



Asset Management



Remuneration policy

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1. Objective

In this policy DMFCO (and all associated enterprises) has established its provisions regarding remuneration. The remuneration policy consists of general principles and specific comments, with the objective to contribute to both a healthy and ethical business operation and to a sound and effective risk management. The policy furthermore does not encourage taking more risks than acceptable for DMFCO.

2. Definitions and concepts

DMFCO	DMF Investment Management B.V., subsidiaries and other affiliated enterprises.
Identified Employees	<p>Employees whose activities have a significant impact on DMFCO's risk profile.</p> <p>This includes, at least, the following:</p> <ul style="list-style-type: none"> ▪ Members of the Board of Directors and the Management Team; ▪ Employees engaged in risk assessment and control functions; and ▪ Those receiving a total remuneration equal to or exceeding that of members of the Management Team.
Employees with control functions	Employees (excluding higher management) responsible for risk management, compliance with laws and regulations, internal audits and comparable functions within DMFCO.
Remuneration	All forms of compensation, whether direct or indirect, provided by DMFCO to its employees in exchange for their labour. This includes direct financial payments, benefits such as wage deferral in case of dismissal, and pension contributions. Additionally, remuneration covers matters such as allowances for fuel and mobile phones.

3. General principles of the remuneration policy

1. The long term interests of DMFCO and its investors are an important condition for the remuneration policy. DMFCO is committed to maintain a total remuneration level that does not jeopardize the qualifying capital, solvency margin, and equity capital, thereby safeguarding DMFCO's long term objectives.
2. The remuneration policy is in accordance with, and contributes to, robust and effective risk management, ensuring that it does not incentivize excessive risk-taking beyond acceptable thresholds for DMFCO and its investors.
3. The remuneration policy adheres to DMFCO's strategy, risk appetite, Code of Conduct, and the long term interests of DMFCO and its investors, taking into account the relevant national context, societal acceptance and applicable laws and regulations.
4. The remuneration of employees reflects market standards based on education, background, and experience. Recruiting sufficient talent is ensured by providing ample opportunities for development, fostering the sense of being able to make a difference to DMFCO's success in a small and agile organisation, and maintaining an enjoyable work environment.
5. DMFCO does not pay bonuses, neither individual nor companywide as DMFCO believes that the success of the DMFCO is an integral and shared responsibility of all employees. In addition, DMFCO does not believe in the long-term efficacy of offering incentives for individual compensation. Instead, all employees receive an additional payment equivalent to 16% of their annual gross salary.
6. The remuneration policy is consistent with the integration of sustainability risk. DMFCO avoids any form of variable compensation since that could have conflicting incentives.
7. DMFCO has a collective pension scheme, to which it contributes 9.5% of the pensionable salary (*pensioengrondslag*). Employees have the option to increase their pension by contributing a portion of their (gross) salary.
8. DMFCO has established an employee participation program that provides senior employees the opportunity to participate in DMFCO by purchasing depositary receipts of shares. These receipts hold equivalent economic rights as shares but do not confer any voting privileges. Key features of the employee participation program include:
 - Depositary receipts must be fully paid and are not considered a form of remuneration; and
 - The purchase price of depositary receipts is determined at market value, adjusted for liquidity restrictions.
 - The receipts cannot be sold for the first five years;
 - Receipts can only be sold to DMFCO or its shareholders;
 - Receipts must be sold if the receipt holder is no longer an employee of DMFCO; and
 - Good- and bad-leaver arrangements dictate the selling price of the receipts.
9. The remuneration policy applies to all employees; both identified and non-identified employees.
10. The remuneration policy is, at least annually, subject to an internal assessment by DMFCO's Board of Directors and Management Team. The review includes an assessment of whether the policy is in line with market standards and comply with applicable regulations on controlled compensation policies.
11. Amendments to the Remuneration Policy must be approved by the Board of Directors of DMFCO.

4. Specific legislation regarding the remuneration policy

The Alternative Investment Fund Managers Directive (AIFMD) and applicable laws and legislation, such as the Wft, provide explicit guidelines regarding the remuneration policy for managers of investment institutions. The specific provisions of the AIFMD are detailed in the table below, including an explanation of whether a particular requirement applies to DMFCO's remuneration policy.

AIFMD #	Requirement	Status
Annex II, 1(a)	The remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the AIFs they manage.	Applicable, see chapter 3
Annex II, 1(b)	The remuneration policy is in line with the business strategy, objectives, values and interests of the AIFM and the AIFs it manages or the investors of such AIFs, and includes measures to avoid conflicts of interest.	Applicable, see chapter 3
Annex II, 1(c)	The management body of the AIFM, in its supervisory function, adopts and periodically reviews the general principles of the remuneration policy and is responsible for its implementation.	Applicable, see chapter 3
Annex II, 1(d)	The implementation of the remuneration policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the management body in its supervisory function.	Applicable, see chapter 3
Annex II, 1(e)	Staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.	Applicable. See chapter 3, DMFCO only pays a fixed salary to all employees based on the performance related to the function of the employee.
Annex II, 1(f)	The remuneration of the senior officers in the risk management and compliance functions is directly overseen by the remuneration committee.	Applicable. DMFCO has no remuneration committee and the remuneration is therefore overseen by the non-executive member of the Board of Directors.
Annex II, 1(g)	Where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit or AIF concerned and of the overall results of the AIFM, and when assessing individual performance, financial as well as non-financial criteria are taken into account.	Not applicable. DMFCO only pays a fixed salary to all employees.

Annex II, 1(h)	The assessment of performance is set in a multi-year framework appropriate to the life-cycle of the AIFs managed by the AIFM in order to ensure that the assessment process is based on longer term performance and that the actual payment of performance-based components of remuneration is spread over a period which takes account of the redemption policy of the AIFs it manages and their investment risks.	Not applicable. DMFCO only pays a fixed salary to all employees.
Annex II, 1(i)	Guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year.	Not applicable. DMFCO only pays a fixed salary to all employees.
Annex II, 1(j)	Fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy, on variable remuneration components, including the possibility to pay no variable remuneration component.	Not applicable. DMFCO only pays a fixed salary to all employees.
Annex II, 1(k)	Payments related to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure.	Applicable. Exceptions included for situations of dismissal related to strategic changes, mergers and acquisitions, or when severance pay is determined through judicial proceedings.
Annex II, 1(l)	The measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks.	Not applicable. DMFCO only pays a fixed salary to all employees.
Annex II, 1(m)	<p>Subject to the legal structure of the AIF and its rules or instruments of incorporation, a substantial portion, and in any event at least 50 % of any variable remuneration consists of units or shares of the AIF concerned, or equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments, unless the management of AIFs accounts for less than 50 % of the total portfolio managed by the AIFM, in which case the minimum of 50 % does not apply.</p> <p>The instruments referred to in this point shall be subject to an appropriate retention policy designed to align incentives with the interests of the AIFM and the AIFs it manages and the investors of such AIFs. Member States or their competent authorities may place restrictions on the types and designs of those</p>	Not applicable. DMFCO only pays a fixed salary to all employees.

	instruments or ban certain instruments as appropriate. This point shall be applied to both the portion of the variable remuneration component deferred in line with point (n) and the portion of the variable remuneration component not deferred.	
Annex II, 1(n)	<p>A substantial portion, and in any event at least 40 %, of the variable remuneration component, is deferred over a period which is appropriate in view of the life cycle and redemption policy of the AIF concerned and is correctly aligned with the nature of the risks of the AIF in question.</p> <p>The period referred to in this point shall be at least three to 5 years unless the life cycle of the AIF concerned is shorter; remuneration payable under deferral arrangements vests no faster than on a pro-rata basis; in the case of a variable remuneration component of a particularly high amount, at least 60 % of the amount is deferred.</p>	Not applicable. DMFCO only pays a fixed salary to all employees.
Annex II, 1(o)	<p>The variable remuneration, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the AIFM as a whole, and justified according to the performance of the business unit, the AIF and the individual concerned.</p> <p>The total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the AIFM or of the AIF concerned occurs, taking into account both current compensation and reductions in payouts of amounts previously earned, including through malus or clawback arrangements.</p>	Not applicable. DMFCO only pays a fixed salary to all employees.
Annex II, 1(p)	<p>The pension policy is in line with the business strategy, objectives, values and long-term interests of the AIFM and the AIFs it manages.</p> <p>If the employee leaves the AIFM before retirement, discretionary pension benefits shall be held by the AIFM for a period of 5 years in the form of instruments defined in point (m). In the case of an employee reaching retirement, discretionary pension benefits shall be paid to the employee in the form of instruments defined in point (m), subject to a 5 year retention period.</p>	The first part is applicable. The second part is not applicable, since DMFCO has no discretionary pension benefits.
Annex II, 1(q)	Staff 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.	Not applicable. The ESMA guidelines on sound remuneration policy under the AIFMD explain that this only applies to

		variable remuneration (90-92).
Annex II, 1(r)	Variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the requirements of this Directive.	Not applicable. DMFCO only pays a fixed salary to all employees.
Annex II, 2	The principles set out in paragraph 1 shall apply to remuneration of any type paid by the AIFM, to any amount paid directly by the AIF itself, including carried interest, and to any transfer of units or shares of the AIF, made to the benefits of those categories of staff, including senior management, risk takers, control functions and any employee 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 their risk profile or the risk profiles of the AIF that they manage.	Applicable
Annex II, 3	<p>AIFMs that are significant in terms of their size or the size of the AIFs they manage, their internal organisation and the nature, the scope and the complexity of their activities shall establish a remuneration committee. The remuneration committee shall be constituted in a way that enables it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk.</p> <p>The remuneration committee shall be responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the AIFM or the AIF concerned and which are to be taken by the management body in its supervisory function. The remuneration committee shall be chaired by a member of the management body who does not perform any executive functions in the AIFM concerned. The members of the remuneration committee shall be members of the management body who do not perform any executive functions in the AIFM concerned.</p>	ESMA guidelines on sound remuneration policy under the AIFMD indicate that DMFCO is significant in term of their size and the size of the AIF DMFCO manages (55). However the internal organization and the nature, scope and complexity of our organization is not significant (57). We only offer one investment product (mortgages), the organizational structure is clear and simple, as well as the remuneration structure. Therefore no remuneration committee has been set up.

Table 1: AIFMD Annex II: requirements remuneration policy