred variable remuneration

Material Risk Takers

MRTs will (subject to the legal structure of any relevant fund and its constitutional documents) be required to receive up to 50% of their deferred AIF-related variable remuneration in own instruments (as defined above). Upon vesting (i.e. when the deferral is no longer subject to forfeiture provisions), such instruments must (subject to the legal structure of any relevant fund and its constitutional documents) be retained by the individual, before redemption, for a period of at least six months. BlueBay has arranged for such instruments to be held (or continue to be held) on behalf of the MRT by a nominee, on a post-tax basis (where necessary). The 50% level may be reduced on proportionality grounds, including where the management of AIFs represents less than 50% of the AuM in funds managed by BlueBay Asset Management LLP.

Any amount of the deferred portion of variable remuneration which is not required to be receivable in own instruments will remain subject to the deferral arrangements determined by the Remuneration Committee from time to time.

Other staff

Employees who are not considered to be MRTs will be subject to the deferral arrangements determined by the Remuneration Committee from time to time.

Performance and risk adjustment

Variable remuneration will only be paid and deferred variable remuneration will only vest if it is sustainable according to BlueBay's financial situation, and is justified according to BlueBay's performance, the performance of the relevant fund (where relevant), investment team (where relevant) and the individual concerned.

Forfeiture (malus adjustments) of deferred variable remuneration may occur include (i) where there is reasonable evidence of misbehaviour (including identified compliance and conduct issues) or material error of the individual; (ii) where BlueBay or a relevant fund or business unit suffers a material downturn in financial performance; or (iii) where BlueBay or a relevant fund or business unit suffers a material failure of risk management. BlueBay's deferred bonus arrangements set out specific contractual provisions to deal with forfeiture/malus in these circumstances.

Variable remuneration paid to MRTs is subject to repayment (clawback) provisions for a period of three years from the date of award which, if the variable remuneration is subject to deferral, may be enforced through forfeiture (malus). Clawback provisions apply where the individual participated in or was responsible for conduct (whether with intent or through severe negligence) which resulted in significant losses to BlueBay and/or the individual failed to meet appropriate standards of fitness and propriety (including, but not limited to, cases of fraud). BlueBay's bonus and deferred bonus arrangements set out specific contractual provisions to deal with forfeiture/malus and clawback in these circumstances.

Arrangements on cessation

Severance

Severance pay is at BlueBay's absolute discretion.

Any payments related to early termination of contracts will reflect performance achieved over time and will be designed in a way which does not reward failure. Severance packages for MRTs and any material severance payments are subject to the approval of the Remuneration Committee.

Pensions

BlueBay does not provide any enhanced pension benefits.

Ensuring compliance

Employees must not use personal hedging strategies, including contracts of insurance, relating to remuneration which could undermine the risk alignment effects embedded in their remuneration arrangements. MRTs will be required to undertake (such undertaking to be renewed on an annual basis) that they will not use such personal hedging strategies/insurance, or any other method or vehicle which could lead to avoidance of any provision of this Policy.

Breach of this undertaking and/or the use of such personal hedging strategies/insurance may constitute gross misconduct and will render the individual liable to dismissal, without notice or payment in lieu.

BlueBay will review from time to time the personal account dealing records of MRTs to ensure that those individuals are not using personal hedging strategies in breach of their undertakings.

Any significant breach of this Policy or proposed changes to the Policy that could have a significant impact on BlueBay's risk profile or resources will be promptly notified to the FCA.

Related terms and policies

Remuneration Committee

- The objectives, constitution and responsibilities of the Remuneration Committee are documented separately. The Remuneration Committee is constituted such that it is able to exercise competent and independent judgment in relation to the matters in respect of which it has responsibility. The key objectives and responsibilities include:
 - Oversight of this Policy, to ensure this Policy is operated in a way that promotes effective risk management and does not encourage risk taking which exceeds the stated risk appetite and framework;
 - Ensuring that the risks associated with the operation of remuneration policies and procedures are considered;
 - Giving due regard to any relevant legal or regulatory requirements, and associated guidance, as well as to the risk and risk management implications of its decisions; and
 - Reviewing and, if thought fit, approving the remuneration proposals for senior management and other MRTs, and employees who are impacted by any local regulations (if any) from time to time.

Conflicts of interest

This Policy is designed to avoid conflicts of interests between BlueBay and the interests of BlueBay's funds and the investors in such funds. This Policy reflects BlueBay's obligations regarding the fair treatment of our clients and is designed to promote appropriate corporate behaviours by all of our staff.

Employees are also subject to provisions designed to avoid or manage conflicts of interest, which are documented separately in our compliance policies. Where BlueBay identifies potential conflicts of interest of a specific nature, additional policies and procedures are established to manage such conflicts, compliance with which is considered within the context of the performance review process.

In particular in relation with the segregated mandate activities, the remuneration of the persons who can have a material impact on the service provided and/or corporate behaviour, including persons who are client-facing front-office staff, salesforce staff, and/or other staff indirectly involved in the provision of investment and/or ancillary services, including persons who oversee the sales force (such as line managers), financial analysts, as well as persons involved in complaints handling, claims processing, client retention and in product design and development, does not create inappropriate incentives to act against the best interests of their clients. This principle also applies to any tied agent of the Company, as the case may be.

Approved by the Remuneration Committee on 6 December 2022

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