

# REMUNERATION POLICY

November 2020

**Document Control**

<b>Author</b>	K. Zachary
<b>Owner</b>	K. Zachary

**Version Control**

<b>Date</b>	<b>Person</b>	<b>Amendment</b>
November 2015	CF	Document created
November 2017	GP/KZ	Document updated
November 2020	KZ	Document updated

This document will be reviewed and updated, if necessary, on at least an annual basis.

**1. INTRODUCTION**

CRUX Asset Management Limited (“CRUX”) is authorised by the Financial Conduct Authority as a MiFID investment firm and it is subject to the BIPRU Remuneration Code (SYSC 19C) and the European Securities and Markets Authority (“ESMA”) remuneration policies and practices guidelines.

The BIPRU Remuneration Code contains Remuneration Principles which need to be considered by MiFID firms when establishing and applying their remuneration policies.

**2. CRUX’S PHILOSOPHY**

**2.1.** CRUX has a single remuneration policy that applies to all employees across the business

**2.2.** CRUX looks to ensure that its remuneration policy and practices:

- (a) are consistent with and promote sound and effective risk management;
- (b) do not encourage risk taking which is inconsistent with the risk profiles of the funds that the firm manages;
- (c) include measures to avoid conflicts of interest in accordance with the requirements of MiFID II and in particular ensure that sales staff do not favour their own or the firms’ interests and focus on clients’ best interests.
- (d) are in line with the firms’ business strategy, objectives, values and long term interests and with those of the funds that it manages.

**3. COMPONENTS**

**3.1.** The “total compensation” of an employee is the sum of an employee’s salary, bonus and additional benefits, including pension contributions.

**3.2.** The “total remuneration” of an employee is the sum of the employee’s salary and discretionary bonus.

**3.3.** It is CRUX’s policy to balance the different components of total remuneration in each year to achieve the right “total compensation” for each individual.

**3.4.** Consequently, it is likely that from year to year the size of the different components within an employee’s “total remuneration” will vary.

**4. SALARY**

**4.1.** The current policy is that salaries will be set at levels competitive with market rates.

**4.2.** There may be times when CRUX’s results, market conditions or other circumstances mean CRUX may move away from the general principle of market rates, but CRUX will revert to market rates as soon as possible.

**4.3.** Salaries will be paid monthly, normally on the 25<sup>th</sup> of each month or the nearest earlier business day.

**4.4.** Salaries will be reviewed annually after the end of CRUX’s financial year (which is 30<sup>th</sup> September). Any changes will normally be decided in October and implemented in November. This does not mean that any employee has the right to an increase in salary annually or at all.

**4.5.** Total remuneration of senior employees:

- (a) May be set below market levels so CRUX's fixed cost base is kept at an acceptable level, but the "total reward" concept will be used to adjust total remuneration if appropriate.
- (b) May be subject to constraints imposed by regulation.

Senior employees will be informed if they fall into either of these categories.

## 5. **BONUS SCHEME**

### 5.1. **General:**

- (a) CRUX runs a bi-annual discretionary bonus scheme.
  - (i) An interim bonus may be awarded in May following CRUX's half yearly results.
  - (ii) A final bonus may be awarded in November following CRUX's annual results.
- (b) CRUX may amend the scheme at any time in a bonus year, but wherever possible amendments will become effective in the next bonus year. Employees will be informed when changes are made to the policy.
- (c) For the avoidance of doubt, this scheme does not form part of an employee's employment contract.

### 5.2. **Entitlement:**

- (a) Payment of a bonus to an employee in one year does not mean that any other employees will be considered for a bonus in the same year, and does not guarantee the employee will be considered for a bonus in future years.
- (b) An employee will not be entitled to a bonus if, on or before the payment date the employee:
  - (i) Has given notice of the termination of employment
  - (ii) Has been dismissed (with or without notice) for "Cause", that is to say for gross misconduct or other serious breach of regulatory or legal requirements or CRUX's procedures; or
  - (iii) Is the subject of CRUX's disciplinary procedures as a result of a complaint which, if upheld, would amount to gross misconduct and for which the employee is subsequently lawfully dismissed for "Cause".

### 5.3. **Determination of Bonus(es):**

- (a) Bonuses (if any) will be determined at the end of CRUX's financial six month and year-end results.
- (b) Bonuses are recommended by line managers and agreed with the CEO. Final proposals are presented and ultimately approved by the Remuneration Committee.
- (c) The Remuneration Committee consider bonus allocation through a framework defined by business area allocations:
  - (i) Investment
  - (ii) Distribution

(iii) Governance

The above allocations are merely a guide for bonus distribution across the business, and remain at the discretion of the Remuneration Committee and must be approved by the Board of Directors.

- (d) When assessing any bonus CRUX will consider any matters which appear to it to be relevant which will include:
  - (i) The bonus recipient's personal performance and
  - (ii) The financial performance of CRUX
  - (iii) Market averages; i.e. peer group and role related remuneration
- (e) In evaluating an employee's personal performance, CRUX will take into account both qualitative and quantitative factors, including:
  - (i) The extent to which the employee has made a personal contribution to CRUX's performance
  - (ii) The extent to which the employee has achieved the objectives set and agreed for the period in question
  - (iii) The employee's risk management and other behaviour, and how it complies with CRUX's cultural values and the FCA SMCR principles
- (f) In evaluating the performance of CRUX any relevant factor may be considered, including:
  - (i) CRUX's financial performance; i.e. net revenue
  - (ii) The performance of the CRUX funds, in absolute terms and relative to their benchmark and competitors
  - (iii) CRUX's adherence to effective risk management, and compliance with relevant regulatory requirements
  - (iv) Any sanctions or penalties imposed upon CRUX by its regulators
- (g) As an asset management firm, CRUX's underlying business characteristics mean the level of net revenue can be volatile. The level of discretionary bonus may therefore vary year on year.

**5.4. Payment of Bonuses:**

- (a) CRUX intends to pay bonuses after its half yearly and full financial year end, at 31<sup>st</sup> March and 30<sup>th</sup> September respectively.
  - (i) Decisions around the interim bonus (if any) will occur in April and payment will be made in May.
  - (ii) Decisions around the final bonus (if any) will occur in October and payment will be made in November.
- (b) Discretionary bonuses will be subject to PAYE, National Insurance contributions and/or any other taxes.
- (c) Discretionary bonuses will not generate additional employer pension contributions.

**5.5. Communication:**

It is CRUX's intention that each employee be treated fairly. To that end CRUX will inform each employee, and confirm in writing:

- (a) The factors which have influenced the decision whether or not to pay a bonus.
- (b) Whether a bonus has been awarded, and if appropriate, the amount.
- (c) The reasons for the decision, including, where appropriate, personal performance against the factors discussed with each employee at the start of the financial year.

**5.6. Clawback:**

- (a) If within 3 years of a bonus payment CRUX discovers that a bonus recipient, by act or omission:
  - (i) participated in, or was responsible for, or contributed to, conduct which resulted in significant losses to CRUX; or
  - (ii) failed to meet appropriate standards of fitness and/or propriety

the bonus(es) will be subject to repayment or "clawback".

- (b) The amount to be repaid to CRUX will be the greater of:
  - (i) The amount required to make good the loss; or
  - (ii) The amount that would reduce the bonus(es) to the level likely to have been paid if CRUX had known of the matters at the time of determining the bonus(es).
- (c) In the absence of fraud or other criminal act, any clawback will be limited to the amount (after deduction of PAYE, National Insurance and/or any other taxes) of the bonus(es) in question.

**5.7. Payment Options:**

- (a) Bonuses will normally be paid through payroll, subject to the normal statutory deductions via BACS to the bank account nominated by the employee for monthly salary payments.
- (b) CRUX will advise employees in advance if the firm is likely to need to make the employee subject to any form of deferred discretionary remuneration as required by regulation.

**6. CRUX EMPLOYEE SHARE OPTIONS SCHEME**

**6.1.** CRUX has a share options scheme

**6.2.** Awards of options and the terms related to the options shall be made upon recommendation to the Remuneration Committee on a twice annual basis, in line with the timing of the twice annual audited valuation of the company.

**6.3.** Shares may be made available to employees when allotted by CRUX, as a reward or as an incentive.

**6.4.** Details of the share scheme are available in a separate document.

**7. GOVERNANCE AND REVIEW**

- 7.1. This Remuneration Policy has been agreed by the Board of Directors and the Executive Chairman. The CRUX Remuneration Committee is responsible for approving, maintaining and overseeing this policy and for approving any exemptions or changes. The Remuneration Policy will be reviewed by the Remuneration Committee at least annually.
- 7.2. On an annual basis, the Compliance Officer (SMF16) will review the firm's compliance with this Remuneration Policy. Any issues identified because of this review will be reported to the Board.

8. **BIPRU REMUNERATION CODE STATEMENT**

CRUX has produced a Remuneration Code Statement in accordance with the requirements of BIPRU 11 and this can be found on CRUX's website.