

BEACON TRUST FUND MANAGERS LIMITED
(the “Company”)

REMUNERATION POLICY

1. Executive Summary

The Company is a UCITS Management Company authorised by the Central Bank of Ireland. It acts as Manager to one investment fund company which is authorised as a UCITS, namely Beacon Portfolios plc (the “Investment Company”). The Investment Company has four sub-funds as follows:

1. Beacon Cautious Fund
2. Beacon Growth Fund
3. Beacon Dynamic Fund
4. Beacon Liquidity Fund

(the “Managed Funds”).

The total net assets of the Investment Company i.e. the aggregate total of the assets of the Managed Funds at the most recent year and/or half year end date was €84million.

This Remuneration Policy applies to the Company and the board of directors (the “Board”) has adopted it in accordance with its obligations under the UCITS V Directive (the “**Directive**”)¹. It is based upon the provisions of the Directive and the draft European Securities Markets Authority Guidelines on Sound Remuneration Policies under the UCITS Directive and AIFMD (the “Draft ESMA Guidelines”) and will be updated as necessary when the final ESMA Guidelines are issued. In preparing this Remuneration Policy, the Company has considered the size of the Managed Funds, the manner in which the Company is organised and the nature, scope and complexity of its activities and recognises the alignment of the long term interests of the Company and those of shareholders in the Managed Funds.

The Board recognises that it has primary responsibility for ensuring that the ultimate goal of having sound and prudent remuneration policies and structures is achieved. It is required to have remuneration policies and practices for those categories of senior management, risk takers and control functions² (“Identified Staff”), whose professional activities may have a material impact on the risk profile of the Managed Funds. These policies must be consistent with, and promote, sound and effective risk management and must not encourage risk-taking which is inconsistent with the risk profiles of the Managed Funds or the Memorandum and Articles of Association of the Investment Company.

The only Identified Staff of the Company are members of the Board, two of the Designated Persons under the Company’s UCITS Business Plan (the “Designated Persons”) and other individuals involved in the Company’s investment processes who are either employed on a

¹ To be updated when the UCITS V transposing Irish Regulations adopted.

² i.e. those responsible for risk management, compliance and internal audit within the Company.

full-time or part-time/consultancy basis. The Company operates on an outsourced basis and delegates all management activities other than investment management to other entities.

This Remuneration Policy reflects the Company's objective of ensuring good corporate governance and:

- a. is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the Managed Funds or the Memorandum and Articles of Association of the Investment Company; and
- b. is consistent with the objectives and interests of the Managed Funds and includes measures to avoid conflicts of interest.

This Remuneration Policy (together with compliance herewith) will be subject to an annual central and independent internal review by the Board, led by the Company's Compliance Officer. Given the limited size, nature, scope and complexity of the Company's activities and that of the Managed Funds, this Remuneration Policy will not be subject to an external, independent review and the Company will not establish a remuneration committee. The review by the Compliance Officer and the Board will, however, ensure that:–

- i. the overall remuneration system operates as intended;
- ii. the risk profile, long term objectives and goals of the Managed Funds are adequately reflected; and
- iii. the Remuneration Policy reflects best practice guidelines and regulatory requirements.

The Compliance Officer and the Board will take appropriate measures to address any deficiencies identified in the Remuneration Policy.

2. Roles and Responsibilities

The Compliance Officer monitors compliance with the Remuneration Policy on an ongoing basis and ensures it is in compliance with current regulations, principles and standards applicable to the Company.

The Board will assess whether or not the Remuneration Policy is operating as intended. Any recommended adjustments to the Remuneration Policy will also be submitted by the Compliance Officer for consideration to the Board. The Board is responsible for approving the Remuneration Policy and any amendments thereto. In approving the Remuneration Policy, the Compliance Officer monitors, and the Board will take into account, the long term interests of shareholders in the Managed Funds.

3. Type of remuneration that is subject to the Draft ESMA Guidelines

Under the Directive and the Draft ESMA Guidelines, remuneration consists of all forms of payments or benefits paid by the Company in exchange for professional services rendered by Identified Staff to a Managed Fund, including:

- a. all forms of payments or benefits paid by the Company;
- b. any amount paid by the Managed Funds, including performance fees; and
- c. any transfer of shares of the Managed Funds.

The Company acknowledges the provisions of the Directive in relation to circumvention of the remuneration requirements. These are such that variable remuneration may not be paid through vehicles and that methods are not employed which aim at avoiding the provisions of the Directive and the Draft ESMA Guidelines.

4. Categories of staff to which the Draft ESMA Guidelines apply

The Draft ESMA Guidelines relating to governance of remuneration, transparency of procedures to determine remuneration, and risk-alignment guidelines, apply to the Company.

The risk-alignment guidelines apply only to Identified Staff. It is primarily the responsibility of the Company to decide the categories of Identified Staff whose professional activities may have a material impact on the risk profile of the Managed Funds.

Currently, Identified Staff of the Company whose compensation falls under the provisions of the Draft ESMA Guidelines include the following:

- all members of the Board;
- the Designated Persons responsible for Monitoring Compliance, Risk Management, Monitoring Investment Policy, Investment Strategies and Performance and Internal Audit;
- members of the Company's Investment Committee and Research/Trade Instruction Team.

5. Disapplication of certain provisions of the Directive – Principle of Proportionality

Taking into account its size, nature and the scope of its activities, the Board has performed an assessment for each of the remuneration requirements that may be disappplied under the Draft ESMA Guidelines and has determined that the principle of proportionality contained in

the Draft ESMA Guidelines allows, in the context of the operations of the Company, the following disapplications:

- a. the Pay-Out Process Rules (i.e. variable remuneration in instruments, retention, deferral and ex-post incorporation of risk for variable remuneration); and
- b. the requirement to establish a remuneration committee

The Board is satisfied that the principle of proportionality may be applied for the following reasons:

Size - The Company acts as manager to one Investment Company and the total assets under management of the Managed Funds amounts to €84million. The strategies of the Managed Funds are to pursue a fund of funds strategy, investing in other UCITS or UCITS equivalent funds, with one fund, the Beacon Dynamic Fund also having the ability to invest directly in equities.

None of the Managed Funds use derivatives other than for currency hedging, equity hedging and EPM purposes and all Managed Funds are very much at the lower end of the investment fund complexity/risk scale particularly when compared to other more sophisticated UCITS and alternative investment funds. As UCITS funds, the Managed Funds are subject to the specific UCITS constraints in terms of portfolio diversification, asset eligibility criteria, liquidity requirements and prohibitions on borrowing except for temporary purposes.

Internal Organisation - Given the nature of the Company's activities and the size of the Managed Funds, the Company has only three full time employees with other individuals seconded in on a part-time or consultancy basis to support its activities.

Nature, Scope and Complexity of Activities - The Company's investment management activities are limited to the management of one umbrella UCITS fund, namely the Investment Company and the Company is not authorised to (and does not) provide any additional services, for example individual portfolio management. All other activities are outsourced. As noted above, the investment policies and strategies of the Managed Funds are not complex and the Managed Funds do not engage in any efficient portfolio management techniques other than using derivatives for currency management purposes. The Managed Funds are not sold or marketed on a cross-border basis and the Company does not provide any services to any other funds.

For the foregoing reasons, the Board is satisfied that:

- i. the Company complies with the Directive and the Draft ESMA Guidelines in a manner and to the extent that is appropriate to its size, internal organisation and the nature, scope and complexity of its activities; and
- ii. the disapplication of the Pay-out Process Rules and the requirement to establish a remuneration committee is reconcilable with the risk profile, risk appetite and the strategy of the Company and the Managed Funds.

6. Remuneration Policy

6.1 General

In the context of Identified Staff, the Company pays certain Identified Staff fixed remuneration only and for others fixed and variable remuneration. In some cases no remuneration is paid by the Company to Identified Staff.

Where the Company pays its Identified Staff any form of remuneration, the following requirements will be applied:

- (a) 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 relevant Managed Fund, and when assessing individual performance, financial as well as non-financial criteria are taken into account;
- (b) the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the relevant Managed Fund in order to ensure that the assessment process is based on the longer-term performance of the Managed Fund and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period;
- (c) guaranteed variable remuneration is exceptional and occurs only in the context of hiring new staff and is limited to the first year of engagement;
- (d) 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;

- (e) 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;
- (f) 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;
- (g) any pension benefits provided by the Company to Identified Staff shall be in line with the business strategy, objectives, and long-term interests of the Company and the relevant Managed Fund. If a member of staff leaves before retirement, and subject to being legally possible according to relevant pension legislation, discretionary pension benefits, such as an ex-gratia contribution to be made by the Company to the staff member's pension fund on termination, shall be held by the Manager for a period of five years in the form of instruments (i.e. shares in a Managed Fund, equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments with equally effective incentives as any of the instruments referred to in this paragraph (g)). In the case of an employee reaching retirement, discretionary pension benefits (again such as an ex-gratia contribution to be made by the Company to the employee's pension fund) shall be paid (subject to being legally possible according to relevant pension legislation) to the employee in the form of instruments referred to in this paragraph (g), subject to a five year retention period;
- (h) Identified 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;
- (i) variable remuneration cannot be paid through vehicles or methods that facilitate the avoidance of the requirements of the Directive; and
- (j) the various remuneration components are combined to ensure an appropriate and balanced remuneration package that reflects the employee's rank and professional activity as well as best market practice.

6.2 ***Identified Staff of the Company***

The categories of staff, including senior management, risk takers and control functions whose professional activities may have a material impact on the risk

profile of the Company and of the Managed Funds are identified in the Schedule to this Policy (the "Identified Staff"). Details of the remuneration arrangements for each category of Identified Staff are set out below which arrangements adhere to this Remuneration Policy.

6.3 *Remuneration of Directors*

As executives within other group companies of the Company, the Directors of the Company are not remunerated in their capacity as members of the Board of the Company. Two of the Directors receive fixed fees in the context of the part-time executive functions they perform for the Company as members of the Company's Investment Committee. Neither of these two Directors is in receipt of variable or performance based remuneration.

6.4 *Remuneration of Risk and Compliance Function*

The remuneration of the Company's Compliance Officer, who is responsible for the risk and compliance function reflects the achievement of the objectives linked to the risk management function and the compliance function, respectively, independently of the performance of the business areas in which they are engaged. The Compliance Officer is hired by the Company on a consultancy basis and is paid a consultancy fee commensurate with market rates for such function.

The Company is satisfied that the method of determining the remuneration of the risk and compliance function does not compromise the independence of these functions or affect the objectivity of the Compliance Officer and is not likely to do so as his remuneration is not linked in any way to the performance of the Managed Funds. The remuneration of the risk and the compliance is overseen by the Board.

6.5 *Remuneration of Identified Staff (other than the Directors and Risk and Compliance Function)*

- Remuneration of Part-Time Employees/Secondees/Consultants

Part-time employees, secondees and consultants to the Company are paid either fixed fees or consultancy fees based on market rates for the function involved, adjusted to reflect the time committed to such role by the relevant individual.

Identified Staff within this category do not currently receive performance related or variable remuneration but may do in the future.

- *Remuneration of Full-Time Employees*

The Company's full-time employees are all members of the Company's Research/Trade Instruction Team. Each individual in this category of Identified Staff is entitled to both fixed and variable performance related remuneration.

In accordance with the principles outlined above, the total remuneration received by the full-time employees is 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.

Variable remuneration entitlements are currently at levels which currently do not exceed the fixed component of the total remuneration and are within a range of between up to 10% and up to 50% of the fixed remuneration received. Of the variable remuneration received, less than a third is attributable to the investment performance of the Managed Funds with the remainder based on other measurable performance metrics.

6.6 *Internal Governance Arrangements Applying to the Remuneration Policy*

The Board considers that the Company is not sufficiently significant in terms of its size, internal organisation or the nature, the scope and the complexity of its activities to warrant the establishment of a remuneration committee.

The Compliance Officer and ultimately the Board are responsible for overseeing the central and independent review of the implementation of the Remuneration Policy and practices.

The Board is constituted in a manner which enables it to exercise competent and independent judgment on the Remuneration Policy and practices and the incentives created for managing risk. The Board is responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk management and financial control of the Company and the Managed Funds.

The Company's Remuneration Policy is designed to ensure that Identified Staff, who are in a position to exercise control functions in areas such as risk management, compliance and internal audit or other similar functions within the

Company (the “Control Functions”), shall not be placed in a position where, the discharge of their function in their respective roles, could be directly or indirectly linked to an increase or decrease in their performance based remuneration, if any.

The Board will ensure that conflicts of interest which might arise in relation to the remuneration of Identified Staff who are in a position to exercise a Control Function are appropriately managed. The Board will also ensure that no other business areas of the Company will be in a position to exercise undue influence over the remuneration of Identified Staff who are in a position to exercise a Control Function.

This Remuneration Policy has been approved by the Board and the Board will be held ultimately responsible for its implementation. Any amendments to this Remuneration Policy will be subject to the prior approval of the Board.

6.7 *Disclosure*

The Company will comply with the disclosure requirements set out in the Directive. In that regard, the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the Company to its Identified Staff, will be disclosed in the annual audited financial statements of the Investment Company. Prospectus related disclosures will also be complied with.

6.8 *Circumstances where Action is Required*

If, following an annual or other review of the levels of adherence to the Company's Remuneration Policy, it transpires that the Company is not fully compliant with the principles set out therein, corrective action may be required.

If a review of Company's Remuneration Policy identifies any non-compliance with the Draft ESMA Guidelines, a re-statement of the Remuneration Policy may be the appropriate course of action. Any such re-statement will be subject to the prior approval of the Board.

18 March 2016

SCHEDULE

Identified Staff

Board Members

Colm Brennan
David Robb
Sean Blake
Conor Crowley
Ciaran Martin
Thomas Byrne

Designated Persons

Fergus Bradley (DP1) (consultant)
Sean Blake (full-time employee)

Investment Committee

Sean Blake (full-time employee)
Colm Brennan (2 days a week with Investment Committee and HR)³
David Robb (1 day a week with Investment Committee)⁴

Research Team/Trade Instruction Team

Sean Blake (full-time employee)
Senan O'Sullivan (full-time employee – Fund Research Manager)
David Whitehead (full time employee- Investment Research Analyst)

Other Staff

Paul Callan - Investment Consultant

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3 Per Operating Procedures Manual.

4 Per Operating Procedures Manual.