

EDGBASTON INVESTMENT PARTNERS
POLICY ON REMUNERATION AND REMUNERATION CODE PRINCIPLES

Edgbaston Investment Partners LLP (“Edgbaston” or the “Firm”) is authorised and regulated by the Financial Conduct Authority (“FCA”) as an Alternative Investment Fund Manager (“AIFM”) and complies with applicable rules with respect to the Alternative Investment Fund Manager Directive (“AIFMD”). Edgbaston is a full-scope UK AIFM. The Firm is subject to the Remuneration Code for Full-Scope Alternative Investment Fund Managers (“AIFMs”) (the “AIFM Remuneration Code”), as codified in Section 19B of the SYSC Handbook. As such, the Firm must establish, implement and maintain remuneration policies, procedures and practices that are consistent with and promote effective risk management, and not encourage risk taking which is inconsistent with the risk profile of any alternative investment funds (“AIFs”) managed by the Firm. The AIFM Remuneration Code includes various Principles that firms are expected to consider and apply, as appropriate.

Edgbaston is also subject to the Investment Firms Prudential Regime (“IFPR”) and the implementing rules in the MiFID Prudential Sourcebook (“MIFIDPRU”) and the Interim Prudential Sourcebook for Investment Businesses (“IFPRU(INV)”). Edgbaston is categorised as a Collective Portfolio Management Investment firm (“CPMI”) for prudential purposes and as such is subject to the rules in IFPRU(INV) 11 for its AIFMD business in parallel with the applicable rules in MIFIDPRU in respect of its MiFID business. The Firm is subject to the Remuneration Code (the “MIFIDPRU Remuneration Code”) for MIFIDPRU Firms as codified in Section 19G of the SYSC sourcebook of the Financial Conduct Authority handbook.

This disclosure - intended to satisfy the requirements of the AIFM Remuneration Code and the MIFIDPRU Remuneration Code - is made annually on the date the Firm publishes its annual financial statements. As appropriate, this disclosure is made more frequently, for example if there is a major change to the Firm’s business model. This disclosure fulfils the Firm’s obligation to disclose to market participants’ key information on a firm’s remuneration policies and practices. In subsequent iterations of this document, commentary will be included to highlight any significant changes to the information disclosed compared with previous disclosure periods.

Additional information is available from Edgbaston’s Chief Compliance Officer, Stephen Shepherd (sshepherd@edgbastonip.com).

MIFIDPRU REMUNERATION CODE

Qualitative Information

Edgbaston must establish, implement and maintain remuneration policies, procedures and practices that are consistent with and promote effective risk management and do not encourage excessive risk taking. The Firm ensures that the remuneration policy and its practical application are consistent with the Firm's business strategy, objectives and long-term interests.

Edgbaston's Remuneration Committee is responsible for the review and updating of the Firm's remuneration policy and approving remuneration packages, including variable remuneration, for employees and members (referred to, collectively, as "Staff").

Staff receive a salary which reflects their market value, responsibilities and experience. All Staff may also receive variable remuneration, such as a discretionary bonus, where the individual operates within the risk appetite of the Firm and has demonstrated appropriate behaviour.

Variable remuneration is intended to reflect contribution to the Firm's overall success. Staff are assessed throughout the year and rated based on company and individual performance. The performance assessment considers both financial measures and non-financial measures (such as productivity and quality, risk management, people and culture, client focus and growth and innovation).

The Firm's linkage between variable remuneration and performance is based upon the following tenets:

- Ensuring an appropriate balance of financial results between Staff and shareholders
- Attraction and retention of Staff
- Linking a proportion of a Staff member's total compensation to the Firm's performance
- Discouraging excessive risk-taking
- Ensuring client interests are not negatively impacted

Quantitative Information

With respect to the financial year 2023/24, the total amount of remuneration awarded to all Staff was £3.5 million (inclusive of distributions allocated to members). Base salaries and other elements of fixed remuneration accounted for 38% of this figure. No material sign-on or severance payments were made.

AIFM REMUNERATION CODE

The FCA expects firms to apply the AIFM Remuneration Code Principles in a manner that is proportionate to the size, nature and complexity of a firm's business. With respect to the AIFM Remuneration Code, the Firm considers itself a low risk firm; the risk appetite and profile of its clients are generally consistent with that of the Firm.

The Firm has identified those employees who are covered by the AIFM Remuneration Code ("Code Staff") as those Staff who have a material impact on the risk profile of the Firm or AIFs managed by the Firm. This includes senior management, risk takers, those holding control functions and any Staff member whose total remuneration takes them into the same remuneration bracket as senior management. As a result of its small size (<15 Staff) and the responsibilities assumed by all individuals, Edgbaston considers all Staff to be Code Staff.

The following describes the Firm's approach to the Principles of the Remuneration Code:

Principle 1: Risk Management (SYSC 19B.1.5)

The Firm's Remuneration Policy is consistent with the Firm's risk management objectives, does not encourage risk taking and promotes a risk averse culture. The Firm has set detailed risk limits in the form of Investment Guidelines, which are strictly adhered to, for the AIFs it manages.

Principle 2: Supporting Business Strategy, objectives, values and interests, and avoiding conflicts of interest (SYSC 19B.1.6)

In order to ensure alignment between Edgbaston's Staff, the LLP Agreement that governs Edgbaston's business specifies how the ratio of profits less direct costs (internally referred to as profits before remuneration and tax or "PBRT") is shared. The use of a PBRT model ensures that the aggregate spend on variable remuneration directly reflects Edgbaston's overall performance. The PBRT ratios on a longer term basis are:

- 60%: to Staff as remuneration/drawings
- 40%: to Edgbaston Partners Limited

Edgbaston's PBRT model helps to ensure that all Staff are focused on growing Edgbaston's business in a profitable and efficient manner. The fact that remuneration is not based on the profitability of any specific investment recommendation, the implementation of a given trade(s) or the growth/retention of client assets removes short term incentives. Performance fees are not charged which helps to preserve a longer term perspective. Fixed elements of remuneration are kept relatively low so the firm can withstand various market pressures while still meeting its ongoing obligations.

More generally, Edgbaston documents its business strategy, objectives, values and long term objectives in its Compliance Manual and Personnel Handbook. Its investment philosophy, investment guidelines, and a summary of risks inherent in its investment approach are set out in the Offering Memorandum and Prospectus of the AIFs.

The Firm has a documented Conflicts of Interest Policy and Conflicts Log in order to identify, manage and monitor the Firm's conflicts. The material conflicts that other firms face – dealing as principal, custody of assets, dealing through affiliated brokers – do not apply to Edgbaston.

After taking into account Edgbaston's current controls as described above, the Firm has concluded that remuneration does not present a significant conflict of interest to the Firm's clients.

Principle 3: Governance (SYSC 19B.1.7-19b.1.9)

Edgbaston's Executive Committee has reviewed and adopted its remuneration policy in conjunction with the Compliance Group. It is the Firm's policy to review and assesses the Firm's Remuneration Policy and procedures on an annual basis or sooner should the business change or other need arises. The Executive Committee has a significant amount of experience in the industry. Except for the Non-Executive member, all members are involved in the day to day business and are responsible for ensuring that the operational and compliance controls are adequately resourced and operating effectively. The Chief Compliance Officer reports directly to the Executive Committee. All material issues identified in the Compliance and Risk Testing Programme that cannot be resolved in a timely and appropriate manner are raised with the Executive Committee. The Remuneration Committee directly oversees the remuneration payable to members of the risk management and compliance groups.

Given its size, nature and complexity, Edgbaston believes that these controls are adequate.

Principle 4: Control Functions (SYSC 19B1.10 & 19B.1.11)

The members of the Firm's Remuneration Committee, who have a significant amount of experience in the industry and are involved in the day to day business, are responsible for ensuring that the remuneration of those persons in control functions is linked to their performance and achievements of the business areas they control.

Principle 5: 5.a: Remuneration Structures – assessment of performance (SYSC 19B.1.12)

None of Edgbaston's Staff have any component of their compensation tied to asset growth. However, Staff compensation levels are naturally affected by firm profitability. Further, none of Edgbaston's investment professionals are compensated on the basis of how a particular stock they wrote on has performed or whether or not it was purchased for the Programme. Edgbaston strives to avoid creating advocates for stocks and indeed, the team member who writes the initial research report on a company will not be the person that writes the review note on the company 12-18 months later. This reinforces the team ethos and the investment team's collective responsibility for the Programme and helps to avoid conflicts of interest. Edgbaston's investment professionals are compensated instead based on the quality of their research, the thoughtfulness of their comments in Research Committee meetings, the quality of implementation and on their contribution to the Programme as a whole. Edgbaston believe this leads to better alignment with its clients' interests.

All Staff are eligible for an annual discretionary bonus coming from a pool which is tied to the overall profitability of the firm and ultimately the performance of the strategy. While 60% of PBRT is distributed to Staff as remuneration/drawings, the split between each member of Staff is determined by Edgbaston's Remuneration Committee.

Individual bonus and compensation levels are reviewed and set annually based on that individual's contribution. Advancement and compensation is based on an evaluation of a Staff member's contribution to Edgbaston. The Remuneration Committee obtains feedback on the performance and contribution of each member of Staff. This includes an assessment of the individual's work quality and commitment as opposed to any set performance criteria or mechanistic formulas. This is largely done via a formal written appraisal carried out annually.

The Remuneration Committee consider the following factors when determining the levels of remuneration and/or discretionary bonuses paid to each member of Staff:

- Contribution. Edgbaston wants to reward Staff for their contribution to the success of the Firm over a multi-year period and will consider their ownership of various responsibilities, whether related to investment, marketing and client service, investment operations, or firm management. Each area is important to Edgbaston's on-going viability. In order to assess individual contribution, Edgbaston utilises a framework that considers four key non-financial criteria:

- i. Skill and expertise are necessary attributes for undertaking any role. These can be tangible such as the ability to build a spreadsheet or organise a series of tasks (generally easier to measure) or they can be intangible such as exercising judgement, acting sensibly under pressure, or problem solving (harder to measure). Some weighting will also be paid to the improvement in these skills over time.
- ii. Reliability measures the ability of an individual to get assigned tasks done on time with the requisite amount of care and accuracy. Our clients, prospects and colleagues should be able to rely on individuals to do what is promised and deliver it as planned. Part of the assessment in this area also needs to address how the individual manages the process when deadlines are not met and deliverables are behind schedule.
- iii. Hard work, an assessment of the effort expended is also a useful measure not just as a proxy for commitment but also to ensure the effort being expended is commensurate with the value of the work being produced. If two people are making a similar contribution but one does so with half the effort it raises issues of the suitability of the work assigned to individuals and whether the skill set is appropriate for the job.
- iv. Teamwork and commitment takes into account factors such as an individual's professionalism, helpfulness, and flexibility. For example, does the person make a positive or negative contribution to the team and its working atmosphere?

Notifications of discretionary payments are provided annually. Actual allocations can be amended at any time by the Remuneration Committee to reflect relative performance. Bonuses are only paid after Edgbaston ensures that FCA capital and liquidity requirements are satisfied and after all fees are collected. Edgbaston's remuneration policy is reviewed annually by its Compliance Group to ensure that it continues to comply with the policies and procedures for remuneration adopted by the Remuneration Committee.

5.b: Remuneration structures – guaranteed variable remuneration (SYSC 19B.1.14)

It is the Firm's policy to not pay guaranteed variable remuneration.

5.c: Remuneration structures – ratios between fixed and variable components of total remuneration (SYSC 19B.15)

Fixed aspects of expenditure are kept low as this provides the greatest level of flexibility and allows Edgbaston to withstand various stresses – performance volatility, loss of client assets, exchange rate volatility and changes in interest rates – without needing to terminate Staff.

Fixed remuneration is comprised principally of salaries but also includes employee benefits. Edgbaston believes that remuneration levels should be competitive. It is reasonable to offer remuneration above general market levels when Edgbaston believes that the value justifies such a course. Edgbaston also recognises that it must be competitive to attract and retain good staff in their various areas of activity.

The Firm has a flexible approach on the variable remuneration component which varies depending on the following; the individual's performance, the Firm's performance and the AIF's performance, in accordance with Principle 5.a (as detailed above).

5.d: Remuneration structures – payments related to early termination (SYSC19B.1.16)

It is Edgbaston's policy that remuneration of early termination of contracts reflect the performance and competence of the individual during the time employed at the Firm.

5.e: Remuneration structures – retained units, shares or other instruments (SYSC 19B.1.17) – Pay-out Process Rule 1

The Firm does not apply the pay-out process rules on the grounds of proportionality, further information is provided in Appendix A.

5.f. Remuneration structures – deferral (SYSC 19B.1.18) – Pay-Out Process Rule 2

The Firm does not apply the pay-out process rules on the grounds of proportionality, further information is provided in Appendix A.

5.g. Remuneration structures – performance adjustment, etc. (SYSC 19B.1.19) – Pay-Out Process Rule 3

The Firm does not apply the pay-out process rules on the grounds of proportionality, further information is provided in Appendix A.

Principle 6: Measurement of Performance (SYSC 19.B1.21)

If Edgbaston is successful there should be a benefit to all. Edgbaston recognises a system of this sort cannot deliver when the business is not doing well. In other words, if PBRT drops, remuneration and discretionary bonuses must fall.

Principle 7: Pension Policy (SYSC 19B.1.22)

Edgbaston's pension policy is in line with its business strategy, objectives, values and long-term interests of the AIFs it manages.

Principle 8: Personal Investment Strategies (SYSC 19.b.1.23)

The Firm's policy is not to remunerate individuals based on share awards.

Principle 9: Facilitating Avoidance (SYSC 19A.3.32)

The Firm pays variable remuneration to individuals, in a manner that does not facilitate avoidance with the Remuneration Code.

Appendix A: Proportionality and ‘Pay-Out Process Rules’

When assessing the application of proportionality elements, Edgbaston differentiates itself from the general marketplace by having:

- A sensible and disciplined investment philosophy of investing in good quality companies at attractive valuations, implemented by a team of experienced and professional investment staff.
- An exclusive focus on one strategy and no dilution of effort and resources across multiple product lines.
- An Investment Programme administered primarily through commingled funds, which maximises the time spent by the investment team on researching companies.
- A business controlled by Staff that are active in the business. The Firm is committed to the ideals of alignment, independence, and focus.
- A commitment to limiting the capacity of the Investment Programme to ensure the Firm is focused on generating value-added for clients.

More specifically, with respect to its most recent financial year, Edgbaston has dis-applied the pay-out process rules on the basis of the following:

A.1 Size

As of 31st March 2024, the Firm’s assets under management¹ falls below the threshold detailed in the FCA guidance accompanying the AIFM Remuneration Code (£1 billion). This may not have been the case for all prior periods and may not be the case for subsequent periods. Notwithstanding, it has also taken additional factors into consideration in order to dis-apply the Pay-out process Rules, as described elsewhere in this document.

A.2 Ownership Structure

Edgbaston is a UK incorporated entity managed by an Executive Committee of four people, three of whom are active in the business. Eligible Members of Edgbaston may appoint or remove individuals from the Executive Committee by way of ordinary resolution. Under the terms of Edgbaston’s Partnership Agreement, Edgbaston Partners Limited has the right to appoint two of the four Executive Committee members.

Edgbaston Partners Limited is owned by current and former staff and their families (50.1% of the share capital) and Silchester Partners Limited (49.9% of the share capital). Charu Fernando, the Chairwoman of Edgbaston’s Executive Committee and Chief Investment Officer, and her family own a majority of the staff shares in Edgbaston Partners Limited. Sarah Nichols and Matthew Myles (and family), Executive Committee members of Edgbaston, own 13% and 11% of the staff shares in Edgbaston Partners Limited, respectively.

The majority of Edgbaston Staff are shareholders in Edgbaston Partners Limited.

A.3 Nature, Scope and Complexity of Activities

- *Number of investment strategies/number of AIFs*

¹ Assets under management is defined as the aggregate net asset value of the AIFs based upon the most recent valuation date of the AIFs.

Edgbaston was set up in 2008 as a single product asset management firm with the intention of specialising in publicly traded Asia Pacific (excluding Japan) equity investments. Edgbaston is not listed or traded on a regulated market. Edgbaston has a single investment strategy / style which it manages consistently across two AIFs and a separately managed account. It does not delegate investment management discretion to a third-party. Whilst the Firm seeks to enhance its thinking and techniques over time, and to improve its abilities in appraising and valuing companies, there have been no material changes to its investment philosophy or process since inception and there is no intention to deviate away from its existing investment strategy in the future. Edgbaston's philosophy is to remain a small, client focused organisation, providing a single product to an institutional marketplace. Edgbaston believes this to be the best structure for ensuring alignment with clients and the best platform for stable, long term, investment management thinking.

Edgbaston invests client assets in publicly traded, Asia-Pacific (excluding Japan) equity securities. Edgbaston invests in developed markets, "emerging" markets such as India, Taiwan, Thailand, Malaysia and South Korea and "frontier" markets such as Sri Lanka, Pakistan, Vietnam and Bangladesh. Edgbaston does not short stocks, utilise derivatives or margin, underwrite securities, issue or write options, futures, warrants or over the counter ("OTC") instruments. Edgbaston does not participate in securities lending programmes. Edgbaston does not invest in fixed income instruments, physical real estate, commodities or contracts for difference. Assets included in client portfolios are normally priced by independent fund administrators using closing market prices and exchange rates. Edgbaston does not charge performance fees.

Edgbaston looks to add investments to client portfolios when they will help to maximise the earnings, assets and dividends of its investment programme. Such investments may be funded from the cash flow of the existing portfolio or by the sale of investments which have come to offer less value. This approach is generally evolutionary rather than revolutionary. Edgbaston usually maintain client cash balances at minimal levels. Typically, about 60 - 80 investments will be owned in client portfolios with a reasonable diversification by country, sector and capitalisation. In assessing risk, Edgbaston's investment philosophy focuses on three types of risk: valuation risk, business risk, and balance sheet risk. Of the three, valuation risk is considered the most important. High valuations lower the margin of safety inherent in the purchase price of an investment. Business risk is the visibility of earnings or the dependence of the company's profitability on the economic cycle. Balance sheet risk is determined by the quality of the balance sheet and appropriateness of the capital structure for the industry the company operates within. Risks must be balanced in any investment decision, but we avoid companies with both high balance sheet risk and high business risk.

Edgbaston, its Staff and their related parties have money invested in its investment programme. These investments are made on the same terms and liquidity rights and are subject to the same fees as those paid by commingled fund investors. Edgbaston, its Staff and their related parties have a significant amount of alignment with investing clients.

- *Risk management and monitoring*

The discretion of the AIFM is strictly controlled within certain defined parameters by the AIF Investment Guidelines, in accordance with Principle 1 (as detailed above). Edgbaston does not charge performance fees. The Firm has strict trading and allocation policies in place in order to align the interest of investors and avoid incentives for risk taking.

Edgbaston has developed a Compliance and risk testing programme ("CRT") which – via a series of tests of Edgbaston's policy notes – seeks to monitor the firm's testing of its material risks along with its ongoing compliance with relevant regulatory provisions. CRT takes place on an ongoing basis and forms the basis of Edgbaston's assessment of the adequacy and effectiveness of its policies, procedures, systems and

controls; as consolidated and presented to the Executive Committee in the annual review of the Compliance & Risk Management programme.

- *Level of risk*

Edgbaston does not trade in unusual or high risk products and has designed its systems and controls with this in mind. Each of Edgbaston's AIFs is run on a substantially pari passu basis and neither are publicly listed. Edgbaston does not consider its investment strategy to be complex and considers there to be sufficient evidence to reasonably conclude that it should be considered less complex or small-scale than its peers.

- *Delegation of portfolio or risk management*

Due to the size, internal organisation and the nature, scale and complexity of Edgbaston's business, functional and hierarchical separation of the investment risk function from investment management function is not wholly possible. However, the risk management function from an operational perspective at Edgbaston is considered functionally and hierarchically separate from the other operating units, including the portfolio management function.

Edgbaston does not delegate the portfolio management of the AIFs. Notwithstanding its delegation of certain risk management activities to the Manager of the Jersey-domiciled AIF to comply with Jersey regulatory requirements (day to day risk analysis, monitoring and reporting of agreed risk indicators and quarterly risk reporting), it also does not delegate risk management².

² In this context, the Manager undertakes to abide by and be subject to the Investment Manager's overall supervision, direction and control with respect to the risk management of the Fund's assets.