



Park Square Capital, LLP (the "Firm", "Park Square") Remuneration Policy Statement

Overview

The Remuneration Policy is designed to support Park Square's business objectives, strategy and align risk appetite with that of our clients, by attracting and retaining high calibre staff. This policy takes into account Park Square's interests as well as those of its clients being the general partners of the funds and separately managed accounts it advises or manages.

Scope

Park Square is authorised by the Financial Conduct Authority ("FCA") as a MiFID Investment Firm and is categorized as a IFPRU 125k limited license firm. Park Square is subject to FCA, "SYSC 19a" rules on remuneration as well as the European Securities and Markets Authority ("ESMA") remuneration policies and practices guidelines.

Proportionality

For prudential supervision purposes, the FCA has categorised Park Square as a P3 Firm. Therefore, in accordance with FCA rules, the disclosures below have been made in accordance with size, internal organisation, and the nature, the scope and the complexity of its activities.

Scope of Policy

The Remuneration Policy applies to all staff members of Park Square, with additional controls for those that identified as Remuneration Code Staff ("Code Staff").

In the year 2017, the Firm identified 11 individuals are Code Staff. This number is made up of all the members of the Firm which hold a significant influence function.

Purpose and Objectives of the Policy

The Remuneration Policy is designed to ensure that we:

1. Are consistent with and promote sound and effective risk management;
2. Do not encourage risk-taking which is inconsistent with the risk profiles of the Funds advised or the accounts for which it acts as Investment Manager or Investment Advisor;
3. ensure that sales staff and advisers are not remunerated in a way that creates incentives for staff to sell products inappropriately;
4. 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;
5. Include measures to ensure that the Firm does not remunerate or assess the performance of their own staff in a way that conflicts with their duty to act in the best interests of their client, or provides an incentive for recommending or selling a particular financial instrument when another product may better meet the client's needs;
6. Support the Firms/Funds business strategy, objectives, values and long-term interests;

7. Set out the principles governing the Firms' remuneration system; and
8. Inform management of the applicable rules as well as on the remuneration systems

Effective Date

The Policy will become effective upon approval by the Executive Committee Board of Park Square capital, LLP on 30 July 2018.

Annual Review

The policy, the remuneration system and the practical operation shall be reviewed by the Remuneration Committee on a regular basis and at least once a year.

Risk management and risk tolerance

The Firm has a single Remuneration Policy that applies to all staff with specific reference to Code Staff where appropriate. Staff remuneration is agreed following an assessment of market conditions for each role, individual performance against objectives, and on the financial performance of the Firm overall. For all staff this is by way of an annual salary and a discretionary bonus part of which may be deferred. A smaller group who receive carried interest and commit in Park Square funds to further align the team with clients.

The Firm completes an Internal Capital Adequacy Assessment (ICAAP) annually where the key operational risks are identified and modelled to identify the potential financial loss that could arise. This is then reviewed alongside the Fixed Overhead Requirement and in the context of the available Capital of the firm. The ICAAP is discussed by the Executive Committee and approved by the Managing Partner.

The Pillar 3 information is provided to Park Square's internal Remuneration Committee to assess the remuneration levels in light of available capital available to support its ongoing business operations.

Supporting business strategy, objectives, values and interests

When remuneration levels are assessed, PSC's internal Remuneration Committee reviews performance indicators relating to key aspects of the firm in order to ensure that Remuneration Policy is in line with Firm's business strategy, objectives, values and the long-term interests of the firm.

Avoiding conflicts of interest

The Firms Conflicts of Interests Policy applies to all staff, for further details kindly refer to the Staff Handbook. It is designed to avoid conflicts arising between customers' interests and those of the Firm's staff or the Firm as a whole.

The Carried Interest Incentive scheme is designed to mitigate conflicts of interest by aligning the investment risks with the performance of staff.

Decision-making process for Remuneration Policy

The Firm's internal Remuneration Committee, chaired by the Managing Partner, Robert G. Doumar, Jr. ("Robin"), meet periodically to consider issues relating to the remuneration policy and organisational structure of the Firm. The Remuneration Committee is responsible for the remuneration of all employees and approving the recommendations made by each employee's respective line manager(s). Due to the size and nature of the Firm, it is not required to appoint an independent, non-executive board member to the Remuneration Committee.

The remuneration of Code Staff is decided by a subset group of the Remuneration Committee which includes the Managing Partner, the Chief Financial Officer and HR Manager. Additionally, the Firm recognise that this Remuneration Committee comprises of individuals that are classified as Code Staff and on this note, no individual is included in decisions regarding his or her own remuneration.

To summarise,

- The Firm's policy has been agreed by the Remuneration Committee in line with the Remuneration principles laid down by the FCA;
- As mentioned previously, due to the size and nature of the Firm, it is not required to appoint an independent, non-executive board member to the Remuneration Committee;
- The Firm's policy is reviewed annually or following a significant change to the business requiring an update to its internal capital adequacy assessment; and
- The Firm's ability to pay bonus is discretionary and is based on the net profit for the year. If the Firm's performance is weak the bonus pool will be reduced accordingly.

Link between pay and performance

Remuneration for Code Staff is made up of fixed pay (salary in the form of fixed monthly drawings for members of the Firm and benefits) and performance related pay. The Firm's approach to the remuneration of employees is to attract and retain individuals of the highest calibre and reward them so that they are motivated to grow with the value of the Firm.

The performance-related pay is made up of:

1. **Annual Bonus¹**: is a discretionary amount payable which is linked to the performance of the individual; and
 2. **Carried Interest Incentive**: this is a long-term incentive mechanism, in the form of a participation in the Firm's profit sharing vehicle of the Fund's it advises. The Carried Interest Incentive ensures the alignment of the investment risks with the performance of code staff.
- Employees are remunerated with a fixed salary and a discretionary Annual Bonus which is based on their individual performance;
 - Discretionary compensation seeks to reward good performance and to align the interests of employees and shareholders by linking the bonus calculation to the profitability of the Firm;

¹ Annual Bonus includes profit allocation for members of Park Square Capital, LLP

- The Carried Interest Incentive schedule ensures the alignment of investment risks with the performance of the investment staff;
- Individuals are rewarded based on their contribution to the overall strategy of the business:
 - Investment generation
 - Investor Relations
 - Operations; and
- Other factors such as performance, reliability, effectiveness of controls, business development and contribution to the business are taken into account when assessing the performance of the senior staff responsible for the infrastructure of the Firm.

Code Staff Remuneration

During the financial year 2017, the following amounts were paid in fixed and variable remuneration to Code Staff. Fixed Remuneration includes base salary and benefits and Variable Remuneration includes the performance related pay.

	2017
Number of Code Staff	11
Fixed Remuneration (£)	£3.5m
Variable (£)	£4.9m

The aggregate remuneration paid² during the year ended 31 December 2017 in respect of Code Staff was, £8.4 million. The operations of the Firm should be considered as one business unit.

Code Staff	Aggregate compensation expense in during YE 31 Dec 2017
Senior Management:	£8.4 million
Others/ (If applicable)	N/A

Remuneration and capital

Levels of variable remuneration are assessed by the Executive Committee in the light of the profitability of the firm and the adequacy of its regulatory capital as set out in the ICAAP.

Exceptional government intervention

This does not apply to the Firm.

² Aggregate remuneration consists of fixed partner drawings, salaries and discretionary bonuses (or profit share) paid during the year.

Profit-based measurement and risk adjustment

All variable remuneration paid by the Firm is on a purely discretionary basis. It is based on the performance of the firm, and on work already performed, rather than on anticipated results.

Levels of variable remuneration are assessed by the Executive Committee in the light of the profitability of the firm and the adequacy of its regulatory capital as set out in the ICAAP.

Pension policy

Pension arrangements have been reviewed and changed in order to ensure that they are in line with the Firm's business strategy, objectives, values and long-term interests and that of the funds it manages.

Avoidance of the Remuneration Code

The Firm does not reward any staff through any alternative vehicles or methods that could cause non-compliance with the code.

Remuneration Structures

Staff performance appraisals are held bi-annually. The appraisal framework involves an "informal" interim review during the summer period, followed by a full 360-degree review at the end of the financial year, 31 December. The performance appraisal process is coordinated by the HR department and, staff members are assessed on numerous criteria and bonuses are based on their performance reviews.

Application of the requirements

We may omit required disclosures where we believe that the information could be regarded as prejudicial to the UK or other national transposition of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

We have made no omissions on the grounds of data protection.