

Remuneration policy of the Lupus alpha Group

Description of the business model

As an owner-managed, independent asset management company, Lupus alpha has stood for specialised investment solutions for more than 20 years. Lupus alpha is a pioneer in European small caps and today one of the leading providers of liquid alternative investment concepts and specialised fixed income strategies. More than 90 employees, including 25 specialists in portfolio management, are committed to superior performance and a service that is fully tailored to the individual requirements of our investors. Our goal: to deliver sustainable added value for intelligent portfolio diversification of institutional investors through active, innovative investment strategies.

In addition to Lupus alpha Asset Management AG in Frankfurt, Lupus alpha Investment GmbH in Frankfurt exists as a further organisational unit.

Lupus alpha's corporate structure based on partnership creates the prerequisites for the highest possible personnel continuity at management level. Together with the appearance as a specialist provider and the concentration of own investments on liquidity investments, a restriction to the usual risks of a medium-sized asset manager is guaranteed.

Information on the design of the remuneration system

Performance-related and business-oriented remuneration for employees is a central component of the design of the Lupus alpha remuneration system. By implementing a holistic remuneration concept, the management intends to support the medium- to long-term corporate goals defined as part of the strategy development process and to avoid the incentives to take disproportionately high risks.

By observing these principles, the seriousness and integrity of Lupus alpha should be maintained.

The principles of the remuneration system are divided into general and special principles. The general principles apply to all employees, including the management of the companies. The special principles apply only to the companies' identified risk carriers. The members of the Executive Committee were identified as risk takers. All other employees are not employees with a significant risk influence.

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Lupus alpha Asset Management AG is a medium-sized securities institution pursuant to Section 2 (17) of the WpIG. Since the national regulation on remuneration referred to in Article 30 et seq. of Directive (EU) 2019/2034 (Investment Firm Directive) IFD and Section 46 WpIG was not finally adopted until January 2024, we continued to apply the requirements of the InstitutsVergV.

The remuneration of the Executive Board is determined by the Supervisory Board. For the other employees, the Lupus alpha employment contract regulates the parameters of the currently valid remuneration system. The parameters are set by the board.

The remuneration system of the companies includes the benefits

1. basic salary (fixed):

Each employee is entitled to a contractually guaranteed annual fixed salary, the amount of which depends on the function, position, experience and know-how of the employee and is paid by Lupus alpha in the middle of each month in twelve monthly salaries.

2. Bonus (variable):

In addition, each employee receives an annual variable bonus payment, the relevant remuneration parameters of which consist of the company's success, the personal achievement of goals in the field of responsibility and the risk weighting in the company. The remuneration parameters are linked to each other by equally weighted multiplication. Corporate success as a parameter is defined in the form of the cost-income ratio (CIR), which also serves as a strategic corporate management parameter. The personal achievement of goals is based on the individual target agreements and their achievement. They are derived from overall social planning and are in line with the goals set out in our strategies. Sustainability risks are taken into account by the possibility of defining sustainability-related environmental, social and governance goals for all Lupus alpha employees. Each employee is assessed in terms of personal influence on the AIF managed and on the short- and long-term success of the companies.

3. Voluntary pension benefits (BVV):

Other cash payments or benefits (such as cash, fund units, warrants, repayment of loans), carried interests or non-cash benefits (such as rebates, fringe benefits) are not paid.

The variable part is paid out as a cash bonus. For the identified risk takers, the bonus is divided in half as a cash bonus and an individual financial instrument, which is subject to a lock-up period of one year. In addition, it is regulated that 60% of the cash amount can be paid out immediately. After the lock-up period of one year, 60% of the financial instrument can be sold. The remaining 40% will be retained over a period of 3 years and paid out successively.

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This means that our employees and our Board of Management receive appropriate fixed remuneration for their work and that – insofar as variable remuneration components are paid – the principles of payment are in line with the strategic goals and are in particular geared towards the sustainable management of the company.

Our remuneration system does not provide incentives to take disproportionate risks. Due to our low-risk business model, only a few employees bear risk responsibility.

Change history

Date	Version	Description
24.06.2024	2024_1	Introduction Change history
26.08.2024	2.00	Change versioning, Deletion of the remuneration figures from this document and publication in a different document