



## REMUNERATION POLICY

November 2017

## 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 OVER-ARCHING 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

2.3. the Directors of the firm are all shareholders and have invested their own monies in the business and a proportion of the dividends they receive are invested in the funds managed by the firm.

2.4. The Directors interests are therefore totally aligned with the best interests of the firms’ clients and dependent upon the long-term profitability and sustainability of the firm.

## 3. COMPONENTS

3.1. The “total reward” of an employee is the sum of an employee’s salary, bonus, benefits, shares and any other component.

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

3.3. Consequently, it is likely that from year to year the size of the different components within an employee’s “total reward” 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. Salaries 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 an annual discretionary bonus scheme.
- (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 employee employment contracts.

##### **5.2. Entitlement:**

- (a) Whether an employee is considered for an annual bonus or not will be at the absolute discretion of CRUX.
- (b) 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 it does not mean the employee will be considered for a bonus in future years.
- (c) 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".
- (d) An Employee will be entitled to be considered for, and if appropriate receive a payment under the bonus scheme, if before the payment date:
  - (i) CRUX dismisses the employee other than for "Cause". For the avoidance of doubt this would include redundancy; or
  - (ii) CRUX dismisses the employee in circumstances which amount to unfair, constructive, or wrongful dismissal.

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

- (a) Bonuses (if any) will be determined at the end of CRUX's financial year.
- (b) The decision whether or not to pay a bonus, and if so, how much, will be at the sole discretion of CRUX.
- (c) When assessing any bonus CRUX will consider any matters which appear to it to be relevant which may include:
  - (i) The bonus recipient's personal performance (see 5.3(d) below) and
  - (ii) The performance of CRUX (see 5.3(e) below)
- (d) In evaluating an employee's personal performance, CRUX may take into account any relevant factor, including:
  - (i) The extent to which the employee has made a personal contribution to CRUX's performance (see 5.3(e) below)
  - (ii) The employee's risk management and other behaviour, and how it complies with CRUX's values and the FCA principles
  - (iii) Any other contribution the employee may have made to the performance of CRUX

The factors likely to be taken into account will be discussed with each employee at the start of each financial year and these will include a balance of qualitative and quantitative factors, including an assessment of whether the employee acts in a way that does not conflict with clients' best interests to assist in demonstrating compliance with the MiFID II remuneration rules.

- (e) In evaluating the performance of CRUX any relevant factor may be considered, including:
  - (i) CRUX's financial performance
  - (ii) The net change in assets under management
  - (iii) The performance of the CRUX funds measured against their benchmarks and competitors and in absolute terms
  - (iv) CRUX's adherence to effective risk management, and compliance with relevant regulatory requirements

- (v) Any sanctions or penalties imposed upon CRUX by its regulators

#### **5.4. Payment of Bonuses:**

- (a) CRUX will normally pay bonuses once a year after the end of its financial year. That will normally mean making decisions in October (5.3 (a) above) and making payment in November.
- (b) CRUX may, at the end of each of the first 3 quarters of any financial year (December, March and June), decide to make payments on account of the bonus that may be awarded at the end of that financial year. Any such payment will be made 1 month after the decision.
- (c) In the 4<sup>th</sup> quarter after determination of the bonus (5.4(b) above):
  - (i) If the bonus awarded at year end is greater than the aggregate interim payments in the first 3 quarters, then CRUX will make a payment of the balance to the Bonus Recipient; or
  - (ii) If the bonus awarded at year end is less than the aggregate interim payments in the first 3 quarters:
    - There will be no payment in the 4<sup>th</sup> quarter, and CRUX will not have the right to recover any overpayment
    - If however, in the course of the relevant bonus year, the employee participated in, or was responsible for, or contributed to, conduct which resulted in significant losses to CRUX and/or was gross misconduct or other serious breach of regulatory or legal requirements or CRUX's procedures, CRUX will have the right to recover any overpayment.
- (d) Bonuses will be subject to withholding of PAYE, National Insurance contributions and/or any other taxes.
- (e) 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 tell each employee, and confirm in writing:

- (a) The factors which have influenced the decision whether or not to pay a bonus. (See 5.3(d) and 5.3(e) above)
- (b) Whether a bonus has been awarded, and if appropriate, the amount.
- (c) By whom the decision was made.
- (d) The reasons for the decision, including, where appropriate, personal performance against the factors discussed with each employee at the start of the financial year. (See 5.3(d) above.)

#### **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 referred to in 3.6(a) above 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 in cash. CRUX will endeavour to let employees know in advance if they are in a category where bonus payments in cash may be restricted or prohibited by regulation.
- (b) A bonus recipient will normally have the right to waive all or part of a bonus and request that CRUX make a contribution to the employee’s pension plan.
- (c) Shares and/or Options:
  - (i) A bonus recipient will have the right to request CRUX to pay some or all of a bonus in the form of shares or options in CRUX in accordance with the current terms of any CRUX Employee Share Scheme; whether CRUX agrees to any such request will be in the absolute discretion of the Board.
  - (ii) CRUX will have the right, which may be required by regulation, to require a bonus recipient to take a certain percentage (currently up to 50%) of any bonus in the form of shares or options in CRUX in accordance with the current terms of any CRUX Employee Share Scheme.
  - (iii) In the event that shares and/or options are allocated, the bonus recipient will be entitled to require the shares or options to be owned by a trust, a SIPP or other vehicle (subject first to obtaining CRUX’s consent in writing, which will not be unreasonably refused). The trust, SIPP or other vehicle must be for the benefit of the bonus recipient or other person nominated by the bonus recipient.
  - (iv)

## **6. CRUX EMPLOYEE SHARE SCHEME**

- 6.1. CRUX will have a share scheme.

6.2. Access to the share scheme will be open to all employees but be dependent on certain circumstances.

6.3. Shares may be made available to employees in the following circumstances:

- (a) When allotted by CRUX as a reward or as an incentive
- (b) When an employee wishes to take some or all of a bonus in the form of shares
- (c) When CRUX exercises the right, which may be required by regulation, to require a bonus recipient to take a certain percentage (currently up to 40%) of a bonus in the form of shares

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

## 7. GOVERNANCE AND REVIEW

7.1 This Remuneration Policy has been developed by the Directors and the Non-Executive Chairman. The CRUX Board is responsible for approving, maintaining and overseeing this policy and for approving any exemptions or changes. The Remuneration Policy will be reviewed by the Board at least annually.

7.2 On an annual basis the Compliance Officer will review the firm's compliance with this Remuneration Policy. Any issues identified because of this review will be reported to the Board.

7.3 The Board considers that in view of CRUX's size, internal organisation and the nature, scope and complexity of its activities, that it would not be proportionate for firm to establish a remuneration committee. All decisions on the remuneration of employees are made by the Directors, who own the business and are collectively responsible for remuneration practices of the firm.

## 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 as an attachment to this policy.