LYXOR INTERNATIONAL Asset Management's Remuneration Policy

Lyxor International Asset Management (hereafter "LIAM"), a fund management company and a 100% subsidiary of Société Générale, observes the remuneration policy of the Société Générale group, which seeks to make remuneration an effective means for attracting and retaining employees who contribute to the company's long-term performance while ensuring appropriate risk management and compliance on the part of all employees.

With respect to LIAM, this policy takes into consideration the remuneration provisions of directives 2011/61/EU of the European Parliament and of the Council of 8 June 2011 (hereafter the "AIFM Directive") and 2014/91/EU of the European Parliament and of the Council of 23 July 2014 (hereafter the "UCITS V Directive"), which apply to the investment fund management sector.

1. Remuneration governance

LIAM's remuneration policy is in line with the Société Générale group's remuneration policy, and is reviewed annually. It is defined by the company's senior management, on the recommendation of the Human Resources Department. It is subsequently validated by the LIAM Supervisory Board, after consultation with the Remuneration Committee.

1.1 Remuneration Committee

In accordance with Section 55 of AMF Position Paper 2013/11, as a Société Générale group company, LIAM's remuneration policy must be reviewed by the Société Générale group's Remuneration Committee. The composition and role of this committee are described in detail in the Société Générale group's Remuneration policies and practices public report.

1.2 Annual compensation review

The annual compensation review of individual LIAM employee is subject to the Société Générale group's annual review process, which covers fixed remuneration and, if applicable, variable remuneration and/or performance shares. This process is coordinated by LIAM's Human Resources Department and requires validation by the business units, LIAM's Senior Management, the SG group's Human Resources Department, and lastly LIAM's Supervisory Board on the recommendation of the LIAM Remuneration Committee. This process addresses the statutory and regulatory requirements in effect in France and abroad.

1.3 The role of control functions

The control functions, in particular the Risk and Compliance departments,participate in the annual compensation review process as follows:

- The Risk and Compliance departments assess risk and compliance management, and give their opinion on how the main risk takers address risk-management and compliance issues. This assessment is then taken into account to adjust variable remuneration pools and individual awards.

The independence of these control functions is guaranteed by a functional reporting to the Group's Senior Management. This governance system ensures that remuneration decisions are made independently and objectively.

2. General remuneration principles

2.1 Compliance with regulatory requirements

The LIAM remuneration policy complies with all applicable regulations, notably:

- Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011, transposed in the French Monetary and Financial Code by Ordinance No. 2013-676 (hereafter the "AIFM Directive");
- Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014, transposed in the French Monetary and Financial Code by Ordinance No. 2016-312 of 17 March 2016 (hereafter the "UCITS V Directive");
- Law n° 2013-672 of 26 July 2013 on separation and regulation of banking activities (hereafter - "French Banking Law");
- The rule enacted by Section 13 of the Bank Holding Company Act, implementing Section 619 of Dodd–Frank Wall Street Reform and Consumer Protection Act (hereinafter - "Volcker Rule");
- Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, transposed in the Monetary and Financial Code by Ordinance n° 2007-544 of 12 April 2007 (hereinafter - "MIFID");

The remuneration policy addresses the above requirements by:

- Taking risk management into account when determining the total amounts available for variable remuneration and individual employee allocations:
  - using quantitative risk-adjusted financial indicators and market indicators to determine the amount of total variable remuneration;
  - taking into account risk and compliance management objectives, the observance of client interests and client satisfaction to determine individual employee allocations;
  - having the Risk and Compliance departments conduct an annual independent assessment of the risk and compliance management of the business units/entities that have a significant impact on LIAM's risk profile.

  These mechanisms ensure that there is no direct link between commercial performance and variable remuneration.

- Taking risk management into account when determining deferred remuneration schemes:
  - AIFM D and UCITS V Identified Staff: above a certain threshold deferral of 40% minimum of the granted variable over a minimum of three years vesting on a prorata temporis basis; attribution of 50% minimum of the variable remuneration indexed on the performance of an index of financial instruments; and the non-vested component subject to presence and performance conditions, as well as to appropriate management of risks and compliance requirements;
  - Beyond the scope of the AIFMD and UCITS V Identified staff;above a certain threshold, variable remuneration is deferred at a progressive rate over a three-year period vesting on a prorate

temporis basis; indexation of part of the variable remuneration on the performance of an index of financial instruments; non-vested component subject to the same vesting requirements that apply to Identified Staff variable remuneration.

2.2 Remuneration structure

All employees receive a fixed remuneration which may be supplemented with a discretionary variable remuneration and, if applicable,performance shares.

2.2.1 Fixed remuneration

Fixed remuneration is proportional to the employee’s level of responsibility, skills and professional experience. The level of fixed remuneration takes into account competitive levels of remuneration in the market.

2.2.2 Variable remuneration

Variable remuneration is not contractual but is allocated on a discretionary basis. It depends on the level of individual and collective performance and is based on predefined qualitative and quantitative factors. It takes into account the quality of risk management, compliance with regulations and the observance of internal compliance procedures. To prevent conflicts of interest, variable remuneration is not directly and solely correlated to commercial or financial results, but also takes the economic, social and competitive environments into account.

2.2.3 Société Générale performance shares

Performance shares serve to retain top-performing support function employees, with a special focus on key employees and top talent. They serve to remunerate not only past performance but also future potential.

3. LIAM Identified Staff remuneration principles

3.1 Scope of the Identified Staff under the AIFM and UCITS V directives

The scope of Identified Staff at LIAM comprises the following employee categories:

- the members of the Executive Committee
- the heads of investment management business units
- AIF managers
- UCITS managers
- control function managers
- compliance and internal control officers.

The LIAM Risk, Compliance and Human Resources departments work with the Société Générale group’s Human Resources Department to determine the Identified Staff members among the specified scope of business units/functions and job titles.

The scope of Identified Staff is then validated by LIAM Senior Management.

3.2 Structure of Identified Staff variable remuneration

With respect to the Identified Staff under the AIFM and UCITS V directives and subject to the applicable regulations, when the variable remuneration exceeds a certain threshold, it shall comprise:

- A non-vested component that must represent at least 40% of the variable remuneration, subject to presence and performance conditions as well as ; deferred over a three year period with vesting on a pro-rata temporis basis;
  NB: If one of more of the aforementioned vesting requirements is not observed, the non-vested component may be decreased or even reduced to zero.
- At least 50% of the variable remuneration indexed to the performance of anindex of funds managed by Lyxor group entities,hereafter as the "LYX4 index" (see section 3.3 below), which represents 50% of the non-vested component and two thirds of the non-vested component.

This means that the portion of the variable remuneration that is immediately paid in cash does not exceed 30%.

Above a certain total variable remuneration, the following remuneration scheme will apply to each employee category:

Variable remuneration above a certain threshold	**Vested component**		**Non-Vested component**		
	Year Y		**Year Y+1**	**Year Y+2**	**Year Y+3**
Identified Staff	(50%) **Cash** *paid in March Y*	(50%) **LYX4 Index** *vested in March Y* *paid in Oct. Y*	(1/3) **Cash** *paid in March Y+1*	(1/3) **LYX4 Index** *vested in March Y+2* *paid in Oct. Y+2*	(1/3) **LYX4 Index** *vested in March N+3* *paid in Oct. N+3*
Other Staff	**Cash** *paid in March Y*		(1/3) **Cash** *paid in March Y+1*	(1/3) **LYX4 Index** *vested in March Y+2* *paid in Oct. Y+2*	(1/3) **LYX4 Index** *vested in March N+3* *paid in Oct. N+3*

LIAM financial performance conditions are reviewed and proposed annually by the Société Générale group's Financial Department and are approved by the LIAM Supervisory Board on the recommendation of the Remuneration Committee.

3.3 Indexing of a portion of the variable remuneration to the "LYX4 Index"

LIAM has created as "LYX4 Index" to index some of the variable remuneration of Identified Staff and other eligible employees to the performance of a basket of Lyxor funds. This indexing mechanism aligns employee interests with those of investors.

This index is composed of funds that are representative of the Lyxor group's activity and includes both alternative investment funds and UCITS.

In 2014, LIAM set up an Index Committee that includes representatives from the Société Générale group's Human Resources and Finance departments. This committee, which meets at least once a year, determines the composition and weighting of the funds that make up the basket of funds that compose the “LYX4 index”. The composition and valuation of the “LYX4 Index” are validated by the Finance Department. This procedure ensures that the index is valued independently and prevents any conflicts of interest.

If the index is affected by some event, the Index Committee can also take action to ensure that the index will continue to function properly.