

Remuneration policy of the Lupus alpha Group

Description of the business model

As an owner-managed, independent asset management company, Lupus alpha stands for specialised investment solutions since more than 20 years. Lupus alpha is a pioneer in European small caps and today also one of the leading providers of liquid alternative investment concepts, as well as specialised fixed income strategies. More than 90 employees, 35 of them specialists in portfolio management, are committed to above-average performance and a service that is completely tailored to the individual requirements of our investors. Our goal: To deliver sustainable added value for institutional investors' intelligent portfolio diversification through active, innovative investment strategies.

In addition to Lupus alpha Asset Management AG in Frankfurt, another organisational unit is Lupus alpha Investment GmbH in Frankfurt.

Lupus alpha's partnership-based corporate structure creates the conditions for the highest possible level of personnel continuity at management level. Together with the appearance as a specialist provider and the concentration of proprietary investments in liquidity investments, a limitation to the usual risks of a medium-sized asset manager is guaranteed.

Information on the structure of the remuneration system

Performance-related and entrepreneurial remuneration for employees is a central component in the conceptualisation of the Lupus alpha remuneration system. With the implementation of a holistic remuneration concept, executive management intends to support the medium- to long-term corporate goals defined in the strategy development process, and to avoid incentives to take disproportionately high risks.

By observing these principles, the seriousness and integrity of Lupus alpha shall be maintained.

The principles of the remuneration system are divided into general and specific principles. The general principles apply to all employees, including the executive management functions of the companies. The special principles only apply to the identified risk bearers of the companies. The members of the Executive Committee have been identified as risk takers. All other employees are not employees with significant risk influence.

Lupus alpha Asset Management AG is not a significant institution pursuant to Section 25n of the German Banking Act (KWG), so that the requirements specified in Section 3 of the InstitutsVergV do not apply.

The remuneration of the Executive Board is determined by the Supervisory Board. For the other employees, the employment contract of Lupus alpha regulates the parameters of the currently valid remuneration system. The parameters are set by the Executive Board.

The remuneration system of the companies comprises the following benefits

1. Basic salary (fixed): Each employee is entitled to a contractually guaranteed annual fixed salary, the amount of which depends on the employee's function, position, experience and know-how and is paid by Lupus alpha in twelve monthly salaries in the middle of each month.

2. Bonus (variable): In addition, each employee receives an annual variable bonus payment, the relevant remuneration parameters of which consist of the company's success, personal target achievement in the field of responsibility and the risk weighting in the company. The remuneration parameters are linked by equally weighted multiplication. The company's success as a key performance indicator is defined in the form of the cost-income ratio (CIR), which at the same time serves as a strategic corporate management indicator. Personal target achievement is based on the individual target agreements and their attainment. They are derived from the overall corporate planning and are in line with the goals set out in our strategies. Sustainability risks are taken into account through the possibility of defining sustainability-related environmental, social and corporate governance goals for all Lupus alpha employees.

Each employee is assessed in terms of personal influence on the AIFs managed and on the short and long-term success of the companies.

3. Voluntary retirement benefits (BVV)

Other cash payments or benefits (such as cash, fund shares, warrants, repayment of loans), carried interests or non-monetary benefits (such as discounts, fringe benefits) are not paid.

The variable part is paid out as a cash bonus. For the identified risk takers, the bonus is split in half as a cash bonus and an individual financial instrument, which is subject to a vesting period of one year. Furthermore, it is regulated that 60% of the cash amount can be paid out immediately. After the vesting period of one year, 60% of the financial instrument can be sold. The respective remaining 40% is retained over a period of 3 years and paid out successively.

This means that our employees and our Executive Board receive appropriate fixed remuneration for their work and that – insofar as variable remuneration components are



paid – the principles of payment are in line with the strategic goals and, in particular, are also geared towards the sustainable management of the company.

Our remuneration system does not provide incentives to take disproportionate risks. Due to our low-risk business model, only a few employees bear risk responsibility.

Data on the remuneration system for the 2020 financial year according to InstitutsVergV for Lupus alpha Asset Management AG

With an average of 85 employees and three Executive Board members, we are a medium-sized company. The balance sheet total of the last approved annual financial statements as of 31 December 2020 is EUR 40.6 million.

Our total staff remuneration (according to the income statement) including social security contributions and company pension scheme amounted to EUR 14.0 million. The share of fixed remuneration components was 45.52%, the share of variable remuneration components was 54.48%. Variable remuneration was paid to 86 employees.

Pursuant to the AIFMD for Lupus alpha Investment GmbH

Our total staff remuneration (according to the income statement) including social security contributions and company pension scheme amounted to EUR 6.6 million. The share of fixed remuneration components was 47.60%, the share of variable remuneration components was 52.40%. Variable remuneration was paid to 86 employees. The total amount of remuneration paid to Risk Takers in the past financial year was EUR 4.21 million.