

Allianz Global Investors Ireland Limited Remuneration Policy

18 March 2016

1. Introduction

Allianz Global Investors Ireland Limited (hereinafter referred to as the “Company”) has adopted this remuneration policy in order to meet the requirements of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended (the “UCITS Regulations”) in a way and to the extent that is appropriate to the Company’s size, internal organisation and the nature, scope and complexity of its activities. This policy has been adopted on an interim basis pending the coming into effect of ESMA’s Guidelines on Sound Remuneration Policies under the UCITS Directive and AIFMD (the “ESMA Remuneration Guidelines”).

The purpose of this policy is to describe the remuneration principles and practices within the Company and for such principles and practices:

- (a) to be consistent with, and promote, sound and effective risk management;
- (b) to be in line with the business strategy, objectives, values and interests of the Company;
- (c) not to encourage excessive risk-taking as compared to the investment policy of the relevant sub-funds of the Company (each, a “Fund”);
- (d) to provide a framework for remuneration to attract, motivate and retain staff (including directors) to which the policy applies in order to achieve the objectives of the Company;
- (e) promote long term thinking and sustainable responsible actions by the staff;
- (f) exclude incentives for staff to take risks, which are excessive and incompatible with the risk profile, the contractual conditions and the constitutional document of the Company;
- (g) offer a balanced remuneration structure consisting of a fixed and, where applicable, variable remuneration, which takes into consideration the importance and the responsibilities of the relevant function and contributes to secure and promote appropriate practices, while the balance of the remuneration structure allows to reduce the variable remuneration (if any) under certain conditions defined by the Company (especially in case of a relevant economic situation or due to negative individual contributions of staff members) in individual cases up to zero;
- (h) when assessing the remuneration, differentiate between different levels of responsibility within the Company;
- (i) strengthen collaboration within the Company and avoid conflicts of interests;
- (j) be consistent with and promote an effective risk management, compliance and controlling culture of the Company;
- (k) be geared towards a long term and sustainable success of the Company and to sustainably ensure the economic development of the Company; and
- (l) be understandable and transparent.

2. Application

This policy applies to staff whose professional activities have a material impact on the risk profile of the Company or of the Funds and so covers (i) senior management; (ii) risk takers (iii) control functions and (iv) any employees 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 profile of the Company. The Company currently does not have any employees; the only personnel are the Company’s management body (i.e., the Board of directors) (each, a “Director” and collectively, the “Board”) and certain designated persons provided by Carne Global Financial Services Limited (“Carne”) to manage and control managerial functions prescribed by the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (each, a “Designated Person”). The Board is comprised of non-executive directors only. Certain of the Directors are affiliated with the investment manager of the Funds (the “Investment Manager”) This policy applies both to the Directors who receive remuneration namely, those Directors who are not affiliated with the Investment Manager (the “Independent Directors”) and the Directors who do not receive remuneration in light of their affiliation with the Investment Manager.

3. Governance

UCITS management companies and self-managed investment companies that are significant in terms of their size or of the size of the funds they manage, their internal organisation and the nature, the scope and the complexity of their activities are required to establish a remuneration committee. In view of the limited number and size of the Funds, the non-complex nature of the Company’s internal structure and its activities, it is not considered appropriate for the Company to establish a remunera-

tion committee. In particular, the Company has taken account of the following circumstances prevailing as of the date of this document:

- the assets under management of the Company do not exceed EUR 1.25 billion;
- the Company has no employees and has a limited number of who act as Designated Persons provided by Carne;
- the Funds are not listed;
- the Funds engage in a limited number of investment strategies; and
- the Company does not act as an alternative investment fund manager under Directive 2011/61/EU (“AIFMD”) or provide the services mentioned under Article 6(3) of Directive 2009/65/EC as amended (the “UCITS Directive”).

Accordingly, the Company is considered to be a non-complex, small scale UCITS management company. The principles of the company’s remuneration policy are determined by the Board. The Board has adopted this policy and periodically reviews (at least annually) the general principles of this policy and is responsible for, and oversees, its implementation in line with the UCITS Regulations. The Board considers that its members have appropriate expertise in risk management and remuneration to perform this review. Where a periodic review reveals that the remuneration system does not operate as intended or prescribed, the Board shall ensure that a timely remedial plan is put in place.

4. Alignment of remuneration and risk-taking

(a) *Fixed Remuneration*

The Independent Directors receive a fixed annual fee which is competitive and based on the individual Director’s powers, tasks, expertise and responsibilities including, without limitation:

- (i) chairmanship of the Board or of Board sub-committees;
- (ii) membership of Board sub-committees;
- (iii) designated person functions; and
- (iv) performing the role of the “organisational effectiveness” director as required by the Central Bank, where applicable.

The Company has entered into an agreement with Carne, pursuant to which, Carne provides Designated Persons to the Company. The Company pays a fixed fee to Carne for the provision of the Designated Person. The Designated Persons are neither employees of the Company nor paid by the the Company. The Designated Persons continue to be paid fixed remuneration by Carne pursuant to their existing employment arrangements.

Each Director and Designated Person’s performance is subject to annual review by the Board.

(b) *Variable Remuneration*

The Independent Directors and Designated Persons receive fixed remuneration only. It is not considered appropriate that any Directors receive variable remuneration from the Company.

(c) *Expenses*

The Directors and Designated Persons will be reimbursed all reasonable, validly incurred, duly authorised and documented business expenses subject to the terms of the applicable engagement letter.

(d) *Other Benefits*

The Company does not propose to provide benefits to the Directors or Designated Persons other than those referred to in this policy.

(e) *Pensions*

The Directors and the Designated Persons are not entitled to pension contributions or other benefits from the Company in respect of their roles.

(f) Notice of Termination and Severance Pay

The maximum notice period in the applicable letter of engagement shall be determined by the relevant letter of engagement. Subject to the terms of that engagement letter, a Director's fee and fees relating to the Designated Person functions will continue to be paid during the relevant notice period. No severance payments are made.

(g) Conflicts of Interest

To the extent that the Company retains any staff engaged in control functions (i.e., staff (other than senior management) responsible for risk management, compliance, internal audit and similar functions), in order to address any conflict of interest, such staff shall be compensated in accordance with the achievement of the objectives linked to their control functions, independent of the performance of the business area to which the control functions relate. The compliance officer of the Company is a Designated Person and does not receive a fee for that officer's role in addition to any fees paid for the Designated Person role.

A Director or Designated Person may undertake external activities with or without compensation and/or inducements that might lead to a conflict of interest with the Company or the Funds provided the conflict of interest is identified, monitored and managed in accordance with the Company's conflicts of interest policy and the UCITS Regulations.

Any staff that may be engaged by the Company 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 subject to this policy.

The Company has also adopted a connected party transaction policy in accordance with the requirements of the Central Bank.

5. Deviation from the policy

The Board may deviate from this policy. However, in such a case, the relevant payments must comply with the UCITS Regulations and the ESMA Guidelines (to the extent applicable) and, in addition, the Board shall approve any payments made.